British Assets Trust plc

Annual Report and Accounts

2009

F&C Investments

Contents

aic
The Association of
Investment Companies

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Company Summary

The Company

The Company is an investment trust. Its shares are listed on the Official List and traded on the main market of the London Stock Exchange. The Company is a member of The Association of Investment Companies ('AIC') and is a constituent of the AIC Global Growth & Income sector.

Total assets less current liabilities at 30 September 2009 were £414.2 million.

Objective

The investment objective of the Company is to achieve a total return in excess of a composite index, weighted as to 75 per cent FTSE All-Share Index and 25 per cent FTSE World (ex UK) Index, by investing principally in a diversified international portfolio of equities and equity-related securities. Within this overall objective, the Company aims to maintain a progressive dividend policy which will be dependent upon, *inter alia,* the rate of revenue growth within the investment portfolio, and the level of dividend cover.

Investment Policy

The Company's investment policy is contained within the Report of the Directors on pages 19 and 20.

Management

The Board has appointed F&C Investment Business Limited, a wholly owned subsidiary of F&C Asset Management plc, as investment managers. The notice period is six months. Further details of the management contract are provided in note 3 to the Accounts.

Capital Structure

The Company's capital structure consists solely of Ordinary Shares. Details are provided on page 17 and in note 13 to the Accounts.

How to Invest

The investment managers operate a number of investment plans which facilitate investment in the shares of the Company. Details are contained on page 52.

You may also invest through your stockbroker.

ISA Status

The Company's shares are eligible for Individual Savings Accounts ('ISAs').

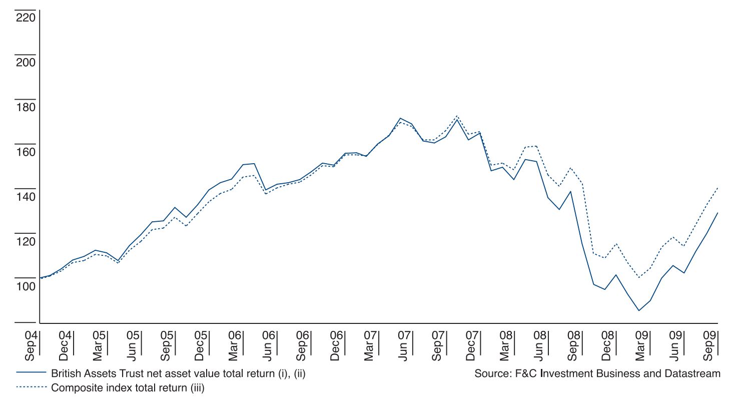
Website

The Company's internet address is www.british-assets.co.uk

Financial Highlights for the Year

- Dividend increase of 3.0 per cent
- Share price total return of 15.8 per cent
- Net asset value total return of 13.8 per cent compared with a total return of 11.1 per cent from the benchmark index

British Assets Trust Net Asset Value Total Return v Composite Index Total Return



(i) dividends reinvested
(ii) net asset value total return is calculated as the total return attributable to an Ordinary Share
(iii) composite index of 75 per cent FTSE All-Share Index and 25 per cent FTSE World (ex UK) Index

Performance Summary

	30 September 2009	30 September 2008	% change
Total Return (note 1)			
Net asset value (note 2)	**13.8%**	(26.8)%	
Ordinary Share price	**15.8%**	(24.8)%	
Composite index (note 3)	**11.1%**	(20.3)%	
FTSE All-Share Index	**10.8%**	(22.3)%	
FTSE World (ex UK) Index	**12.0%**	(14.4)%	
Capital Values			
Net asset value	**121.9p**	114.0p	+6.9%
Ordinary Share price	**109.2p**	100.8p	+8.3%
Revenue and Dividends			
Revenue per Ordinary Share	**5.8p**	6.2p	(6.5)%
Dividends per Ordinary Share	**6.112p**	5.934p	3.0%
Dividend Yield	**5.6%**	5.9%	
Discount – Basic	**10.4%**	11.6%	
– Debt adjusted	**6.9%**	8.0%	
Gearing – Net of cash (note 4)	**21.0%**	20.5%	
– Equity gearing (note 5)	**5.5%**	11.6%	
Total Expense Ratio (as percentage of shareholders' funds)			
Management (excluding VAT recovery), marketing and other expenses	**0.89%**	0.61%	
Management (excluding VAT recovery and performance fee), marketing and other expenses	**0.58%**	0.61%	

Year's Highs/Lows	**2009 High**	**2009 Low**
Net asset value	**122.6p**	**78.4p**
Ordinary Share price	**110.5p**	**73.8p**
Premium/(discount) (basic)	**0.2%**	**(11.6)%**

Notes
1 All total return calculations are based on net dividends reinvested.
2 Net asset value total return is calculated as the total return attributable to an Ordinary Share.
3 Composite index of 75 per cent FTSE All-Share Index and 25 per cent FTSE World (ex UK) Index.
4 Gearing net of cash: (Investments – Shareholders' Funds) ÷ Shareholders' Funds.
5 Equity gearing: (Equity Investments – Shareholders' Funds) ÷ Shareholders' Funds.

Sources: F&C Investment Business, AIC, Datastream, and Fundamental Data.

Chairman's Statement

William Thomson Chairman

The year ended 30 September 2009 was a turbulent period for financial markets around the world. Stockmarkets fell sharply during the first half of the year as concerns continued over the health of the financial sector and the global economy. As economic growth slowed, governments and central banks announced significant stimulus packages in an attempt to halt the decline. This strategy appears to have had some success with evidence of improvement in global economic conditions now appearing. Stockmarkets have reacted positively to this prospect, with returns in the last quarter of the financial year particularly strong.

Against this backdrop, the Company's net asset value total return for the year ended 30 September 2009 was 13.8 per cent. This compares favourably with the total return of 11.1 per cent from the composite benchmark index of 75 per cent FTSE All-Share Index and 25 per cent FTSE World (ex UK) Index. The Company's share price total return for the year was 15.8 per cent, and the debt-adjusted discount at the end of the year was 6.9 per cent, compared to 8.0 per cent on 30 September 2008.

As previously reported, during the year the Board agreed with the Managers that the Company's overseas portfolios would be consolidated into two portfolios, a global developed markets portfolio and a global emerging markets portfolio. This change has meant moving away from regional portfolios based on geographic domicile. The reason for the change is to provide greater focus on the best individual investment opportunities overseas.

It is pleasing to report that, in the first year of adopting this new approach for managing the overseas portfolios, the results have been encouraging, with the net effect of global asset allocation and stock selection contributing positively to the performance for the year. The emerging markets portfolio performed particularly well, in terms of both stock selection and asset allocation. The global developed markets portfolio also outperformed during the year. The UK portfolio underperformed, principally because of higher dividend yielding stocks, upon which the Company is heavily reliant, generally lagging the market. The stockmarket rally was led by cyclical companies, which typically pay lower levels of dividends, and the major banks, most of which are currently not paying dividends.

The corporate bond portfolio contributed positively to performance after a difficult year in 2008. In addition, it continued to be an important contributor to the Revenue Account.

The table overleaf provides a breakdown of the estimated contributions to the net asset value total return for the year:

Chairman's Statement (continued)

Attribution of Return	
Market/benchmark return	11.1%
Stock selection	
UK equities	–3.9
Overseas equities	0.5
Asset allocation	3.7
Corporate bonds	0.2
Gearing	2.6
Cash/other	–0.1
Share buy backs	0.0
Expenses (net of VAT related recoveries)	–0.3
British Assets Trust net asset value total return	13.8%

Earnings and Dividends

The Company's revenue earnings for the year were 5.8p per share (2008: 6.2p). Three interim dividends of 1.442p per share were paid during the year and the Board recommends payment of a final dividend of 1.786p per share, payable on 8 January 2010 to shareholders on the register on 11 December 2009. This brings the total dividend for the year to 6.112p per share, representing an increase of 3.0 per cent from the previous year.

During the year, the Revenue Account was affected by dividend cuts by the major UK banks and significantly reduced interest rates on bank deposits. However, it did benefit from good dividend growth in certain sectors, in particular oils, pharmaceuticals and telecoms. It also benefited from the recovery of VAT on management fees and associated interest, as explained in more detail below.

Whilst there are indications that dividend cuts have peaked and that there may be modest dividend growth in the year ahead, it will take time for the Company's income levels to return to those of previous years. In addition, the Company is likely to continue to be adversely affected by very low interest rates on its bank deposits. The Board considers the Company's dividend to be one of its key attractions. The Board has therefore considered carefully the revenue forecast for the forthcoming year, and the size of the Company's revenue reserve, to ensure that the dividend level continues to be sustainable. Following this review, it is the Board's current intention that the three interim dividends for the year ended 30 September 2010 will each be maintained at 1.442p per share. The Board considers it likely that the level of the final dividend will be maintained but will keep the possibility of an increase under review as the year progresses.

Gearing

At 30 September 2009 the Company's level of gearing, net of cash, was 21.0 per cent. This was represented by equity gearing of 5.5 per cent and 15.5 per cent in corporate bonds.

The Company's borrowing facilities comprise a £60 million 6.25 per cent Bond which is due for redemption in 2031 and a £60 million bank revolving credit facility, £27.7 million of which was drawn down at the year end.

Share Buy Backs

The Company purchased 1,500,000 shares for cancellation during the year, for an aggregate consideration of £1.6 million.

The Company will seek to renew its share buy back authority at the Annual General Meeting.

VAT on Management Fees

As previously reported to shareholders, following the European Court of Justice ruling in June 2007 that investment trusts should be regarded as special investment funds, investment management fees paid by the Company are no longer subject to VAT.

During the year, the Managers continued to liaise with HM Revenue & Customs to recover, on the Company's behalf, VAT paid previously on investment management fees. The accounts include a recovery of VAT and associated interest of £2.5 million. Of this amount, £2.3 million was credited to the Revenue Account, providing an enhancement of 0.8p per share to the revenue earnings for the period. The balance was credited to the Capital Reserve.

Board Composition

Having served as a Director since 1974 and as Chairman since 1995, I will retire from the Board at the Company's Annual General Meeting. Dr Christopher Masters, who joined the Board in 1990, will also retire at that time. On behalf of the Board I would like to thank Dr Masters for the significant contribution he has made to the Company during his time as a Director.

As previously announced, Ms Lynn Ruddick, who joined the Board in 2004, will succeed me as Chairman. I have every confidence in her ability to lead the Board in the future.

Annual General Meeting

The Company's Annual General Meeting will be held at 12 noon on Thursday 17 December 2009, at the offices of F&C Asset Management plc, 80 George Street, Edinburgh. It will be followed by a presentation from the Company's lead fund manager, Julie Dent. This is a good opportunity for shareholders to meet the Directors and Managers and shareholders are therefore encouraged to attend.

The Notice of the Meeting is contained on pages 53 to 55 and shareholders will find a Proxy Form enclosed with the Annual Report. Shareholders who are unable to attend the Annual General Meeting are encouraged to complete and return their forms to the Company's registrars.

Outlook

Whilst there are signs that global economic conditions are starting to improve, there remain significant uncertainties over the strength of the recovery. The historically high levels of debt in some developed economies and continuing constraints over the availability of credit are likely to hinder growth for several years to come. In the shorter term, rising unemployment is also likely to weigh on the recovery.

The uncertain outlook could result in volatile financial markets in the year ahead. That said, with monetary policy likely to continue to remain accommodative and, with an improved outlook for corporate earnings, it should be a reasonable period for equities and corporate bonds.

W R E Thomson
Chairman
13 November 2009

Investment Managers and Investment Process

Julie Dent
Investment Manager

Gordon Hay Smith
Company Secretary

Julie Dent Investment Manager joined F&C Asset Management plc ('F&C') in 1986 and was appointed Investment Manager of British Assets Trust in 2001. She is Head of Global Equities (Edinburgh) of F&C and has over 23 years' experience in managing international equities.

Gordon Hay Smith Company Secretary joined F&C in 2001 and was appointed Company Secretary of British Assets Trust in 2003. He is a chartered accountant.

Investment Managers

British Assets Trust plc is managed by F&C Investment Business Limited, a wholly owned subsidiary of F&C. F&C is a leading asset manager in both the UK and Europe with £99 billion under management on 30 September 2009. The shares of F&C are traded on the London Stock Exchange.

F&C provides investment management and other services to a range of investment trust clients.

Investment Process

British Assets Trust plc invests principally in a diversified international portfolio of equities and equity-related securities.

In managing the portfolio emphasis is placed on asset allocation, in particular between UK and overseas equities and corporate bonds, coupled with active stock selection. As part of this process the Managers are cognisant of the Company's requirement for an above average level of investment income, which is generated principally from UK equities and corporate bonds.

Managers' Review

Introduction

In the year to 30 September 2009, the Company's net asset value total return was 13.8 per cent, which compared to a total return of 11.1 per cent per cent from its composite benchmark index (75 per cent FTSE All-Share Index and 25 per cent FTSE World (ex UK) Index). The Company's share price total return was 15.8 per cent.

At 30 September 2009 the Company had gearing, net of cash, of 21.0 per cent, comprising 5.5 per cent in equities and 15.5 per cent invested in corporate bonds.

The current financial year has certainly proved eventful. Financial markets have experienced a remarkable journey over the past twelve months, with financial implosion, industrial collapse and then apparent recovery within such a short period.

Equities, commodities and credit markets have continued to recover, driven by the improvement in some key economic indicators, a rebound in corporate earnings expectations and a significant improvement in liquidity conditions. As the prospect of depression and systemic collapse in key parts of the banking and financial system diminished, a recovery in risk appetite led to strong gains across markets.

Emerging markets were the main beneficiaries of the upswing in investor sentiment. Resource exporters such as Brazil and Russia have reaped the benefits of rising prices and strengthening demand.

During the first three months of the financial year we restructured both the UK and overseas portfolios. The first aim of this was to improve the capital growth prospects, particularly for the UK portfolio, by introducing some high growth stocks alongside the existing income portfolio. The second step was to simplify the overseas portfolio to improve the potential for returns whilst still offering the option to allocate assets between developed and emerging markets. Both of these changes were implemented alongside an increase in the Company's exposure to corporate bonds in order to meet the income requirements.

The overseas portfolio was restructured on 1 December 2008, with 15 per cent of the total assets invested in global developed markets and 10 per cent in global emerging markets. This shift has proved beneficial for British Assets Trust with both the timing of the move to invest in emerging markets and good stock selection working in the Company's favour.

The timing of the increased exposure to corporate bonds in October has worked well, with some calm returning to credit markets after a difficult 2008. The premium in interest rates over government bonds has narrowed and we have seen good returns this year.

Stockmarket Total Returns – Year to 30 September 2009	£ %	Local Currency %
FTSE All-Share Index	10.8	10.8
FTSE World (ex UK) Index	12.0	(3.1)
FTSE All-World Developed (ex UK) Index	10.4	(4.6)
MSCI Emerging Markets Index	33.1	18.5

Source: Datastream (figures stated are total returns)

Managers' Review (continued)

Asset Allocation

The asset allocation of the Company is shown in the table below:

Asset Class	Benchmark 30.09.09 %	30 September 2009 Share-holders' Funds %	30 September 2009 Total Assets %	30 September 2008 Share-holders' Funds %	30 September 2008 Total Assets %
UK Equities	**75.0**	**70.8**	**56.8**	**74.8**	**59.0**
Overseas Equities					
– Global Developed (ex UK)	22.8	19.6	15.8	36.8	29.0
– Emerging Markets	2.2	15.1	12.1	–	–
Total Overseas Equities	**25.0**	**34.7**	**27.9**	**36.8**	**29.0**
Total Equities	**100.0**	**105.5**	**84.7**	**111.6**	**88.0**
Corporate Bonds	–	15.5	12.4	8.9	7.0
Net Current Assets	–	–	2.9	–	5.0
Actual Gearing	–	(21.0)	–	(20.5)	–
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Potential Gearing	–	(24.6)	–	(26.8)	–

2009 has proved to be a very challenging year for income as the global recession and the part nationalisation of the banking sector resulted in widespread dividend cuts. The outlook for dividends going forward is somewhat more stable, however one of the main concerns for income from UK dividends is the concentration risk, with just seven stocks* accounting for over 50 per cent of FTSE income and the oil sector contributing some 25 per cent of dividends paid. This concentration of dividends is likely to remain until we see improved economic growth and the banks return to paying dividends. Given the importance of the oil sector to the dividends the oil price is very important. The other key variable is the £/$ exchange rate, with HSBC, Royal Dutch Shell, BP and AstraZeneca all paying their dividends in dollars.

*Royal Dutch Shell, BP, Vodafone, HSBC, GlaxoSmithKline, AstraZeneca and British American Tobacco (Source: Citigroup)

Sub-Portfolio Reports

UK – Major Holdings

Company	Nature of Business	Market Value £m	% Total Investments
HSBC Holdings	Banking	22.7	5.3
BP	Oil & Gas	20.5	4.8
GlaxoSmithKline	Pharmaceuticals	15.9	3.7
Royal Dutch Shell	Oil & Gas	14.7	3.4
Vodafone	Telecommunications	14.4	3.4
Rio Tinto	Mining	13.1	3.0
British American Tobacco	Tobacco	10.2	2.4
AstraZeneca	Pharmaceuticals	9.1	2.1
Tesco	Retailing	9.0	2.1
Scottish and Southern Energy	Electricity	8.7	2.0

The UK portfolio returned 4.9 per cent compared with a return of 10.8 per cent from the FTSE All-Share Index.

It has been an exceptionally difficult year for investing for income in the UK market. The recovery has been most marked amongst those companies with the greatest sensitivity to economic conditions and those with weak balance sheets. This effect is evident in the variation of performance by size with a 9.5 per cent total return from the FTSE 100 Index compared with a 25.5 per cent total return from the more domestically oriented FTSE Smaller Companies (ex Investment Companies) Index. The Company's underweight position in the banking sector was the largest cause of underperformance relative to the FTSE All-Share Index as the sector performed very strongly. In the sector, only HSBC, where we have increased the size of the Company's investment, and Standard Chartered, in which the Company has no investment, pay dividends, making it difficult to justify investing in the sector. The portfolio reflects the need to produce a steady stream of income for investors, namely in sectors with more stable earnings and dividend prospects such as gas, water and electricity, utilities and tobacco.

UK equities are reflecting improved economic data and confidence in a cyclical recovery. The significant rally since the March lows has left the market vulnerable to profit-taking, but at current levels it remains well supported by fundamentals. Earnings expectations have been progressively upgraded over the summer months, especially following a reassuring second quarter reporting season. We have also been encouraged by the market's resilience to over £50 billion of fund raisings this year as well as dividend cuts.

The UK economy nevertheless has a huge hurdle to climb in terms of surmounting its vast budget deficit. As the government is forced to raise taxes and slash spending in 2010 in an attempt to bridge the fiscal shortfall, market sentiment could easily fall away once again. We are also concerned that personal sector borrowing is historically high and unemployment is still increasing. Rising inflation is a risk as commodity prices increase and the effects of aggressive quantitative easing filter through to the economy. Against this backdrop, we prefer the more robust characteristics of large companies.

Managers' Review (continued)

Global Developed (ex UK) – Major Holdings

Company	Country	Nature of Business	Market Value £m	% Total Investments
Exxon Mobil	USA	Oil & Gas	2.3	0.5
Dow Chemical	USA	Chemicals	2.2	0.5
European Aeronautic Defence & Space	France	Aerospace & Defence	2.0	0.5
Nippon Telegraph and Telephone	Japan	Fixed Line Telecommunications	1.9	0.5
ENI	Italy	Oil & Gas	1.9	0.5
Johnson & Johnson	USA	Pharmaceuticals	1.9	0.4
Time Warner	USA	Media	1.8	0.4
Swedbank	Sweden	Banking	1.8	0.4
Bank of Montreal	Canada	Banking	1.8	0.4
Occidental Petroleum	USA	Oil & Gas	1.8	0.4

The Global Developed Markets portfolio returned 25.7 per cent compared with a return of 25.2 per cent from the FTSE All-World Developed (ex UK) Index for the period since the portfolio was restructured on 1 December 2008.

Having fallen sharply in the first half of the Company's year, global stockmarkets have seen significant gains since March. This rally was triggered and sustained by growing evidence that, thanks to the extensive fiscal and monetary support, the difficult period for growth was behind us. Relatively strong company results gave more support to markets, especially the statements made by the major US banks in early March that they would be profitable in the first quarter of 2009.

While still fragile, sentiment towards US equities has been bolstered by better-than-expected data on inflation, manufacturing and new housing starts. Indeed, this increasing optimism, which was mirrored by an improvement in consumer confidence, prompted the Federal Reserve to forecast that the American economy would return to growth by the end of 2009. The US government has continued with expansive policy responses to the recession throughout the year.

European equities have also made strong progress, despite there being few tangible signs of the region emerging from the economic doldrums. Japanese stocks were also buoyed recently by signs of improving exports, although the domestic economic picture remains bleak with unemployment at 5 per cent and the return of deflation. Elsewhere, in the Far East, the Chinese government's stimulus spending has helped lift domestic demand leading to expectations of a return to robust growth in 2010. This supported a rally across the region's markets.

Overall, the feeling of a reviving global economy should persist into next year, and this should prevent a significant market adjustment. However, unless this nascent recovery kick-starts credit growth and a sharp turnaround in employment, the actual recovery will take some time and be modest.

Emerging Markets – Major Holdings

Company	Country	Nature of Business	Market Value £m	% Total Investments
Petrobras	Brazil	Oil & Gas	3.2	0.7
Vale PN	Brazil	Mining	2.6	0.6
China Life Insurance	Hong Kong	Life Insurance	1.9	0.5
Bank of China	China	Banking	1.9	0.4
Infosys Technologies	India	Software & Computer Services	1.8	0.4
Hon Hai Precision Industry	Taiwan	Electronic & Electrical Equipment	1.7	0.4
Posco	South Korea	Industrial Metals	1.6	0.4
Taiwan Semiconductor	Taiwan	Technology Hardware & Equipment	1.5	0.3
OTP Bank	Hungary	Banking	1.5	0.3
Bangkok Bank	Thailand	Banking	1.5	0.3

The Emerging Markets portfolio returned 76.7 per cent compared to a return of 70.6 per cent from the MSCI Emerging Markets Index for the period since the portfolio was restructured on 1 December 2008.

The portfolio outperformed the benchmark in what was an extremely strong period for emerging market equities. Early in 2009, exposure to the gold and technology sectors, as well as a number of investments which benefited from falling interest rates, boosted performance, as did the decision to have a small exposure to the markets of Eastern Europe. In the final three months of the period, returns were boosted by the overweighting of Russia and the underweighting of China.

We continue to view emerging markets favourably as we believe that long-term growth will result in robust profits and stockmarket returns. Resilient domestic growth in economies such as China, India and Indonesia underpins our confidence, although after stellar performance over the past year, we are becoming more cautious on valuations in some markets.

At a country level we favour Thailand, Brazil and Russia because of an expected recovery in their domestic economies next year and cheap valuations. We also favour Indonesia which, despite richer valuations, remains an attractive long-term growth story. We are focusing on infrastructure investment themes, rising consumer spending, the increasing penetration of financial services and expanding energy production capacity.

Managers' Review (continued)

Corporate Bonds

The corporate bond portfolio returned 17.2 per cent over the year. This compares to a return of 12.9 per cent from investment grade bonds as measured by the Merrill Lynch All Sterling Non-Gilts Index and a return of 33.2 per cent from high yield bonds as measured by the European Currency High Yield Index.

During the year we allocated a further £12 million to the corporate bond portfolio which was subsequently invested in investment grade bonds. As a result, the portfolio ended the year defensively positioned, with 87.2 per cent invested in investment grade bonds and 12.8 per cent in high yield bonds.

Corporate bond markets have rallied in recent months in line with other assets. The government and central bank intervention has removed fears of systemic failure in the financial system and stabilised the outlook for economic growth. As a result, the premium in interest rates over government bonds has tightened across the board with subordinated financial debt and high yield bonds particular beneficiaries. Returns were also boosted by the significant reduction in short term and medium term interest rates across the globe.

There has been record bond issuance in markets as companies were encouraged to replace bank lending with bonds. Demand for corporate bonds also increased significantly as investors faced earning next to nothing on cash. We expect issuance, which still offers the cheapest way of entering the markets, to continue at a healthy pace.

The rally in corporate bond markets has, to a large degree, been justified by the stabilisation in economic activity. From a longer term perspective, the additional yield offered by corporate bonds remains very attractive when compared to government bonds. However, we remain cautious on the economic outlook given the medium term need for governments to balance their books and for central banks to ease their foot off the accelerator. Despite this, we do believe that the volatility experienced over the past couple of years within the corporate bond market is unlikely to be repeated provided companies, in particular the banks, do not squander the opportunity provided by a more stable environment to put their house in order.

Outlook

With global equity markets having recovered significantly from the lows seen in March, investors are questioning the sustainability of the recovery from here. Despite these concerns, sentiment in general has moved with the markets, with a much more bullish consensus emerging as policymakers, with colossal and concerted stimulus efforts, have been seen to successfully avert the risk of a downward spiral in the banking system and global economy.

The move in financial markets reflects, in the main, an improved economic outlook as the risk of outright economic collapse, which had seemed like a real threat in the latter part of 2008 and early 2009, diminishes. Given the current, healthier state of the markets, it is perhaps tempting to conclude that the downside risks to growth and financial stability were overstated. There is, however, little doubt that, without the stimulus efforts and measures to restore confidence in the banking system (through various measures including nationalisation), we would have been facing a severe and prolonged global recession.

As things stand now, the debate has moved beyond the shape of economic recovery towards the sustainability and strength of the underlying fundamentals and of the corporate sector. At this stage, as ever, there is a great deal of uncertainty over what the recovery will look like. The continued need to reduce the level of debt in the real economy and the financial sector is likely to be an ongoing and persistent drag on growth in coming years. In addition, while credit conditions have gone some way towards normalisation, both the demand and supply of credit will likely be materially lower than for many years.

We should not lose sight of the fact that monetary policy remains loose and has boosted asset prices. The hesitant economic recovery will encourage policymakers to favour a continuation of their easy money stance, justified by a benign inflation outlook. The US Federal Reserve has clearly indicated that it is in no hurry to abandon ultra low interest rates. This means that the liquidity boom which is fuelling the rally in equity and credit markets could continue for some time, particularly in emerging markets.

On balance next year should be reasonable for equities and corporate bonds but it may not be a smooth path.

Julie Dent
Investment Manager
F&C Investment Business Limited
13 November 2009

Investment Portfolio

Company	Valuation £'000	% of Total Invest-ments	% of Portfolio Income	Country of Incor-poration	% Change in Dividend 2008–2009*	2008 Valuation £'000
HSBC Holdings HSBC provides a comprehensive range of banking and related financial services on a global basis.	22,695	5.3	5.0	UK	(52.2)	14,617
BP BP is one of the world's largest integrated oil and gas companies.	20,537	4.8	7.9	UK	40.9	22,543
GlaxoSmithKline GlaxoSmithKline is a global manufacturer and marketer of pharmaceutical products.	15,893	3.7	4.4	UK	7.3	15,668
Royal Dutch Shell Royal Dutch Shell is one of the world's largest integrated oil and gas companies.	14,669	3.4	5.0	UK	40.5	13,341
Vodafone Vodafone is the world's largest global provider of mobile telecommunication services.	14,421	3.4	4.6	UK	3.5	16,615
Rio Tinto Rio Tinto is a globally diversified mining company.	13,054	3.0	1.3	UK	(41.7)	5,002
British American Tobacco British American Tobacco is the world's largest international tobacco group.	10,202	2.4	2.7	UK	(11.6)	n/a
AstraZeneca AstraZeneca is involved in the research, manufacture and sale of pharmaceuticals.	9,113	2.1	2.5	UK	10.0	11,605
Tesco Tesco is an international food retailer.	8,952	2.1	1.5	UK	9.7	n/a
Scottish and Southern Energy Scottish and Southern Energy is one of the largest energy companies in the UK.	8,717	2.0	2.8	UK	9.1	6,880
Ten largest investments	**138,253**	**32.2**	**37.7**			**106,271**

* British Assets Trust's financial years to 30 September 2009 and 2008.

Company

	Nature of Business	Valuation £'000	% of Total Investments	% of Portfolio Income	Country of Incorporation
Cable & Wireless	Telecommunications	6,657	1.6	2.3	UK
BG Group	Oil & Gas	6,063	1.4	0.4	UK
Unilever	Food Producers & Processors	5,775	1.4	1.1	UK
National Grid	Electricity	5,608	1.3	1.9	UK
Standard Life European Private Equity Trust	Investment Company	5,563	1.3	0.2	UK
Imperial Tobacco Group	Tobacco	5,172	1.2	1.0	UK
Man Group	General Financial	5,125	1.2	2.4	UK
Prudential	Life Insurance	4,917	1.1	0.9	UK
Inmarsat	Mobile Telecommunications	4,718	1.1	1.5	UK
Aviva	Life Insurance	4,701	1.1	1.8	UK
Twenty largest investments		**192,552**	**44.9**	**51.2**	
Intermediate Capital	General Financial	4,014	0.9	1.2	UK
Petrobras	Oil & Gas	3,174	0.7	1.0	Brazil
Royal Bank of Scotland Group	Banking	3,091	0.7	0.3	UK
United Utilities	Gas, Water & Multiutilities	2,920	0.7	0.3	UK
RSA Insurance Group	Non-Life Insurance	2,822	0.7	–	UK
Xstrata	Mining	2,759	0.6	0.7	UK
Vale PN	Mining	2,603	0.6	0.1	Brazil
Cairn Energy	Oil & Gas	2,545	0.6	0.8	UK
Centrica	Gas, Water & Multiutilities	2,428	0.6	0.3	UK
Tullow Oil	Oil & Gas	2,378	0.6	0.3	UK
Thirty largest investments		**221,286**	**51.6**	**56.2**	
Talvivaara Mining 5.25% 20/05/13 Convertible Bond	Mining	2,273	0.5	0.8	Finland
Exxon Mobil	Oil & Gas	2,255	0.5	0.1	USA
Dow Chemical	Chemicals	2,200	0.5	0.4	USA
International Power 4.75% 05/06/15 Convertible Bond	Electricity	2,056	0.5	0.4	UK
European Aeronautic Defence & Space	Aerospace & Defence	2,007	0.5	1.4	France
Nippon Telegraph and Telephone	Fixed Line Telecommunications	1,949	0.5	0.3	Japan
ENI	Oil & Gas	1,940	0.5	–	Italy
China Life Insurance	Life Insurance	1,920	0.5	0.1	Hong Kong
Bank of China	Banking	1,903	0.4	0.1	China
Johnson & Johnson	Pharmaceuticals	1,886	0.4	0.5	USA
Forty largest investments		**241,675**	**56.4**	**60.3**	
Prodesse Investment	General Financial	1,834	0.4	0.1	UK
Time Warner	Media	1,821	0.4	0.1	USA
Swedbank	Banking	1,787	0.4	0.3	Sweden
Infosys Technologies	Software & Computer Services	1,781	0.4	0.4	India
Shire	Pharmaceuticals	1,779	0.4	0.5	UK
Bank of Montreal	Banking	1,777	0.4	0.2	Canada
Occidental Petroleum	Oil & Gas	1,772	0.4	0.2	USA
Ebay	Retailer	1,764	0.4	0.5	USA
Microsoft	Software & Computer Services	1,705	0.4	–	USA
Hon Hai Precision Industry	Electronic & Electrical Equipment	1,703	0.4	1.7	Taiwan
Fifty largest investments		**259,398**	**60.4**	**64.3**	
Other equity investments (131)		**119,292**	**27.8**	**16.0**	
Other corporate bonds (276)		**50,468**	**11.8**	**19.7**	
Total investments		**429,158**	**100.0**	**100.0**	

Note: The full portfolio list will be available on the Company's website following publication of the Annual and Interim Reports.

Classification of Investments

	United Kingdom £'000	Global Developed (ex UK) £'000	Emerging Markets £'000	**2009 Total £'000**
Sector Weighting				
Oil & Gas	47,435	6,731	5,874	**60,040**
Basic Materials	17,469	5,006	9,544	**32,019**
Industrials	7,380	8,721	8,293	**24,394**
Consumer Goods	22,378	7,954	–	**30,332**
Health Care	27,427	6,621	–	**34,048**
Consumer Services	16,207	7,116	3,396	**26,719**
Telecommunications	25,797	2,746	889	**29,432**
Utilities	20,806	3,342	2,172	**26,320**
Financials	64,395	15,000	18,706	**98,101**
Technology	1,873	6,535	4,548	**12,956**
Total	251,167	69,772	53,422	**374,361**
Corporate Bond Portfolio	35,278	19,519	–	**54,797**
Total Investments	286,445	89,291	53,422	**429,158**
% of Total Investments	66.7	20.8	12.5	100.0

Equity portfolio weighting (% total equity investments) versus Benchmark Index*

* The Benchmark Index represents a weighting of 75 per cent in the FTSE All-Share Index and 25 per cent in the FTSE World (ex UK) Index.

Capital Structure

The Company's capital structure consists solely of Ordinary Shares.

Ordinary Shares

At 30 September 2009 there were 291,112,282 Ordinary Shares of 25p each in issue (2008: 292,612,282 Ordinary Shares).

The Ordinary Shares are designed to provide income and capital growth and their value will be dependent on the underlying income and capital growth of the Company's investment portfolio.

Income Entitlement

The revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of interim and final dividends to the holders of the Ordinary Shares.

Capital Entitlement

On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to the holders of Ordinary Shares and distributed among such holders rateably.

Voting Entitlement

Each Ordinary Shareholder is entitled to one vote on a show of hands, and on a poll to one vote for every Ordinary Share held.

Ten Year Record

At 30 September	Net Aset Value Total Return	Benchmark Index Total Return	Net Asset Value per Ordinary Share	Ordinary Share Price	Discount (basic)	Revenue per Ordinary Share	Dividends per Ordinary Share	Total Expense Ratio
1999	18.5%	26.8%	153.5p	135.3p	11.9%	5.9p	5.045p	0.48%*
2000	20.8%	13.1%	178.3p	158.5p	11.1%	5.9p	5.216p	0.54%*
2001	(18.7)%	(22.7)%	139.4p	118.5p	15.0%	7.1p	5.326p#	0.80%*
2002	(29.3)%	(21.5)%	94.6p	90.3p	4.6%	4.0p	5.326p	0.94%*
2003	17.0%	17.5%	104.9p	98.8p	5.9%	4.1p	5.326p	0.72%
2004	14.2%	13.6%	114.3p	101.0p	11.6%	4.0p	5.326p	0.94%*
2005	27.8%	24.6%	142.5p†	126.5p	11.2%†	4.8p	5.326p	1.05%†*
2006	10.9%	13.2%	152.5p	132.5p	13.1%	6.3p	5.486p	0.62%
2007	9.7%	12.5%	161.4p	140.8p	12.8%	5.7p	5.706p	0.63%
2008	(26.8)%	(20.3)%	114.0p	100.8p	11.6%	6.2p	5.934p	0.61%
2009	**13.8%**	**11.1%**	**121.9p**	**109.2p**	**10.4%**	**5.8p**	**6.112p**	**0.89%***

*Includes performance fee.
#Excludes special dividend of 0.5p per Ordinary Share.
†Restated for changes in accounting standards.

Board of Directors

William Thomson †‡
Chairman
age 69, was appointed a Director in 1974 and Chairman in 1995. He is also Chairman of E. G. Thomson (Holdings) Ltd, John Menzies plc and Fidelity Japanese Values plc.

James Long *†‡
age 54, was appointed in 2006. He is Director of Risk and Compliance for AstraZeneca Europe and was formerly Corporate Finance Director of Inchcape plc and Managing Director, Asia and Emerging Markets, for the ESAB Group. He is Chairman of JPMorgan Asian Investment Trust plc.

James MacLeod *†‡
Chairman of the Audit Committee
age 68, was appointed in 1998 and was a partner of Ernst & Young (and its predecessor firms) for 25 years until his retirement in 1998. He is a director of Scottish Investment Trust plc, Invesco Perpetual AIM VCT plc and Invesco Perpetual Recovery Trust 2011 plc. He is a Chartered Accountant.

Dr Christopher Masters *†‡
age 62, was appointed in 1990 and was, until 2002, executive Chairman of Aggreko plc. He is currently Chairman of Sagentia Group plc and Festival City Theatres Trust. He is also a non-executive director of John Wood Group plc, Alliance Trust plc, Creative Scotland 2009 Ltd, and The Crown Agents Foundation.

Lynn Ruddick *†‡
age 57, was appointed in 2004. She is a non-executive director of Fidelity Special Values plc and Standard Life UK Smaller Companies Trust plc, a member of the Investment Committees of The Pearson Group Pension Plan and Western Provident Association, Chairman of the WPA Pension Scheme Board and a trustee of the Scottish & Newcastle Pension Scheme. She was previously a Managing Director of Merrill Lynch Investment Managers where she headed the company's investment trust business unit.

Ian Russell *†‡
age 56, was appointed on 1 June 2008. He was formerly Chief Executive of Scottish Power plc. He is currently non-executive Chairman of Johnston Press plc, Remploy Ltd, the Advanced Power AG advisory board, and the University of Edinburgh campaign board, a non-executive director of The Mercantile Investment Trust plc, and an adviser to the Clyde Bergemann Power Group.

James West *†‡
Senior Independent Director
age 62, was appointed in 1995 and was formerly Managing Director of Lazard Brothers and Co Ltd and Chief Executive of Lazard Asset Management Ltd. He is Chairman of Gartmore Fledgling Trust plc, New City High Yield Fund Ltd, Canaccord Adams Ltd and Rurelec plc. He is also a director of JPMorgan Income & Capital Investment Trust plc, Shires Smaller Companies plc, UK Select Trust plc and IPSA Group plc.

* Member of the Audit Committee
† Member of the Management Engagement and Remuneration Committee
‡ Member of the Nomination Committee

Report of the Directors

The Directors submit the Annual Report and Accounts of the Company for the year ended 30 September 2009.

Results and Dividends

The results for the year are set out in the attached accounts.

First, second and third interim dividends, each of 1.442p per Ordinary Share, were paid on 9 April, 10 July and 9 October 2009 respectively. The Board recommends a final dividend for the year of 1.786p per Ordinary Share payable on 8 January 2010 to shareholders on the register at close of business on 11 December 2009.

Principal Activity and Status

The Company is registered as a public limited company in terms of the Companies Act 2006 and is an investment company as defined by Section 833 of the Companies Act 2006. Its shares are quoted on the main market of the London Stock Exchange.

The Company has been approved by HM Revenue & Customs as an investment trust under Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 30 September 2008. As a result, it is not liable to corporation tax on capital gains. In the opinion of the Directors, the Company has subsequently conducted its affairs so as to enable it to continue to obtain approval as an investment trust.

The Company is required to comply with company law, the rules of the UK Listing Authority, UK Financial Reporting Standards, and its Articles of Association.

The Company is a member of The Association of Investment Companies (the 'AIC').

Capital Structure

The Company's capital structure is set out on page 17.

Business Review

The Board of Directors is responsible for the overall stewardship of the Company, including investment and dividend policies, corporate strategy, gearing, corporate governance procedures, and risk management. Biographical details of the Directors, all of whom are non-executive, can be found on page 18. The Company has no executive Directors or employees.

Objective

The Company's investment objective is to achieve a total return in excess of a composite index, weighted as to 75 per cent FTSE All-Share Index and 25 per cent FTSE World (ex UK) Index, by investing principally in a diversified international portfolio of equities and equity related securities. Within this overall objective, the Company aims to maintain a progressive dividend policy which will be dependent upon, *inter alia*, the rate of revenue growth within the portfolio and the level of dividend cover.

Investment Policy

The Company invests worldwide in companies which F&C Investment Business Limited ('FCIB' or 'the Managers'), believe will in aggregate generate a combination of long-term growth in capital and income for shareholders.

The Company has not set maximum exposures for any geographical regions or sectors. However, the greater part of the Company's investments will normally be UK equities. The Company also invests in the markets of other countries or regions and in a portfolio of corporate bonds. It would normally be expected that most of the Company's investments will be equities and equity-related securities (including corporate bonds). However, the Company is not prohibited from investing in other types of securities. No individual investment in the portfolio may exceed 10 per cent of the Company's total assets. The Company will not normally invest more than one per cent of its total assets in unlisted securities at the time of investment.

No more than 10 per cent of the Company's total assets may be invested in other listed closed-ended investment companies unless such investment companies themselves have published investment policies to invest no more than 15 per cent of their total assets in other closed-ended investment companies, in which case the limit is 15 per cent.

The Company may use derivatives, principally, but not exclusively, for efficient portfolio management, that is to reduce, transfer or eliminate investment

Report of the Directors (continued)

risk in its investments, including protection against currency risks.

The Company uses gearing to enhance income and capital returns over the long term and may borrow in sterling or other currencies. The Company's Articles of Association contain a borrowing limit equal to the value of its adjusted total of capital and reserves. However, equity gearing (represented by equity investments as a percentage of shareholders' funds) would not normally be expected to exceed 20 per cent of shareholders' funds.

Investment of Assets

At each Board meeting, the Board receives a presentation from the Managers which includes a review of investment performance, recent portfolio activity and a market outlook. It also considers compliance with the investment policy and other investment restrictions during the reporting period. An analysis of the portfolio on 30 September 2009 is contained in note 9 to the accounts and in the Managers' Review on pages 7 to 13. The 50 largest investments are shown on pages 14 and 15. The Company's borrowings are described in notes 11 and 12 to the accounts.

Strategy

As part of its strategy, the Board has contractually delegated the management of the investment portfolio, and other services, to the Managers.

The investment strategy employed by the Managers in meeting the investment objective focuses on asset allocation, in particular between UK and overseas equities, corporate bonds, cash and gearing, coupled with active stock selection. The selection of investments is based on analysis of, amongst other things, market positioning and competitive advantage, financial strength and cashflow characteristics. As part of this process the Managers are cognisant of the Company's requirement for an above average level of investment income, which is generated principally from UK equities and corporate bonds.

The Company's performance in meeting its objectives is measured against key performance indicators as set on the following page. Reviews of the Company's returns during the financial year, the position of the Company at the year end, and the outlook for the coming year are contained in the Chairman's Statement on pages 3 to 5 and the Managers' Review on pages 7 to 13, both of which form part of this Business Review.

Principal Risks and Risk Management

The Company's assets consist mainly of listed securities and its principal risks are therefore market-related. The Company is also exposed to currency risk in respect of overseas markets in which it invests. More detailed explanations of these risks and the way which they are managed are contained in note 18 to the accounts.

Other risks faced by the Company include the following:

- External – events such as terrorism, protectionism, inflation or deflation, economic recessions and movements in interest rates and exchange rates could affect share prices in particular markets.
- Investment and strategic – incorrect strategy, asset allocation, stock selection and the use of gearing could all lead to poor returns for shareholders.
- Regulatory – breach of regulatory rules could lead to suspension of the Company's Stock Exchange listing, financial penalties, or a qualified audit report. Breach of Section 842 of the Income and Corporation Taxes Act 1988 could lead to the Company being subject to tax on capital gains.
- Operational – failure of the Managers' accounting systems or disruption to the Managers' business, or that of third party service providers, could lead to an inability to provide accurate reporting and monitoring, leading to a loss of shareholders' confidence.
- Financial – inadequate controls by the Managers or third party service providers could lead to misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations. Breaching bond and loan covenants or being unable to replace maturing borrowing facilities could lead to a loss of shareholders' confidence and financial loss for shareholders.

The Board seeks to mitigate and manage these risks through continual review, policy setting and enforcement of contractual obligations. It also regularly monitors the investment environment and the management of the Company's investment portfolio. Investment risk is spread through holding a wide range of securities in different countries and industrial sectors. On 30 September 2009, the portfolio was made up of 457 investments in 29 different countries. The Managers make use of third party risk systems to monitor investment risk and the Board receives quarterly risk reports. The Board applies the principles detailed in the internal control guidance issued by the Financial Reporting Council. Details of the Company's internal controls are described in more detail on page 25.

Shareholder Value

The Board and Managers recognise the importance of both marketing and share buy-backs in enhancing shareholder value. In terms of marketing, the Managers offer a range of private investor savings schemes, details of which can be found on page 52. In addition, meetings are held regularly with current and prospective shareholders and stockbroking analysts covering the investment trust sector. Share buy-backs can help reduce the volatility of the discount, enhance the net asset value per share for continuing shareholders and provide an enhancement to the revenue return per share. Communication of up-to-date portfolio information is made through the Company's website.

Socially Responsible Investment

The Company's Managers are leaders in the field of socially responsible investment and, with the support of the Board, actively engage with investee companies. Environmental factors are, where appropriate, taken into consideration with regard to investment decisions on behalf of the Company.

Key Performance Indicators

The Board uses a number of performance measures to assess the Company's success in meeting its objectives. The key performance indicators are as follows:

- Net asset value total return against the benchmark index.
- Discount of share price to net asset value.
- Revenue earnings and dividends per share.
- Total expenses as a ratio of shareholders' funds.

A historical record of these indicators is contained in the Ten Year Record on page 17.

Charitable Donations

During the year the Company made donations to various local charities totalling £10,000 (2008 – £10,000).

Directors

The Directors who held office at the end of the year and their interests in the shares of the Company were:

		2009 Ordinary Shares	2008 Ordinary Shares
W R E Thomson	Beneficial	**9,600**	9,600
J M Long	Beneficial	**13,123**	11,041
J S MacLeod	Beneficial	**35,000**	35,000
	Non-Beneficial	**9,500**	9,500
Dr C Masters	Beneficial	**21,456**	20,470
L C Ruddick	Beneficial	**34,157**	33,761
	Non-Beneficial	**2,459**	1,227
I S M Russell	Beneficial	**20,000**	20,000
J G West	Beneficial	**12,000**	12,000

Since 30 September 2009, Mr J M Long, Dr C Masters and Ms L C Ruddick have acquired beneficial interests in a further 98 shares, 199 shares and 81 shares respectively. Ms L C Ruddick has acquired a non-beneficial interest in a further 124 shares. There have been no other changes in the interests of the Directors in the Ordinary Shares of the Company between 30 September 2009 and 13 November 2009.

No Director had an interest in the Company's bonds on 30 September 2009 or 30 September 2008.

Mr J M Long retires from the Board and, being eligible, offers himself for re-election.

As explained in more detail under Corporate Governance on page 23, the Board has agreed that Directors who have served on the Board for more than nine years will retire annually. Accordingly, Mr J S MacLeod, Dr C Masters, Mr W R E Thomson and Mr J G West will retire at the Annual General Meeting. Being eligible, Mr J S MacLeod and Mr J G West offer themselves for re-election. Dr C Masters and Mr W R E Thomson have indicated that they will not stand for re-election and will therefore retire from the Board at the end of the Annual General Meeting.

The Board confirms that, following formal performance evaluations, the performance of each of the Directors seeking re-election continues to be effective and demonstrates commitment to the role. The Board therefore believes that it is in the interests of shareholders that these Directors are re-elected.

No Director has a contract of service with the Company or any material interest in any contract to which the Company is a party.

Directors' Deeds of Indemnity

The Company has entered into deeds of indemnity in favour of each of the Directors. The deeds give each Director the benefit of an indemnity to the extent permitted by the Companies Act 2006 against liabilities incurred by each of them in the execution of their duties and the exercise of their powers. A copy of each deed of indemnity is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Annual General Meeting.

Conflicts of Interest

From 1 October 2008, each Director has a statutory duty to avoid a situation where he or she has, or could have, a direct or indirect interest which conflicts, or may conflict, with the interests of the Company. A Director will not be in breach of that duty if the relevant matter has been authorised in accordance with the Company's Articles of Association. The Articles of Association were amended to include the relevant authorisation for Directors to approve such conflicts at the Annual General Meeting held on 18 December 2008.

During the year the Board conducted a review of actual or possible conflicts in respect of each Director and approved a protocol for identifying and dealing with conflicts. In addition, the Board has resolved to conduct an annual review of actual or possible conflicts and any authorised conflicts.

Substantial Interests in Share Capital

On 13 November 2009 the following holdings representing 3 per cent or more of the Company's issued share capital had been reported:

	Number of Ordinary Shares Held	Percentage Held
AXA Investment Managers	49,118,994	16.9
F&C Asset Management	19,554,086	6.7
Legal & General Group	11,694,807	4.0

Management

FCIB provides management and secretarial services to the Company. A summary of the management agreement between the Company and FCIB in respect of those services is provided in note 3 to the accounts.

Since the end of the year, the Board has reviewed the appropriateness of the Managers' appointment. In carrying out its review the Board considered the past investment performance of the Company and the capability and resources of the Managers to deliver satisfactory income growth and investment performance. It also considered the length of the notice period of the investment management agreement and the fees payable to the Managers, together with the standard of other services provided which include company secretarial, accounting and marketing.

Following this review the Directors are satisfied with the Managers' ability to deliver satisfactory income growth and long term investment performance, and the quality of other services provided. It is therefore their opinion that the continuing appointment of the Managers on the terms agreed is in the interests of shareholders.

Corporate Governance

Arrangements in respect of corporate governance, appropriate to an investment trust, have been made by the Board. The Board has considered the principles and recommendations of the AIC's Code of Corporate Governance (the 'AIC Code') by reference to the AIC Corporate Governance Guide for Investment Companies (the 'AIC Guide'). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the Financial Reporting Council (the 'Combined Code'), as well as setting out additional principles and recommendations on issues which are of specific relevance to investment trusts.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code), will provide better information to shareholders than if it had adopted the Combined Code.

Except as disclosed below, the Company has complied throughout the year with the recommendations of the AIC Code, and the relevant provisions of the Combined Code. Since all Directors are non-executive, and in accordance with the AIC Code and the preamble to the Combined Code, the provisions of the Combined Code on the role of the chief executive and, except in so far as they apply to non-executive Directors, on Directors' remuneration are not relevant to the Company and are not reported on further.

In view of the requirement in the Articles of Association that all Directors retire periodically, the Board considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by principle 3 of the AIC Code and provision A.7.2 of the Combined Code. However, the Board has agreed that each Director will retire and, if appropriate, seek re-election after each three years' service, and annually after serving on the Board for more than nine years.

The Board consists solely of non-executive Directors. Mr W R E Thomson is the Chairman and Mr J G West is the Senior Independent Director. All Directors are considered by the Board to be independent of the Company's Managers.

New Directors receive an induction from the Managers on joining the Board, and all Directors receive other relevant training as necessary.

As recommended by the AIC Code and the Combined Code, Directors who have served on the Board for more than nine years will seek re-election annually. The Board subscribes to the view expressed in the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that a Director's tenure necessarily reduces his or her ability to act independently and, following formal performance evaluations, believes that each Director is independent in character and judgement and that there are no relationships or circumstances which are likely to affect the judgement of any Director. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of services of any of the Company's Directors, including the Chairman, has been imposed.

The Company has no executive Directors or employees. A management agreement between the Company and the Managers sets out the matters over which the Managers have authority and the limits beyond which Board approval must be sought. All other matters, including corporate strategy, investment and dividend policies, gearing, corporate governance procedures, and risk management are reserved for the approval of the Board of Directors. The Board receives full information on the Company's investment performance, assets, liabilities and other relevant information in advance of Board meetings. The Managers, in the absence of explicit instructions from the Board, are empowered to exercise discretion in the use of the Company's voting rights. All shareholdings are voted at all meetings worldwide where practicable in accordance with the Managers' own corporate governance policy, which is to seek to maximise shareholder value by constructive use of votes at company meetings and by endeavouring to use their influence as investors with a principled approach to corporate governance.

Throughout the year a number of committees have been in operation, namely the Audit Committee, the Management Engagement and Remuneration Committee, and the Nomination Committee. The

Report of the Directors (continued)

Committees all operate within clearly defined written terms of reference, which are available upon request.

The Audit Committee is chaired by Mr J S MacLeod, and comprises all of the Directors except Mr W R E Thomson. The duties of the Audit Committee in discharging its responsibilities include reviewing the Annual and Interim Accounts, the system of internal controls, and the terms of appointment of the auditors together with their remuneration. It is also the forum through which the auditors report to the Board of Directors. It meets at least twice yearly. The objectivity of the auditors is reviewed by the Audit Committee which also reviews the terms under which they are appointed to perform non-audit services. The Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditors, with particular regard to non-audit fees. Such fees amounted to £7,000 for the year ended 30 September 2009 (2008: £7,000) and related principally to the provision of taxation services. Notwithstanding such services the Audit Committee considers Ernst & Young LLP to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit. A description of the main features of the Company's internal control and risk management systems is contained on page 25.

The Management Engagement and Remuneration Committee, chaired by Mr W R E Thomson, comprises the full Board and reviews the appropriateness of the Managers' continuing appointment, together with the terms and conditions thereof, on a regular basis.

The Nomination Committee, chaired by Mr W R E Thomson, comprises the full Board and is convened for the purpose of considering the appointment of additional Directors as and when considered appropriate. In considering appointments to the Board, the Nomination Committee takes into account the ongoing requirements of the Company and the need to have a balance of skills and experience within the Board.

During the year the performance of the Board, committees and individual Directors was evaluated through a formal assessment process led by the Chairman. This involved the completion of questionnaires tailored to suit the nature of the Company, and follow-up discussions between the Chairman and each of the Directors. The performance of the Chairman was evaluated by the other Directors under the leadership of the Senior Independent Director.

The following table sets out the number of scheduled Board and Committee meetings held during the year ended 30 September 2009 and the number of meetings attended by each Director.

	Board of Directors		Audit Committee		Management Engagement and Remuneration Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
W R E Thomson (Chairman)	6	6	n/a	n/a	1	1	1	1
J M Long	6	4	2	1	1	–	1	1
J S MacLeod	6	6	2	2	1	1	1	1
C Masters	6	5	2	2	1	1	1	1
L C Ruddick	6	6	2	2	1	1	1	1
I S M Russell	6	6	2	2	1	1	1	1
J G West	6	5	2	1	1	1	1	1

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. The Company maintains appropriate Directors' and Officers' liability insurance.

Going Concern

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Internal Control

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board has therefore established an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed, consistent with the internal control guidance issued by the Financial Reporting Council. The process relies principally on the Managers' existing risk-based approach to internal control whereby a test matrix is created that identifies the key functions carried out by the Managers and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied. The test matrix is regularly updated and the Board is provided with regular reports highlighting all material changes to the risk ratings and confirming the action which has been, or is being, taken. A formal annual review of these procedures is carried out by the Audit Committee and includes consideration of internal control reports issued by the Managers and other service providers.

Such review procedures have been in place throughout the financial year and up to the date of approval of the Annual Report, and the Board is satisfied with their effectiveness. These procedures are designed to manage rather than eliminate risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. At each Board meeting the Board monitors the investment performance of the Company in comparison to its stated objective, the benchmark index, and against comparable investment trusts. The Board also reviews the Company's activities since the last Board meeting to ensure that the Managers adhere to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to the guidelines.

The Board has reviewed the need for an internal audit function. The Board has decided that the systems and procedures employed by the Managers, including their internal audit function, which are reported on by a firm of external auditors, provide sufficient assurance that a sound system of internal control, to safeguard the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

Relations with Shareholders

The Company places great importance on communication with shareholders and welcomes their views. The Managers hold meetings with the Company's largest shareholders and report back to the Board on these meetings. The Chairman and other Directors are available to, and do, meet shareholders. The Annual General Meeting of the Company provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Managers of the Company. The notice for the forthcoming Annual General Meeting, to be held on 17 December 2009, is set out on pages 53 to 55. The Annual Report and Notice of Annual General Meeting are, where practicable, sent to shareholders at least 20 working days before the Meeting.

Financial Instruments

The Company's financial instruments comprise its investment portfolio, bonds, bank loan, foreign exchange currency contracts, cash balances, overdrafts, and debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 18 to the accounts.

Directors' Authority to Allot Shares

The Directors are seeking authority to allot shares. Resolution 8 will, if passed, authorise the Directors to allot new shares up to an aggregate nominal amount of £7,277,807, being 10 per cent of the total issued shares on 13 November 2009. Resolution 9 will, if passed, authorise the Directors to allot new shares up to an aggregate nominal amount of £3,638,903, being 5 per cent of the total issued shares on 13 November 2009, for cash without first offering such shares to existing shareholders pro rata to their existing holdings. These authorities will continue until the earlier of the expiry of 15 months from the passing of the resolutions and the conclusion of the next Annual General Meeting. The Directors will only allot new shares pursuant to these authorities if they believe it is advantageous to the Company's shareholders to do so and will not result in a dilution of net asset value per share. The Directors consider that the authorisations proposed in resolutions 8 and 9 are necessary to retain flexibility, although they do not intend to exercise the powers conferred by these authorisations at the present time.

Directors' Authority to Buy Back Shares

During the year the Company purchased for cancellation 1,500,000 Ordinary Shares with an aggregate nominal value of £375,000 for a total consideration of £1,645,000, representing 0.5 per cent of the Ordinary Shares in issue at the previous year end.

Resolution 10, as set out in the notice of the Annual General Meeting, seeks renewal of the Company's share buy-back authority. The renewed authority to make market purchases will be in respect of a maximum of 14.99 per cent of the issued Ordinary Shares of the Company on the date of the passing of the resolution (approximately 44 million Ordinary Shares). The price paid for shares will not be less than the nominal value of 25p per share nor more than the higher of (i) 5 per cent above the average closing price on the London Stock Exchange of an Ordinary Share over the five business days before the shares are purchased and (ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange. This power will only be exercised if, in the opinion of the Directors, a purchase will result in an increase in net asset value per share of the remaining shares and is in the interests of the shareholders. Any shares purchased under this authority will be cancelled. This authority will expire on the later of 17 June 2011 and the conclusion of the next Annual General Meeting of the Company.

Amendments to the Articles of Association

It is proposed, in resolution 11, to adopt new articles of association (the 'New Articles') which will give effect to:

(a) the coming into law of the last parts of the Companies Act 2006; and

(b) the effective repeal on 1 October 2009 of the Companies Act 1985.

A summary of the changes proposed by resolution 11 is set out in the Appendix to the Notice of the Annual General Meeting.

A copy of the New Articles will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of the notice of the Annual General Meeting until the conclusion of the meeting at the offices of F&C Asset Management plc, 80 George Street, Edinburgh EH2 3BU.

Disclosure of Information to Auditors

The Directors confirm that, so far as each of them is aware, there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

Individual Savings Accounts

The Company's shares are qualifying investments as defined by HM Revenue & Customs' regulations for Individual Savings Accounts. It is the intention of the Directors that the Company will continue to conduct its affairs to satisfy this requirement.

Creditor Payment Policy

The Company's payment policy is to settle investment transactions in accordance with market practice and to ensure settlement of supplier invoices in accordance with stated terms. The Company did not have any trade creditors at the year end.

Recommendation

The Board considers that the resolutions to be proposed at the Annual General Meeting are in the best interests of the shareholders as a whole and recommends that they vote in favour of such resolutions as the Directors intend to do in respect of their own beneficial holdings.

By order of the Board

G R Hay Smith

Secretary

80 George Street

Edinburgh EH2 3BU

13 November 2009

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of the Companies Act 2006. An ordinary resolution for the approval of this report will be put to shareholders at the forthcoming Annual General Meeting.

The law requires the Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on pages 48 and 49.

The Board consists solely of independent non-executive Directors and considers, at least annually, the level of the Directors' fees, in accordance with the Combined Code on Corporate Governance. The Company Secretary provides information on comparative levels of Directors' fees in advance of each review.

Policy on Directors' Fees

The Board's policy is that the remuneration of Directors should reflect the experience of the Board as a whole, the time commitment required, and be fair and comparable to that of other relevant investment trusts that are similar in size and have similar investment objectives and structures. Furthermore, the level of remuneration should be sufficient to attract and retain the Directors needed to oversee the Company properly and to reflect its specific circumstances. It is intended that this policy will continue for the year ending 30 September 2010 and subsequent years.

The fees for the Directors are determined within the limits set out in the Company's Articles of Association. The present limit is an aggregate of £300,000 per annum. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

There were no changes to the level of Directors' fees during the year.

Directors' Service Contracts

It is the Board's policy that Directors do not have service contracts, but each new Director is provided with a letter of appointment.

The terms of Directors' appointments provide that Directors should retire and be subject to re-appointment at the first Annual General Meeting after their appointment. Directors are obliged to offer themselves for re-election by shareholders at least every three years. Any Director who has served on the Board for more than nine years will offer himself or herself for re-election annually. There is no notice period and no provision for compensation upon early termination of appointment.

The Directors' letters of appointment are available on request at the Company's registered office during business hours and will be available for 15 minutes prior to, and during, the forthcoming Annual General Meeting.

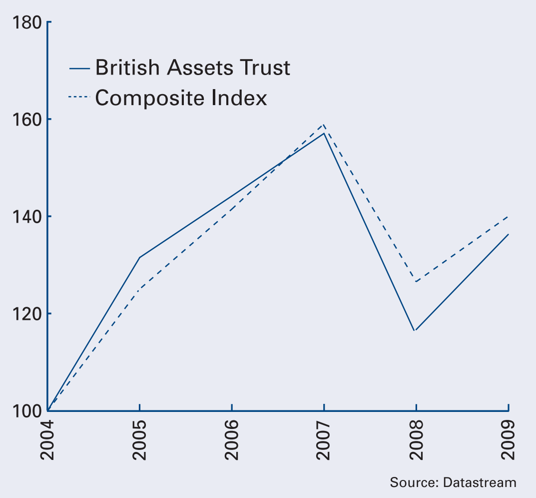
Director	Date of Appointment	Due date for Re-election
W R E Thomson	1/7/1974	AGM 2009
J M Long	1/5/2006	AGM 2009
J S MacLeod	17/12/1998	AGM 2009
Dr C Masters	22/2/1990	AGM 2009
L C Ruddick	1/10/2004	AGM 2010
I S M Russell	1/6/2008	AGM 2011
J G West	22/6/1995	AGM 2009

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Managers through the investment management agreement, as referred to in the Report of the Directors on page 22. The graph on the next page compares, for the five financial years ended 30 September 2009, the total return (assuming all dividends are reinvested) to ordinary shareholders compared to the total shareholder return on a notional investment made up of shares of the same kind and number as those by reference to which a composite index, weighted as to 75 per cent FTSE All-Share Index and 25 per cent FTSE World (ex UK) Index, is calculated. This composite index was chosen as it represents a comparable broad equity market index and is the

Company's benchmark. An explanation of the performance of the Company for the year ended 30 September 2009 is given in the Chairman's Statement and Managers' Review.

Share Price Total Return and Composite Index Total Return Performance Graph



Directors' Emoluments for the Year (audited)

The Directors who served during the year received the following emoluments in the form of fees:

	2009 £	2008 £
W R E Thomson (Chairman)	**30,000**	29,875
J M Long	**20,000**	19,875
J S MacLeod	**22,500**	22,375
Dr C Masters	**20,000**	19,875
L C Ruddick	**20,000**	19,875
I S M Russell (appointed 1 June 2008)	**20,000**	6,667
J G West	**21,500**	21,375
Total	**154,000**	139,917

On behalf of the Board

W R E Thomson

Director

13 November 2009

Income Statement

for the year ended 30 September

	Notes	**Revenue £'000**	**Capital £'000**	**2009 Total £'000**	Revenue £'000	Capital £'000	2008 Total £'000
Gains/(losses) on investments	9	**–**	**29,773**	**29,773**	–	(137,257)	(137,257)
Exchange differences	14	**–**	**(1,344)**	**(1,344)**	–	(1,460)	(1,460)
Income	2	**18,369**	**–**	**18,369**	21,414	873	22,287
Management expenses	3	**1,086**	**(1,702)**	**(616)**	(85)	(39)	(124)
Other expenses	4	**(879)**	**–**	**(879)**	(869)	–	(869)
Net return before finance costs and taxation		**18,576**	**26,727**	**45,303**	20,460	(137,883)	(117,423)
Finance costs	5	**(1,136)**	**(3,410)**	**(4,546)**	(1,680)	(4,961)	(6,641)
Return on ordinary activities before taxation		**17,440**	**23,317**	**40,757**	18,780	(142,844)	(124,064)
Tax on ordinary activities	6	**(293)**	**–**	**(293)**	(295)	–	(295)
Return attributable to shareholders		**17,147**	**23,317**	**40,464**	18,485	(142,844)	(124,359)
Return per share	8	**5.8p**	**8.0p**	**13.8p**	6.2p	(48.0)p	(41.8)p

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2009

	Notes	Called-up Share Capital £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Shareholders' Funds £'000
Opening shareholders' funds		**73,153**	**15,188**	**209,320**	**35,855**	**333,516**
Ordinary Shares purchased for cancellation	14	**(375)**	**375**	**(1,645)**	**–**	**(1,645)**
Dividends paid	7	**–**	**–**	**–**	**(17,593)**	**(17,593)**
Return attributable to ordinary shareholders		**–**	**–**	**23,317**	**17,147**	**40,464**
Closing shareholders' funds		**72,778**	**15,563**	**230,992**	**35,409**	**354,742**

for the year ended 30 September 2008

	Notes	Called-up Share Capital £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Shareholders' Funds £'000
Opening shareholders' funds		75,253	13,088	362,771	34,660	485,772
Ordinary Shares purchased for cancellation		(2,100)	2,100	(10,607)	–	(10,607)
Dividends paid	7	–	–	–	(17,290)	(17,290)
Return attributable to ordinary shareholders		–	–	(142,844)	18,485	(124,359)
Closing shareholders' funds		73,153	15,188	209,320	35,855	333,516

The total column of the Income Statement is the Profit and Loss Account of the Company. The supplementary revenue and capital columns are both prepared under guidance published by The Association of Investment Companies.

All revenue and capital items in the above Income Statement derive from continuing operations.

No operations were acquired or discontinued in the year.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above Income Statement.

The accompanying notes are an integral part of the financial statements.

Balance Sheet

as at 30 September	Notes	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Non-current assets					
Investments at fair value through profit or loss	9		**429,158**		401,838
Current assets					
Debtors	10	**3,053**		4,263	
Cash at bank and on deposit		**13,663**		17,962	
		16,716		22,225	
Creditors: amounts falling due within one year	11	**(31,711)**		(31,152)	
Net current liabilities			**(14,995)**		(8,927)
Total assets less current liabilities			**414,163**		392,911
Creditors: amounts falling due after more than one year	12		**(59,421)**		(59,395)
Net assets			**354,742**		333,516
Capital and reserves					
Called-up share capital	13		**72,778**		73,153
Capital redemption reserve	14		**15,563**		15,188
Capital reserve	14		**230,992**		209,320
Revenue reserve	14		**35,409**		35,855
Shareholders' funds	15		**354,742**		333,516
Net asset value per share	15		**121.9p**		114.0p

The accounts on pages 30 to 46 were approved by the Board of Directors and authorised for issue on 13 November 2009 and signed on its behalf by:

W R E Thomson, Chairman

The accompanying notes are an integral part of the financial statements.

Cash Flow Statement

for the year ended 30 September	Notes	£'000	2009 £'000	£'000	2008 £'000
Operating activities					
Investment income received		**16,564**		20,267	
Deposit interest received		**214**		1,575	
Interest on VAT recovered		**923**		–	
Option premium received		**–**		136	
Underwriting commission received		**238**		88	
Management expenses paid		**1,624**		(1,609)	
Other cash payments		**(896)**		(880)	
Net cash inflow from operating activities	16		**18,667**		19,577
Servicing of finance					
Interest on 6.625 per cent Bonds 2008		**–**		(1,987)	
Interest on 6.25 per cent Bonds 2031		**(3,750)**		(3,750)	
Interest on revolving advance facility		**(839)**		(711)	
Interest on bank overdraft		**–**		(26)	
Net cash outflow from servicing of finance			**(4,589)**		(6,474)
Capital expenditure and financial investment					
Purchases of investments		**(308,902)**		(366,192)	
Sales of investments		**313,226**		383,032	
Net cash inflow from capital expenditure and financial investment			**4,324**		16,840
Equity dividends paid			**(17,593)**		(17,290)
Net cash inflow before financing			**809**		12,653
Financing					
6.625 per cent Bonds 2008 redeemed		**–**		(60,000)	
Revolving advance facility drawn down		**–**		30,000	
Revolving advance facility repaid		**(3,781)**		–	
Ordinary Shares purchased for cancellation		**(1,637)**		(10,607)	
Net cash outflow from financing			**(5,418)**		(40,607)
Decrease in cash	17		**(4,609)**		(27,954)

Reconciliation of net cash flow to movement in net debt					
Decrease in cash in the year		**(4,609)**		(27,954)	
6.625 per cent Bonds 2008 redeemed		**–**		60,000	
Revolving advance facility drawn down		**–**		(30,000)	
Revolving advance facility repaid		**3,781**		–	
Change in net debt resulting from cash flows			**(828)**		2,046
Currency losses			**(1,106)**		(1,499)
Increase in 6.625 per cent Bonds 2008 liability			**–**		(32)
Increase in 6.25 per cent Bonds 2031 liability			**(26)**		(27)
Movement in net debt in the period			**(1,960)**		488
Opening net debt			**(71,499)**		(71,987)
Closing net debt	17		**(73,459)**		(71,499)

The accompanying notes are an integral part of the financial statements.

Notes to the Accounts

1 Accounting policies

A summary of the principal accounting policies adopted is set out below.

(a) Basis of accounting

These financial statements have been prepared under UK Generally Accepted Accounting Practice ('UK GAAP') and in accordance with guidelines set out in the Statement of Recommended Practice ('SORP') for investment trust companies and venture capital trusts, issued in January 2009 by The Association of Investment Companies ('AIC'), except as disclosed in the following paragraph.

Expenses which are allocated to capital are available to reduce the Company's liability to corporation tax. The SORP recommends that the benefit of that tax relief should be allocated to capital and a corresponding charge made to revenue. This is known as the 'marginal method' of allocating tax relief between capital and revenue. The Company does not adopt the marginal method for two reasons. Firstly, the Company has only one class of share and any allocation of tax relief between capital and revenue would have no impact on shareholders' funds. Secondly, the significant unutilised management expenses and interest carried forward make it unlikely that the Company will be liable to corporation tax in the foreseeable future. Had this allocation been made, the charge to revenue and corresponding credit to capital for the year ended 30 September 2009 would have been £1,862,000 (2008: £1,260,000).

(b) Investments

Investments have been categorised as 'financial assets at fair value through profit or loss' and are recognised on a purchase date basis. Listed investments are valued at their fair value which is represented by the bid price. Changes in fair value are included in the Income Statement as a capital item. Unquoted investments are valued by the Directors at their fair value on the basis of all information available to them at the time of valuation.

(c) Capital reserve

The following are accounted for in this reserve:

- realised and unrealised exchange differences on transactions of a capital nature;
- realised and unrealised exchange differences on forward foreign currency contracts;
- gains and losses on the realisation of investments;
- increase and decrease in the valuation of investments held at the year end;
- special dividends of a capital nature;
- expenses and finance costs charged to capital as set out in the policies below; and
- cost of purchasing Ordinary Shares for cancellation.

(d) Income

Dividends are recognised as income on the date which the related investments are marked ex-dividend.

Dividends receivable on equity shares where no ex-dividend date is quoted are recognised when the Company's right to receive payment is established.

Income from fixed interest securities is recognised on an effective yield basis. Other investment income and deposit interest are recognised on an accruals basis.

Special dividends of a revenue nature are recognised through the revenue column of the Income Statement. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, an amount equal to the cash dividend is recognised as income.

Notes to the Accounts (continued)

(e) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in future have occurred. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods. Deferred tax is recognised at the standard rate of corporation tax without discounting. The Company had no deferred tax assets or liabilities at the year end.

(f) Expenses

All expenses are accounted for on an accruals basis. Expenses are all allocated to revenue with the exception of management fees which are allocated 25 per cent to revenue and 75 per cent to capital, in accordance with the Board's view on the expected long-term split of returns, in the form of income and capital gains respectively, from the Company's investment portfolio. Performance fees, which derive predominantly by virtue of the Company's capital performance, are charged 100 per cent to capital. Transaction costs incurred on the purchase and sale of investments are taken to the Income Statement as a capital item.

(g) Finance costs

Finance costs are accounted for on an effective yield basis. Finance costs of debt, insofar as they relate to the financing of the Company's investments or to financing activities aimed at maintaining or enhancing the value of the Company's investments, are allocated 25 per cent to revenue and 75 per cent to capital, in accordance with the Board's view on the expected long-term split of returns, in the form of income and capital gains respectively, from the Company's investment portfolio.

(h) Dividends

Dividends are calculated on an amount per share as approved by the Board of Directors and are recognised in the financial statements when they are paid.

(i) Foreign currencies

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as at the date of the transaction or, where appropriate, at the rate of exchange in a related forward exchange contract. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end or, where appropriate, at the rate of exchange in a related forward exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of a transaction is included as an exchange gain or loss in the Capital Reserve or Revenue Reserve depending on the nature of the gain or loss.

Rates of exchange at 30 September

	2009	2008
US Dollar	**1.5994**	1.7825
Euro	**1.0942**	1.2690
Japanese Yen	**143.1978**	189.2338

2 Income

	2009 £'000	2008 £'000
Income from investments		
Franked investment income	10,782	14,341
Unfranked investment income	2,070	1,691
Overseas dividends	3,120	3,019
Overseas interest	1,022	564
Special dividends credited to capital	–	873
	16,994	20,488
Other income		
Deposit interest	214	1,575
Interest on VAT recovered (see note 3)	923	–
Option premium	–	136
Underwriting commission	238	88
	1,375	1,799
Total income	18,369	22,287
Total income comprises:		
Dividends	13,902	18,233
Income from fixed interest securities	3,092	2,255
Interest	1,137	1,575
Option premium	–	136
Underwriting commission	238	88
	18,369	22,287
Income from investments:		
Listed UK	12,852	16,905
Listed overseas	4,142	3,583
	16,994	20,488

No special dividends were received during the year. Special dividends of £873,000 were received during the previous year and allocated to capital.

Notes to the Accounts (continued)

3 Management expenses			2009			2008
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Investment management fee:						
– basic	**283**	**849**	**1,132**	403	1,211	1,614
– performance fee	**–**	**1,049**	**1,049**	–	–	–
VAT related recoveries	**(1,369)**	**(196)**	**(1,565)**	(318)	(1,172)	(1,490)
	(1,086)	**1,702**	**616**	85	39	124

Throughout the year the Company's investment manager was F&C Investment Business Limited ('FCIB'). FCIB receives a basic quarterly fee, payable in advance, equal to 0.075 per cent of the value of Company's total assets less current liabilities (excluding loans). FCIB also receives a performance-related fee calculated on an annual basis by reference to the performance of the Company against the benchmark index over each 12 month period ended on 30 September. If the Company's net asset value total return for any such period exceeds the total return from the benchmark index, a performance-related fee is payable, on a sliding scale, at a rate of up to 0.3 per cent per annum of the value of equity shareholders' funds at the end of the period, depending on the level of outperformance. The maximum rate of performance-related fee is earned when the outperformance for a 12 month period is 3.0 per cent or more.

The contract between the Company and FCIB may be terminated at any time by either party giving six months' notice of termination. In the event of the Company terminating the contract by giving less than six months' notice, FCIB is entitled to compensation calculated as a proportion of the fees payable by the Company in respect of the previous financial year prorated to the date of termination.

Basic investment management fees are allocated 25 per cent to revenue and 75 per cent to capital. Performance fees are charged 100 per cent to capital.

As a result of the European Court of Justice decision in 2007 that investment management fees payable by investment trusts are not, and should never have been, liable to value added tax ('VAT'), the Company recovered an amount of £1,565,000 (2008: £1,490,000) from FCIB in respect of VAT paid on investment management fees in previous years. The amounts recovered have been recognised in the Income Statement and, where applicable, allocated between revenue and capital in the same ratio as the VAT originally suffered. The Company also received interest of £923,000 (2008: nil) in respect of the VAT recoveries (see note 2).

4 Other expenses	2009	2008
	£'000	£'000
Directors' fees	**154**	140
Auditors' remuneration for:		
– audit	**23**	23
– taxation services	**5**	5
– other	**2**	2
Marketing and savings plan administration	**207**	241
Bank charges	**84**	103
Registrars' fees	**74**	75
Other expenses	**330**	280
	879	869

5 Finance costs

	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Repayable within 5 years,						
not by instalments:						
– 6.625 per cent Bonds 2008	–	–	–	505	1,514	2,019
– Bank overdraft	–	–	–	26	–	26
– Revolving advance facility	192	578	770	205	615	820
Repayable in more than 5 years:						
– 6.25 per cent Bonds 2031	944	2,832	3,776	944	2,832	3,776
	1,136	3,410	4,546	1,680	4,961	6,641

Finance costs are allocated 25 per cent to revenue and 75 per cent to capital. Bank overdraft interest is allocated 100 per cent to revenue.

6(a) Tax on ordinary activities

	2009 £'000	2008 £'000
Overseas taxation	293	295

The Company had £42,110,000 unutilised management expenses and interest at 30 September 2009 (2008: £42,803,000). No deferred tax asset has been recognised on this amount as it is unlikely that there will be taxable profits from which the future reversal of the deferred tax asset could be deducted.

6(b) Reconciliation of tax charge

A reconciliation of the current tax charge is set out below:	2009 £'000	2008 £'000
Return on ordinary activities before taxation	40,757	(124,064)
Corporation tax at standard rate of 28.0 per cent (2008: 29.0 per cent)	11,412	(35,978)
Effects of:		
Non-taxable capital returns	(7,960)	40,227
Non-taxable UK dividend income	(3,019)	(4,159)
Non-taxable overseas dividend income	(72)	–
Movement in unutilised management expenses	(429)	(81)
Movement in overseas dividends taxable on receipt	68	(9)
Overseas tax suffered	293	295
Total current tax charge for the year	293	295

7 Dividends

	2009 £'000	2008 £'000
Dividends on Ordinary Shares:		
Amounts recognised as dividends to shareholders during the year		
– third quarterly interim of 1.40p per share paid in respect of the year ended 30 September 2008 (2007: 1.356p)	4,097	4,082
– final of 1.734p per share paid in respect of the year ended 30 September 2008 (2007: 1.638p)	5,074	4,906
– first quarterly interim of 1.442p per share paid in respect of the year ended 30 September 2009 (2008: 1.40p)	4,219	4,165
– second quarterly interim of 1.442p per share paid in respect of the year ended 30 September 2009 (2008: 1.40p)	4,219	4,137
– unclaimed dividends from previous years	(16)	–
	17,593	17,290
Proposed third quarterly interim of 1.442p per share in respect of the year ended 30 September 2009 (2008: 1.40p)	4,219	4,097
Proposed final of 1.786p per share in respect of the year ended 30 September 2009 (2008: 1.734p)	5,199	5,074
	9,418	9,171

Notes to the Accounts (continued)

7 Dividends (continued)

	2009 £'000
Revenue available for distribution by way of dividends for the year	**17,147**
First quarterly interim dividend of 1.442p per share paid in respect of the year ended 30 September 2009	**(4,219)**
Second quarterly interim dividend of 1.442p per share paid in respect of the year ended 30 September 2009	**(4,219)**
Proposed third quarterly interim dividend of 1.442p per share in respect of the year ended 30 September 2009	**(4,219)**
Proposed final quarterly interim dividend of 1.786p per share in respect of the year ended 30 September 2009*	**(5,199)**
Undistributed revenue for the purposes of Section 842 of the Income and Corporation Taxes Act 1988 (see page 19)	**(709)**

*based on 291,112,282 shares in issue at 13 November 2009.

8 Return per share

	2009 Revenue	2009 Capital	2009 Total	2008 Revenue	2008 Capital	2008 Total
Ordinary	**5.8p**	**8.0p**	**13.8p**	6.2p	(48.0)p	(41.8)p

The returns per Ordinary Share are based on (i) a numerator being the returns attributable to shareholders of:

	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Ordinary	**17,147**	**23,317**	**40,464**	18,485	(142,844)	(124,359)

and (ii) a denominator being a specific number of shares as follows:

	2009	2008
Weighted average number of shares in issue during the year	**292,587,264**	297,162,555

9 Investments

	2009 £'000	2008 £'000
Investments listed on a recognised investment exchange	**428,769**	401,838
Unquoted investments	**389**	–
Total investments	**429,158**	401,838

	Listed in UK £'000	Listed overseas £'000	Unquoted £'000	Total £'000
Opening book cost	332,384	144,656	–	477,040
Opening fair value adjustment	(60,429)	(14,773)	–	(75,202)
Opening valuation	271,955	129,883	–	401,838
Movements in the year:				
Purchases at cost	143,894	166,447	389	310,730
Sales – proceeds	(118,028)	(195,155)	–	(313,183)
– losses on sales	(54,983)	(17,668)	–	(72,651)
Increase in fair value adjustment	43,218	59,206	–	102,424
Closing valuation	**286,056**	**142,713**	**389**	**429,158**
Closing book cost	303,267	98,280	389	401,936
Closing fair value adjustment	(17,211)	44,433	–	27,222
Closing valuation	**286,056**	**142,713**	**389**	**429,158**

9 Investments (continued)

	2009 £'000	2008 £'000
Equity shares	**374,361**	372,299
Fixed income securities	**54,797**	29,539
	429,158	401,838

	2009 £'000	2008 £'000
Losses on investments	**(72,651)**	(17,270)
Increase/(decrease) in fair value adjustment	**102,424**	(119,987)
Gains/(losses) on investments	**29,773**	(137,257)

The total expenses incurred on the purchase and sale of investments were £832,000 and £552,000 respectively (2008: £1,088,000 and £561,000).

10 Debtors

	2009 £'000	2008 £'000
Amounts due from brokers	**557**	600
Prepayments and accrued income	**2,202**	2,173
VAT related amounts due from investment manager	**294**	1,490
	3,053	4,263

11 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Revolving advance facility	**27,701**	30,066
Amounts due to brokers	**1,928**	210
Fees due to investment manager	**1,049**	–
Interest on 6.25 per cent Bonds 2031	**207**	207
Other creditors	**826**	669
	31,711	31,152

The Company has a committed unsecured £60 million multi-currency revolving advance facility which matures in March 2013. As at 30 September 2009, £27.7 million, in various currencies, was drawn down.

The principal covenant relating to the multi-currency revolving advance facility requires the Company to ensure that at all times its total borrowings (including the bonds) do not exceed 50 per cent of the net asset value.

12 Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
6.25 per cent Bonds 2031	**59,421**	59,395

The Company has in issue £60 million nominal 6.25 per cent Bonds 2031 which were issued at 99.343 per cent. The bonds have been accounted for in accordance with FRS 26, which requires any discount or issue costs to be amortised over the life of the bonds.

The bonds are secured by a floating charge over all the assets of the Company.

Under the covenants relating to the bonds, the Company is to ensure that, at all times, the aggregate principal amount outstanding in respect of moneys borrowed by the Company does not exceed an amount equal to its share capital and reserves.

Notes to the Accounts (continued)

13 Share capital	**2009 Shares**	2008 Shares	**2009 £'000**	2008 £'000
Authorised at 30 September				
Ordinary Shares of 25p each	**460,800,000**	460,800,000	**115,200**	115,200
Allotted, called-up and fully paid at 30 September				
Ordinary Shares of 25p each	**291,112,282**	292,612,282	**72,778**	73,153

During the year the Company purchased for cancellation 1,500,000 (2008: 8,400,000) Ordinary Shares of 25p each for a total consideration of £1,645,000 (2008: £10,607,000).

14 Reserves	Share capital £'000	Capital redemption reserve £'000	Capital reserve – investments sold £'000	Capital reserve – investments held £'000	Revenue reserve £'000
At 30 September 2008	73,153	15,188	284,589	(75,269)	35,855
Exchange differences	–	–	(1,106)	(238)	–
Losses on investments sold	–	–	(72,651)	–	–
Gains on investments still held	–	–	–	102,424	–
Management expenses charged to capital	–	–	(1,702)	–	–
Finance costs charged to capital	–	–	(3,410)	–	–
Ordinary Shares purchased for cancellation	(375)	375	(1,645)	–	–
Dividends paid	–	–	–	–	(17,593)
Retained net revenue for the year	–	–	–	–	17,147
At 30 September 2009	**72,778**	**15,563**	**204,075**	**26,917**	**35,409**

Capital management

The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objective, both of which are detailed in the Report of the Directors. The Company's capital is represented by the issued share capital, Capital Redemption Reserve, Capital Reserve and Revenue Reserve.

Capital redemption reserve

The nominal value of Ordinary Shares bought back for cancellation is added to this reserve. This reserve is non-distributable.

Capital reserve

Items accounted for this reserve are detailed in accounting policy 1(c).

Revenue reserve

The net profit arising in the revenue column of the Income Statement is added to this reserve. Dividends paid during the year are deducted from the reserve, and it is available for paying future dividends on the Company's shares.

15 Net asset value per share

The net asset value per share and the net asset value attributable to the Ordinary Shares at the year end were as follows:

	Net asset value per share		Net asset value	
	2009 pence	2008 pence	**2009 £'000**	2008 £'000
Ordinary Shares	**121.9**	114.0	**354,742**	333,516

Net asset value per Ordinary Share is calculated on shareholders' funds of £354,742,000 (2008: £333,516,000) divided by the number of Ordinary Shares in issue at the year end of 291,112,282 (2008: 292,612,282).

16 Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

	2009 **£'000**	2008 £'000
Total return before finance costs and taxation	**45,303**	(117,423)
(Gains)/losses on investments	**(29,773)**	137,257
Exchange differences	**1,344**	1,460
(Increase)/decrease in accrued income and prepayments	**(29)**	386
Decrease/(increase) in other debtors	**1,196**	(1,490)
Decrease in other creditors	**(23)**	(6)
Increase in fees due to the investment manager	**1,049**	–
Scrip dividend	**(107)**	(312)
Tax on investment income	**(293)**	(295)
Net cash inflow from operating activities	**18,667**	19,577

17 Analysis of changes in net debt

	At 30 September 2008 £'000	Cash flow £'000	Other movements £'000	Currency movements £'000	**At 30 September 2009 £'000**
Cash at bank and on deposit	17,962	(4,609)	–	310	**13,663**
6.25 per cent Bonds 2031	(59,395)	–	(26)	–	**(59,421)**
Revolving advance facility	(30,066)	3,781	–	(1,416)	**(27,701)**
	(71,499)	(828)	(26)	(1,106)	**(73,459)**

18 Financial instruments

The Company's financial instruments comprise equity and fixed interest investments, cash balances, bonds, bank loans, overdrafts and debtors and creditors that arise directly from its operations. As an investment trust the Company holds a portfolio of financial assets in pursuit of its investment objective. The Company makes use of borrowings, as detailed in notes 11 and 12 and the Chairman's Statement, to achieve improved performance in rising markets. The risk of borrowings may be reduced by raising the level of cash balances held.

Listed fixed asset investments held (see note 9) are valued at fair value. For listed securities this is either bid price or the last traded price depending on the convention of the exchange on which the investment is listed. Unquoted investments are valued by the Directors on the basis of all information available to them at the time of valuation. The market value of the Company's bonds is disclosed on page 43. The fair value of all other financial assets and liabilities is represented by their carrying value in the Balance Sheet shown on page 31. The fair value of the loans is not materially different from the carrying value in the Balance Sheet.

The main risks that the Company faces arising from its financial instruments are:

(i) market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency rate movements;

(ii) interest rate risk, being the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates;

(iii) credit risk, being the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company;

(iv) liquidity risk, being the risk that the Company may not be able to liquidate its investments quickly enough to meet its ongoing financial commitments; and

(v) foreign currency risk, being the risk that the value of investment holdings, investment purchases, investment sales and income will fluctuate because of movements in currency rates.

Notes to the Accounts (continued)

18 Financial instruments (continued)

The Company held the following categories of financial instruments as at 30 September 2009:

	2009 £'000	2008 £'000
Financial assets		
Investment portfolio	**429,158**	401,838
Cash at bank and on deposit	**13,663**	17,962
Amounts due from brokers	**557**	600
Payments and accrued income	**2,202**	2,173
VAT related amounts due from investment manager	**294**	1,490

	2009 £'000	2008 £'000
Financial liabilities		
6.25 per cent Bonds 2031	**59,421**	59,395
Revolving advance facility	**27,701**	30,066
Amounts due to brokers	**1,928**	210
Fee due to investment manager	**1,049**	–
Bond interest payable	**207**	207
Other creditors	**826**	669

Market price risk

The management of market price risk is part of the fund management process and is typical of equity investment. The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis with an objective of maximising overall returns to shareholders. Further information on the investment portfolio is set out on pages 14 and 15. Derivatives may be used from time to time to hedge specific market risk or gain exposure to a specific market. As at the year end the Company held no exposure to derivatives other than hedged currency exposure as disclosed on page 46.

If the investment portfolio valuation fell by 20 per cent at 30 September 2009, the impact on the profit or loss and the net asset value would have been negative £85.8 million (2008: negative £80.4 million). If the investment portfolio valuation rose by 20 per cent at 30 September 2009, the impact on the profit or loss and the net asset value would have been positive £85.8 million (2008: positive £80.4 million). The calculations are based on the portfolio valuation as at the respective balance sheet dates and are not representative of the year as a whole.

18 Financial instruments (continued)

Interest rate risk

Floating rate

Interest payments are received on cash balances by reference to the bank base rates for the relevant currency for each deposit.

	2009 £'000	2009 Average interest rate	2009 Period until maturity	2008 £'000	2008 Average interest rate	2008 Period until maturity
Amount drawndown under multi-currency revolving advance facility	**27,701**	**0.97%**	**3.50 years**	30,066	4.88%	4.50 years

The revolving advance facility is a multi-currency facility consisting of:

	2009 £'000	2008 £'000
Currency:		
Sterling	**20,000**	19,000
US Dollar	**5,610**	7,086
Euro	**1,565**	2,428
Japanese Yen	**526**	1,552
	27,701	30,066

If the bank base rate had increased by 1.0 per cent, the impact on the profit or loss would have been a loss of £140,000 (2008: £121,000). If the bank base rate had decreased by 1.0 per cent, the impact on the profit or loss would have been a profit of £140,000 (2008: £121,000). The calculations are based on the cash balances and the revolving advance facility as at the respective balance sheet dates and are not representative of the year as a whole.

Fixed rate

The Company holds fixed interest investments and has fixed interest liabilities.

	2009 £'000	2009 Average interest rate	2009 Average period until maturity	2008 £'000	2008 Average interest rate	2008 Average period until maturity
Fixed interest investments	**54,797**	**6.60%**	**8.75 years**	29,539	10.25%	8.01 years
Fixed interest liabilities:						
6.25 per cent Bonds 2031	**59,421**	**6.25%**	**21.95 years**	59,395	6.25%	22.95 years

The bonds are denominated in sterling. In the event that the Company decides to repay the bonds before their maturity date the terms of issue may result in a penalty for early repayment.

The fair value of the bonds, based on middle market prices, at 30 September 2009 was £63.5 million (2008: £63.1 million).

Non-interest bearing investments

The Company's non-interest bearing investments are its equity investments which had a value of £374,361,000 as at 30 September 2009 (2008: £372,299,000).

Notes to the Accounts (continued)

18 Financial instruments (continued)

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets best represents the maximum credit risk exposure at the balance sheet date.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	2009	2008
	£'000	£'000
Cash and cash equivalents	**13,663**	17,962
Balances due from brokers	**557**	600
Interest, dividends and other receivables	**2,496**	3,663
	16,716	22,225

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved and the diversity of counterparties used.

All the assets of the Company which are traded on a recognised exchange are held by JPMorgan Chase Bank, the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed or limited. The Board monitors the Company's risk by reviewing the custodian's internal control reports as described in the Report of the Directors on page 25. The Managers have in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis.

The credit risk on liquid funds and derivative financial instruments is controlled because the counterparties are banks with high credit ratings, rated AA or higher, assigned by international credit rating agencies. Bankruptcy or insolvency of such financial institutions may cause the Company's ability to access cash placed on deposit to be delayed, limited or lost.

As at 30 September 2009 the Company had an overnight deposit of £7.6 million (2008: £13.5 million) with a single counterparty. There were no other material concentrations of credit risk to counterparties at 30 September 2009 or 30 September 2008 because other deposits were spread over a number of counterparties.

Liquidity risk

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and expenses as they fall due. Short term flexibility is achieved, where necessary, through the use of overdraft facilities. The Company's liquidity risk is managed on an ongoing basis by the Managers.

18 Financial instruments (continued)

Contractual maturity analysis for financial liabilities:

	One month £'000	One and three months £'000	Three and twelve months £'000	Between one and five years £'000	After five years £'000	**Total £'000**
Current liabilities:						
Amounts due to brokers	(1,928)	–	–	–	–	**(1,928)**
Other creditors	(826)	(1,049)	–	–	–	**(1,875)**
Revolving advance facility	(27,724)	–	–	–	–	**(27,724)**
Long term liabilities:						
6.25 per cent Bonds 2031	–	–	(3,750)	(15,000)	(123,750)	**(142,500)**
Total liabilities	(30,478)	(1,049)	(3,750)	(15,000)	(123,750)	**(174,027)**

Foreign currency risk

The Company invests in overseas securities and holds foreign currency cash balances which give rise to currency risks. In the year to 30 September 2009, the Company entered into US Dollar and Euro foreign currency contracts with a view to partially hedging these currency risks.

Foreign currency exposure:

	2009 Investments £'000	**2009 Current assets/ (liabilities) £'000**	**2009 Loans £'000**	2008 Investments £'000	2008 Current assets/ (liabilities) £'000	2008 Loans £'000
Australian Dollar	**2,009**	**1**	**–**	371	3	–
Brazilian Real	**9,910**	**–**	**–**	–	–	–
Canadian Dollar	**2,172**	**7**	**–**	4,452	13	–
Egyptian Pound	**1,094**	**–**	**–**	–	–	–
Euro	**26,775**	**(2,774)**	**(1,565)**	22,620	1,250	(2,428)
Hong Kong Dollar	**10,395**	**–**	**–**	7,835	104	–
Hungarian Forint	**1,451**	**–**	**–**	–	–	–
Indian Rupee	**4,438**	**–**	**–**	2,087	–	–
Indonesian Rupiah	**2,044**	**94**	**–**	843	–	–
Japanese Yen	**7,142**	**104**	**(526)**	16,352	451	(1,552)
Malaysian Dollar	**1,357**	**–**	**–**	1,129	–	–
Mexican Peso	**2,374**	**–**	**–**	–	–	–
Norwegian Krone	**–**	**–**	**–**	2,528	–	–
Philippine Peso	**–**	**–**	**–**	237	–	–
Russian Rouble	**3,683**	**–**	**–**	–	–	–
Singapore Dollar	**2,196**	**–**	**–**	1,726	–	–
South African Rand	**2,259**	**–**	**–**	–	–	–
South Korean Won	**6,349**	**–**	**–**	6,206	–	–
Swedish Krona	**1,787**	**–**	**–**	1,817	–	–
Swiss Franc	**3,407**	**–**	**–**	2,642	–	–
Taiwan Dollar	**4,029**	**1,152**	**–**	3,622	229	–
Thai Bhat	**2,823**	**–**	**–**	384	–	–
Turkish Lira	**704**	**–**	**–**	–	–	–
US Dollar	**44,315**	**5,165**	**(5,610)**	55,032	959	(7,086)
Total	**142,713**	**3,749**	**(7,701)**	129,883	3,009	(11,066)

Notes to the Accounts (continued)

18 Financial instruments (continued)

The foreign exchange currency contracts not yet realised were as follows:

	2009 Hedged amount £'000	**2009 Unrealised gain/(loss) £'000**	2008 Hedged amount £'000	2008 Unrealised gain/(loss) £'000
US Dollar for sterling	**6,130**	**(178)**	2,699	(110)
Euro for sterling	**9,396**	**(127)**	5,769	46
	15,526	**(305)**	8,468	(64)

If the value of sterling had weakened against each of the currencies in the portfolio by 20 per cent, the impact on the profit or loss and the net asset value would have been positive £34.7 million (2008: positive £30.5 million). If the value of sterling had strengthened against each of the currencies in the portfolio by 20 per cent, the impact on the profit or loss and the net asset value would have been negative £23.1 million (2008: negative £20.3 million). The calculations are based on the portfolio valuation and cash and loan balances as at the respective balance sheet dates and are not representative of the year as a whole. They do not take account of any impact on corporate profits of investee companies as a result of these currency movements.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report (including a Business Review), a Directors' Remuneration Report and a Corporate Governance Statement.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Report of the Directors includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board
W R E Thomson
Chairman

13 November 2009

Independent Auditors' Report

Independent Auditors' Report to the Members of British Assets Trust plc

We have audited the financial statements of British Assets Trust plc for the year ended 30 September 2009 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Sections 495, 496 and 497 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 47, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on Which We are Required to Report by Exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are Required to Review:

- the Directors' statement, set out on page 25, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Julian Young (Partner)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
London
13 November 2009

Shareholder Information

Annual General Meeting

The Annual General Meeting of British Assets Trust plc will be held at 80 George Street, Edinburgh EH2 3BU on Thursday 17 December 2009 at 12 noon.

Dividends

Ordinary dividends are paid quarterly in April, July, October and January each year. Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA on request. The Company operates the BACS system for the payment of dividends. Where dividends are paid directly to shareholders' bank accounts, dividend tax vouchers are sent to shareholders' registered addresses.

Dividend Reinvestment Plan

Shareholders who wish to use their dividends to purchase further shares in the Company by participating in the Company's Dividend Reinvestment Plan can complete a mandate form which may also be obtained from Equiniti Limited on request.

Share Prices

The Company's Ordinary Shares are listed on the London Stock Exchange under 'Investment Companies'. Prices are given daily in the *Financial Times, The Scotsman, The Times* and *The Daily Telegraph*.

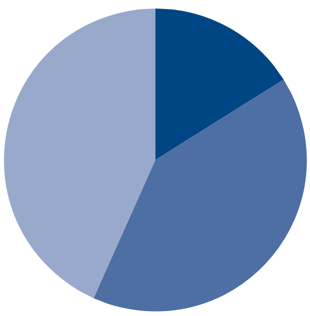
Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to Equiniti Limited under the signature of the registered holder.

Daily Net Asset Value

The net asset value of the Company's shares can be obtained on the Company's website at www.british-assets.co.uk or by contacting F&C Asset Management plc's Investor Services team on 0845 600 3030.

Profile of the Company's Ownership
% of Ordinary Shares held at 30 September 2009



F&C Asset Management Retail Products 16.1% (2008: 14.0%)

Institutions 40.6% (2008: 37.1%)

Individuals and Private Client Stockbrokers 43.3% (2008: 48.9%)

Financial Calendar 2009/10

17 December 2009	Annual General Meeting
8 January 2010	Final dividend paid
January 2010	Publication of Interim Management Statement
April 2010	First interim dividend paid
May 2010	Announcement of Interim Results
	Posting of Interim Report
July 2010	Second interim dividend paid
	Publication of Interim Management Statement
October 2010	Third interim dividend paid
November 2010	Announcement of Annual Results
	Posting of Annual Report

How to Invest

As well as investing in British Assets Trust plc directly through a stockbroker, you can enjoy some additional benefits by investing through one of the savings plans run by F&C Management Limited ('F&C').

You can enjoy the convenience of making regular savings by Direct Debit, take advantage of our tax-efficient ISA wrapper, receive a simple statement every six months and let us automatically reinvest your dividends for you.

- **F&C Private Investor Plan**
  A flexible, low cost way to invest with a lump sum from £500 or regular savings from £50 a month.

- **F&C Investment Trust ISA**
  Invest up to £7,200 tax efficiently each year with a lump sum from £500 or regular savings from £50 a month. ISA contribution limits are to be increased to £10,200 with effect from 6 April 2010 (or 6 October 2009 for individuals aged over 50). You can also transfer any existing ISAs.

- **F&C Child Trust Fund ('CTF')**
  F&C is a leading provider of children's investment plans and is one of the few providers to offer an investment trust based CTF. Suitable for children born after 1 September 2002.

- **F&C Children's Investment Plan**
  Suitable for older children ineligible for a CTF, or if you need access to the funds before the child is 18. This flexible plan can easily be written under trust to help reduce inheritance tax liability. Investments can be made from a £250 lump sum or £25 a month.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested. Tax rates and reliefs depend on the circumstances of the investor.

Low Charges

All the plans are low cost and flexible. When you buy or sell shares in these plans the dealing fee is only 0.2 per cent. Government stamp duty of 0.5 per cent also applies on purchases. There are no initial or exit charges. The only annual management fee is on the ISA, which is £60+VAT (no matter how many tax years' ISAs you take out with F&C, or how many ISAs you transfer).

The F&C Child Trust Fund has no initial charges, dealing charges or annual management fee.

How to Invest

For more information on any of these products, please contact F&C's Investor Services team:

Call us on **0800 136 420**

email at **info@fandc.com**

invest online at **www.fandc.co.uk**

Existing plan holders' enquiry line
0845 600 3030

Calls may be recorded.

Existing plan holders email us at:
investor.enquiries@fandc.com

The information on this page has been approved by F&C Management Limited which is a member of the F&C Asset Management Group and is authorised and regulated by the Financial Services Authority ('FSA').

Notice of Annual General Meeting

Notice is hereby given that the One Hundred and Twelfth Annual General Meeting of British Assets Trust Public Limited Company will be held at 80 George Street, Edinburgh on Thursday 17 December 2009 at 12 noon for the following purposes:

Ordinary Business

To consider and, if thought fit, pass the following as Ordinary Resolutions:

1. That the Report and Accounts for the year ended 30 September 2009 be received.
2. That the Directors' Remuneration Report for the year ended 30 September 2009 be approved.
3. That a final dividend of 1.786 pence per Ordinary Share be declared.
4. That Mr J S MacLeod, who retires annually, be re-elected as a Director.
5. That Mr J G West, who retires annually, be re-elected as a Director.
6. That Mr J M Long, who retires periodically, be re-elected as a Director.
7. That Ernst & Young LLP be re-appointed as Auditors and the Directors be authorised to determine their remuneration.
8. That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors of the Company be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the ''Act'') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company (''Securities'') provided that such authority shall be limited to the allotment of shares and the grant of rights in respect of shares with an aggregate nominal value of up to £7,277,807, such authority to expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, unless previously revoked, varied or extended by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Securities to be allotted or granted after the expiry of such authority and the Directors shall be entitled to allot or grant Securities in pursuance of such an offer or agreement as if such authority had not expired.

To consider and, if thought fit, pass the following as Special Resolutions:

9. That, subject to the passing of resolution number 8 above, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the date hereof, the Directors of the Company be and they are hereby generally empowered, pursuant to Section 570 of the Companies Act 2006 (the ''Act''), to allot equity securities (as defined in Section 560 of the Act), including the grant of rights to subscribe for, or to convert securities into ordinary shares held by the Company as treasury shares (as defined in Section 724 of the Act) for cash pursuant to the authority given by resolution number 8 above as if Section 561(1) of the Act did not apply to any such allotment of equity securities, provided that this power:
   (a) expires at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, 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 any such offer or agreement as if the power conferred hereby had not expired; and
   (b) shall be limited to the allotment of equity securities up to an aggregate nominal value £3,638,903 being approximately of 5 per

Notice of Annual General Meeting (continued)

cent of the nominal value of the issued share capital of the Company, as at 13 November 2009.

10. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Companies Act 2006 (the ''Act'') to make market purchases (within the meaning of section 693(4) of the Act) of fully paid ordinary shares of 25 pence each in the capital of the Company (''ordinary shares'') (either for retention as treasury shares for future reissue, resale, transfer or cancellation), provided that:

    (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 43,637,731;

    (b) the minimum price (excluding expenses) which may be paid for each ordinary share is 25 pence;

    (c) the maximum price (excluding expenses) which may be paid for each ordinary share shall not be more than the higher of:

        (i) 5 per cent above the average closing price on the London Stock Exchange of an ordinary share over the five business days immediately preceding the date of purchase; and

        (ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange; and

    (d) unless previously varied, revoked or renewed by the Company in a general meeting, the authority hereby conferred shall expire at the conclusion of the Company's next annual general meeting or on 17 June 2011 whichever is the later, save that the Company may, prior to such expiry, enter into a contract to purchase ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

Special Business

To consider and, if thought fit, pass the following as a Special Resolution:

11. That:

    (a) the articles of association of the Company be amended by deleting all of the provisions of the Company's memorandum of association which, by virtue of Section 28 of the Companies Act 2006, are to be treated as part of the Company's articles of association;

    (b) the articles of association of the Company be amended by deleting all the provisions referred to in paragraph 42 of schedule 2 of the Companies Act 2006 (Commencement No 8, Transitional Provisions and Savings) Order 2008 (Statutory Instrument 2008 No. 2860); and

    (c) the draft regulations produced to the meeting and, for the purposes of identification, initialled by the Chairman of the meeting be adopted as the articles of association of the Company in substitution for, and to the entire exclusion of, the existing articles of association of the Company.

By order of the Board
G R Hay Smith
Secretary
80 George Street
Edinburgh EH2 3BU
13 November 2009

Notes

1. A member entitled to attend, speak and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him. A proxy need not be a member of the Company.

2. A form of proxy is enclosed for use at the above meeting. Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person. To be effective, the form of proxy, duly executed, must be lodged at the address shown on the form of proxy (i) by 12 noon on 15 December 2009 or, (ii) in respect of an adjourned meeting, no later than 48 hours (excluding non-working days) before the holding of that adjourned meeting (or, in the case of a poll taken subsequent to the date of the meeting or an adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll).

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those holders of Ordinary Shares entered on the Register of Members of the Company as at 6.00 pm on 15 December 2009 or, in the event that the meeting is adjourned, on the Register of Members 48 hours (excluding non-working days) before the time of any adjourned meeting, shall be entitled to attend, speak or vote at the meeting in respect of the number of Ordinary Shares registered in their names at that time. Changes to the entries on the Register of Members after 6.00 pm on 15 December 2009 or, in the event that the meeting is adjourned, on the Register of Members 48 hours (excluding non-working days) before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting, notwithstanding any provisions in any enactment, the Articles of Association of the Company or other instrument to the contrary.

4. Any person holding 3 per cent of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure and Transparency Rules.

5. The members of the Company may require the Company to publish, on its website (without payment), a statement (which is also passed to the Company's auditors) setting out any matter relating to the audit of the Company's accounts, including the auditors' report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5 per cent of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address and be sent to 80 George Street, Edinburgh EH2 3BU.

6. Information regarding the Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available from www.british-assets.co.uk.

7. Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:

   (a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;

   (b) the answer has already been given on a website in the form of an answer to a question; or

   (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a ''CREST Proxy Instruction'') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrar (ID RA19) no later 48 hours (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

12. A copy of the Articles of Association of the Company as proposed to be adopted with effect from the passing of resolution 11 will be available for inspection at Royal London House, 22-25 Finsbury Square, London EC2A 1DX and at the registered office of the Company from the date of this notice until the conclusion of the Annual General Meeting and on the date of the Annual General Meeting 15 minutes prior to the start until the conclusion of the meeting.

13. No Director has a contract of service with the Company. The Directors' letters of appointment will be available for 15 minutes prior to, and during the Annual General Meeting.

14. As at 5.00 pm on 13 November 2009 (being the latest applicable date prior to the publication of this notice), the Company's issued share capital comprised 291,112,282 Ordinary Shares of 25p each. Every Member holding Ordinary Shares shall have one vote for every Ordinary Share held by them and therefore the total number of voting rights in the Company at 5.00 pm on 13 November 2009 was 291,112,282.

15. Members who have general queries about the Annual General Meeting should not use any electronic address to communicate with the Company but should call the Company's registrars on 0871 384 2462. Calls to this number are charged at 8p per minute from a BT landline. Other telephony provider costs may vary.

Appendix to the Notice of Annual General Meeting

Summary of the Proposed Material Changes to the Articles of Association of the Company

The principal changes which will arise from the adoption of the New Articles are set out below.

The Company's Memorandum of Association

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake.

The Companies Act 2006 (the '2006 Act') significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in a company. Under the 2006 Act, the objects clause and all other provisions which are currently contained in a company's memorandum, for existing companies at 1 October 2009, will be deemed to be contained in a company's articles but a company can remove these provisions by special resolution.

In addition, the 2006 Act states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. The Company is therefore proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the 2006 Act, are otherwise treated as forming part of the Articles as of 1 October 2009.

Change of Name

Previously, a company could only change its name by special resolution. Under the 2006 Act, a company will be able to change its name by other means provided for by its articles of association. To take advantage of this provision, the New Articles enable the Directors to pass a resolution to change the Company's name.

Authorised Share Capital and Unissued Shares

The 2006 Act abolishes the requirement for a company to have an authorised share capital. The Company is proposing changes to its Articles to reflect this. The Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the 2006 Act.

Issue of Redeemable Shares

The New Articles will explicitly confer authority on the Board to determine the terms, conditions and manner of redemption of any issued redeemable shares in accordance with the 2006 Act, although this amendment would only have practical effect if the Company issues redeemable shares in the future.

Chairman's Casting Vote

Provisions in the current Articles giving the Chairman a casting vote at shareholders' meetings became ineffective from 1 October 2007, but companies with a casting vote provision in their articles on that date were, broadly, allowed to keep it. However, the EU Shareholders' Rights Directive requires that all shareholders be treated equally and therefore The Companies (Shareholders' Rights) Regulations 2009 remove this saving provisions for UK traded companies such that the casting vote provision in the Company's Articles became redundant on 3 August 2009.

Corporate Information

Directors
William R E Thomson, (Chairman)*
James M Long, TD
James S MacLeod‡
Dr Christopher Masters, CBE
Lynn C Ruddick
I S M Russell, CBE
James G West†

Company Secretary
Gordon R Hay Smith, CA

Investment Managers
F&C Investment Business Limited
80 George Street
Edinburgh EH2 3BU

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

*Chairman of the Management Engagement and Remuneration Committee and the Nomination Committee
‡Chairman of the Audit Committee
†Senior Independent Director

Brokers
Cenkos Securities Limited
6.7.8 Tokenhouse Yard
London EC2R 7AS

Solicitors
Dickson Minto WS
16 Charlotte Square
Edinburgh EH2 4DF

Bankers
JPMorgan Chase Bank
125 London Wall
London EC2Y 5AJ

Company Number
SC 3721

MLG Edinburgh 3564

Registered Office

80 George Street
Edinburgh EH2 3BU
Tel: 0207 628 8000
Fax: 0131 225 2375

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Registrars' Shareholder Helpline: 0871 384 2462 *
Registrars' Broker Helpline: 0871 384 2779 †

* Calls to this number are charged at 8p per minute from a BT landline. Other telephone providers' costs may vary.
† Calls to this number are charged at £1 per minute from a BT landline. Other telephone providers' costs may vary.