

SC 3721

INVESTMENT OBJECTIVE AND BENCHMARK INDEX

The investment objective of the Company is to achieve a total return in excess of the FT-SE-Actuaries All-Share Index by investing in an international portfolio of equities and equity-related securities.

Within this overall objective, the Company aims to provide holders of Ordinary Shares with an income stream which grows in real terms.

CAPITAL STRUCTURE

The Company has an equity capital structure comprising Ordinary Shares, Growth Shares and Warrants.

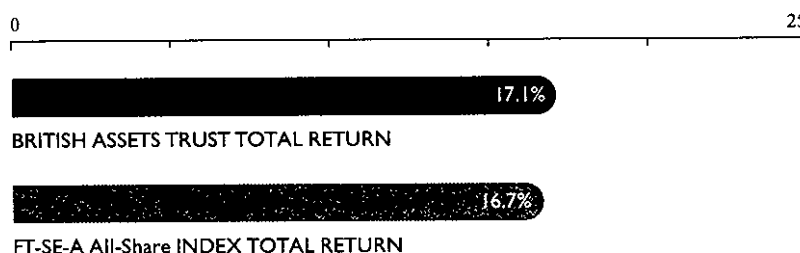
The Company also has Preference Stock and Equities Index Unsecured Loan Stock in issue.



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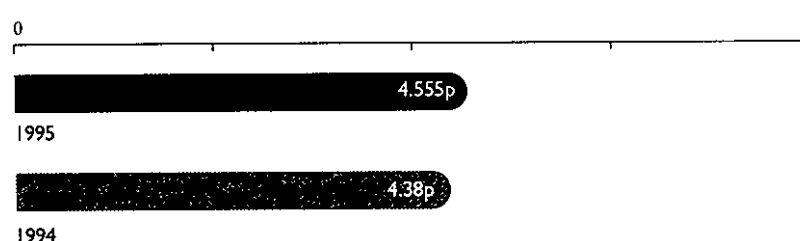
Total Return of 17.1%
over the period since the
Capital Reorganisation
compared to the
benchmark of 16.7%

Net dividends are assumed to be
reinvested.



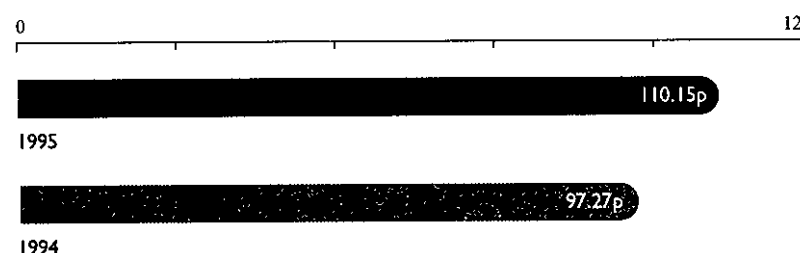
Annual Dividend
increased over the year
by 4.0% to 4.555p per
Ordinary Share

This compares with a rise in the
Retail Price Index of 3.9%.



Net Asset Value (Basic)
per Ordinary or Growth
Share increased by 13.2%
over the period since the
Capital Reorganisation

This compares with a rise in the
FT-SE-A All-Share Index of 13.9%.



PERFORMANCE SUMMARY—FINANCIAL YEAR

	1995	1994	% change
Total Return			
Net asset value Total Return†	16.6%	(2.8%)	—
FT-SE-A All-Share Index (Total Return)†	18.5%	3.4%	—
Ordinary Shares – Revenues and Dividends			
Earnings per Ordinary Share‡	4.62p	4.10p	12.7
Dividends per Ordinary Share	4.555p	4.38p	4.0
Retail Price Index	150.6	145.0	3.9
Revenue reserves per Ordinary Share	1.87p	1.81p*	—
Revenue reserves as % of annual dividend	41.0%	34.7%	—
Equity Shares – Capital Values			
Net asset value (basic) per Ordinary or Growth Share	110.2p	98.8p*	11.5
Ordinary Share price (mid market)	92.5p	94.0p	(1.6)
Discount on Ordinary Shares	16.0%	4.9%*	—
Growth Share price (mid market)	65.5p	N/A	—
Discount on Growth Shares	40.6%	N/A	—
Equities Index Unsecured Loan Stock			
Capital value	173.4p	151.1p	14.7
Price (mid market)	172.0p	149.5p	15.1

*These figures have been restated following the adoption for the first time of accounting for dividends from Investors Capital Trust plc on an accruals basis and valuing Investors Capital Trust plc at market price.

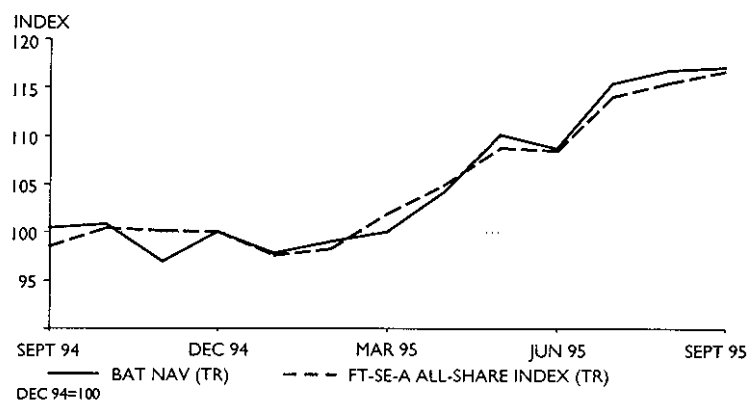
†All total return calculations are based on net dividends reinvested.

‡The increase in earnings per ordinary share reflects the lower number of ordinary shares in issue.

Sources: Ivory & Sime, NatWest Securities, Datastream.

**BRITISH ASSETS NET
ASSET VALUE TOTAL
RETURN v FT-SE-
ACTUARIES ALL-SHARE
INDEX TOTAL RETURN**

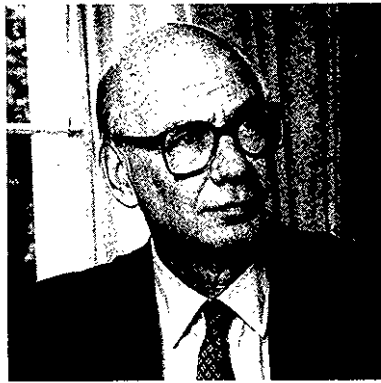
Net dividends are assumed to be reinvested at the basic net asset value.



TEN YEAR RECORD

AT 30 SEPTEMBER	TOTAL ASSETS £000	EQUITY SHAREHOLDERS' FUNDS £000	NET ASSET VALUE PER EQUITY SHARE	ORDINARY SHARE PRICE	DISCOUNT	EARNINGS PER ORDINARY SHARE	DIVIDEND PER ORDINARY SHARE
1986	365,820	297,590	77.5p	54.0p	30.3%	2.20p	2.05p
1987	521,312	412,782	107.5p	88.0p	18.1%	2.46p	2.35p
1988	400,792	325,713	84.8p	67.0p	21.0%	3.01p	2.70p
1989	602,416	369,740	96.3p	82.3p	14.5%	3.56p	3.30p
1990	456,208	287,136	74.8p	64.0p	14.4%	4.17p	3.85p
1991	570,217	363,743	94.7p	88.5p	6.5%	4.11p	4.04p
1992	539,636	345,026	89.8p	79.5p	11.5%	4.02p	4.19p
1993	641,260	423,744	110.4p	105.5p	4.4%	4.28p	4.28p
1994	597,696*	379,557*	98.8p*	94.0p	4.9%*	4.10p	4.38p
1995	672,502	422,977	110.2p	92.5p	16.0%	4.62p	4.555p

*Figures restated following adoption of accounting for Investors Capital Trust dividends on an accruals basis and valuing Investors Capital Trust at market price.
Sources: Ivory & Sime, Datastream, NatWest Securities.



William Thomson
Chairman

Your Company's portfolio has been successfully restructured following the capital reorganisation by lowering its yield and improving its quality thereby enhancing the prospects for future income and capital growth.

INTRODUCTION

The Company's investment objective was changed, following the capital reorganisation in December 1994, to achieve a total return in excess of the FT-SE-Actuaries All-Share Index by investing in an international portfolio of equities and equity-related securities.

The first quarter of the Company's financial year was a period of transition involving a reorganisation of the Company's share capital designed to allow Ordinary Shareholders to choose how they maintained their interest in the Company. It enabled Ordinary Shareholders who wished to continue to earn dividends per share which grow in real terms from an international portfolio to

continue to do so while at the same time it allowed Ordinary Shareholders the option of foregoing some of their current income in order to enhance capital growth prospects by electing for growth shares and warrants. The principal aim of the capital reorganisation was to enhance total return to Ordinary Shareholders.

Within this overall objective, the Company sought to reduce the yield on its investment portfolio relative to the Benchmark Index, to increase the dividends per Ordinary Share in real terms, and to decrease the Company's holding in Investors Capital Trust. In this my first Chairman's Statement to Shareholders, I have pleasure in reporting on the progress made by your Company.

PROGRESS SINCE THE CAPITAL REORGANISATION

1. Total Return

I can report that over the nine months ended 30 September 1995, covering the period since the reorganisation, the Company's Net Asset Value Total Return has been 17.1 per cent compared with a total return on the Benchmark Index of 16.7 per cent. Over this period the package discount on Investors Capital Trust, the Company's single largest investment, remained broadly unchanged at around 6.0 per cent.

2. Reduction in Yield Relative

The portfolio has been restructured to enable investments with better prospects for income and capital growth to be made. As a result the yield on the portfolio relative to the yield on the FT-SE-Actuaries All-Share Index had been reduced from 116 per cent at 31 December 1994 to 106 per cent by 30 September 1995. The reduction in the relative yield on the portfolio is well

ahead of schedule. Dividend growth, particularly in the UK, has been ahead of expectations and in addition the special dividend from Yorkshire Electricity enabled us to accelerate this process.

3. Investors Capital Trust

The intention at the time of the reorganisation was that at a suitable stage the Company would dispose of sufficient of its holding in Investors Capital Trust to ensure that it ceased to be a subsidiary of the Company. This was in fact achieved after the close of the Company's year end on 13 November 1995 with the disposal of 62.5 million growth shares in Investors Capital Trust for a consideration of £67.5 million. The Company now owns 39.96 per cent of the Investors Capital Trust growth shares and no further reduction in this holding will take place for a period of at least twelve months. In addition 14.08 million warrants were sold for a consideration of £2.75 million. As reported in the interim results, consistent with the

Board's intention to reduce its holding in Investors Capital Trust, the Company's valuation policy for this holding was changed from net asset value to market price. The Company's accounts have therefore been prepared on this basis and prior year numbers restated where appropriate. The Group accounts have been prepared on the basis of consolidating Investors Capital Trust at net asset value, consistent with previous years.

RESULTS

1. Investment Returns

For the year as a whole the Net Asset Value Total Return for the Company, that is capital plus net dividends re-invested, was 16.6 per cent. This compares with total returns for the FT-SE-Actuaries All-Share Index of 18.5 per cent and the FT/S&P Actuaries World Index of 12.7 per cent. The shortfall occurred in the first half of the year, a period which included the reorganisation of the share capital as well as the reorientation of the investment portfolio.

2. Earnings and Dividends

The Company's earnings per Ordinary Share were 4.62p in respect of the year ended 30 September 1995. The increase over last year's earnings per Ordinary Share of 4.10p reflects the lower number of Ordinary Shares in issue following the capital reorganisation. However, dividend growth from the restructured portfolio was well ahead of inflation although this was partly offset by the increase in the interest cost of the Equities Index Unsecured Loan Stock. Dividend income also includes a special dividend from Yorkshire Electricity, which amounted to £877,000 (net) or 0.27p per Ordinary Share. The Board has declared a fourth interim dividend of 1.27p per Ordinary Share which brings the total dividends for the financial year to 4.555p (1994 4.38p), an increase of 4.0 per cent compared with an increase of 3.9 per cent in the Retail Price Index. The fourth interim dividend will be paid on 6 January 1996 to Ordinary

Shareholders on the share register on 5 December 1995. For the year to 30 September 1996, the first three interim dividends will each be paid at the rate of 1.13875p per Ordinary Share, being 25 per cent of the total dividends payable in respect of the year ended 30 September 1995. It is intended that, in the absence of unforeseen circumstances, the fourth interim dividend will be paid at a rate consistent with the objective of achieving real growth in income for Ordinary Shareholders.

BOARD

I should like to pay tribute to my predecessor, Roger Inglis, who retired as Chairman of the Board on 30 June 1995. His wise counsel and leadership were always appreciated and I know that you will wish to join with me in wishing him a most happy retirement. On 30 June 1995 Jimmy West joined the Board and I very much look forward to the positive contribution he can make in the light of his thirty years' experience in the financial sector.

PROSPECTS

Although the outlook is for a significant slowdown in the major economies of the world, the absence of inflationary pressure and the continuing low level of interest rates make it unlikely that there will be a serious setback in equity markets. It is probable that markets, after their recent good performance, will consolidate in the near term, but then show some further strength later in 1996. The repositioning of your Company's portfolio should leave it well placed to benefit from any firming in the markets.

With the capital reorganisation completed the Board considers that the Company is well placed to achieve its long term objective of generating a total return in excess of the FT-SE-Actuaries All-Share Index.



WILLIAM THOMSON
Chairman
17 November 1995



GORDON HUMPHRIES
(Company Secretary)

Gordon Humphries, a chartered accountant, joined Ivory & Sime in 1988 and was appointed company secretary of British Assets Trust plc in April 1995.



JOHN STUBBS
(Investment Manager)

John Stubbs joined Ivory & Sime plc in April 1995 and is Chief Investment Officer with overall responsibility for investment management. He has over 28 years' investment experience.

IVORY & SIME INVESTMENT MANAGERS

Ivory & Sime traces its origins back to 1895 and has been managing money on behalf of its clients for a century. Based in Edinburgh, it is an independent fund manager with offices in London and Hong Kong. Its first client was an investment trust and its commitment to the sector is underlined by the fact that today it manages, advises or provides secretarial services to no fewer than nineteen investment companies.

With some £3.7 bn of assets under management, its objective is to provide its clients with superior investment returns and outstanding service.

The primary aim of British Assets Trust is to provide Ordinary Shareholders with a total return in excess of the FT-SE-Actuaries All-Share Index by investing in an international portfolio of equity and equity-related securities.

Within this overall objective, the Company aims to provide holders of Ordinary Shares with an income stream which grows in real terms.

In managing the portfolio considerable emphasis is placed on asset allocation and, while in relation to total assets, it is expected that a majority of the Company's investment portfolio will remain invested in securities listed on the London Stock Exchange, the effect of the Company's liability in respect of the Equities Index Unsecured Loan Stock will be to increase Shareholders' exposure to overseas stockmarkets.



John Stubbs
Investment Manager

The investment portfolio is now orientated towards the growth of income and capital

INTRODUCTION

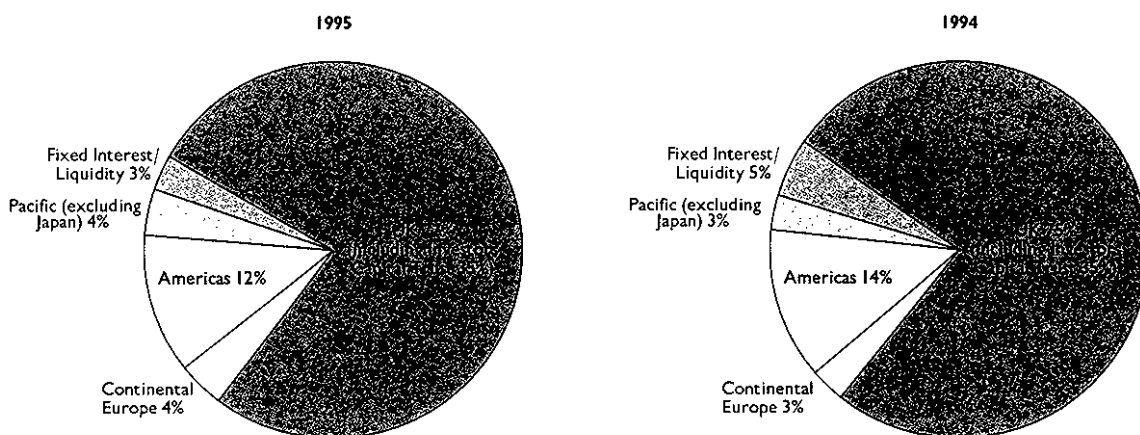
In the twelve months to 30 September 1995, the FT-SE-Actuaries All-Share Index (FT-SE-A) rose by 14.7 per cent, while in sterling terms the FT/S&P Actuaries World Index (excluding the United Kingdom) gained 9.6 per cent. In overseas markets there were significant differences in the performance between the major geographical regions. Confounding the expectations of many commentators the

market in the USA was particularly strong rising by 26.1 per cent in sterling terms, while the market in Japan actually fell 7.7 per cent. In the middle in performance terms were Continental Europe with a rise of 15.6 per cent and Pacific (excluding Japan) with a fall of 2.3 per cent. The markets in the United Kingdom and the USA have both been stronger than the review of a year ago anticipated. Economic growth had been expected to slow, and

with inflationary expectations probably still modest, interest rates were thought unlikely to be increased significantly. The outturn for US GDP growth was above expectations but despite this US bond yields remained low, and the equity market was very strong. In its wake the UK market moved ahead as well. With the Yen standing at or near record levels against the US Dollar for most of the year and the economy in a deflationary phase not to mention the liquidity problems in the banking system, it is hardly surprising that the market in Japan was weak.

ASSET ALLOCATION

The following charts show the distribution of the assets of the Company at 30 September 1995 and at the end of the last financial year:



In geographical terms it can be seen that there has been little change over the year in the distribution of the assets. However, in line with the change to the objectives following the capital reorganisation of the Company the major theme of strategy has been to improve the quality of the portfolio. Its yield relative has been reduced and the prospects for long term growth of both income and capital have been enhanced. Overall the portfolio now has a greater exposure to growth stocks.

UNITED KINGDOM

Top 5 Equity Holdings (excluding Investors Capital Trust)
as at 30 September 1995

	Description	Market Value £m	% Total Assets
Zeneca	Pharmaceuticals	11.5	1.7
Lloyds Bank	Retail Banking	11.3	1.7
British Telecom	Telecommunications	10.7	1.6
Provident Financial	Consumer Finance	10.5	1.6
Shell Transport & Trading	Integrated Oil	8.6	1.3

The year under review began with the Chancellor's decision to bring to an end one of the longest periods in the post war era during which interest rates had not increased. At first glance the decision to raise interest rates may have appeared to be premature; the recovery in the UK was barely two years' old and inflation of 2.4 per cent was at an historically low level. The pre-emptive nature of the interest rate rise reflected the Chancellor's desire to avoid the boom/bust cycles of the past in favour of more moderate but sustainable growth. Despite a domestic backdrop of slower economic growth and robust corporate earnings, concerns over the future direction of inflation and interest rates undermined valuations and kept the UK equity market in a tight trading range for the first half of the year.

As the year progressed

economic data confirmed that the tightening of monetary policy in combination with a deceleration of export growth had slowed the pace of economic activity. The subsequent lessening of concern over interest rates and inflation, combined with an increased level of corporate activity proved to be the catalyst for a second half rally which saw the market reach a new all time high.

Although in the short term after such a strong move in the equity market a period of consolidation could be expected and indeed would be healthy, the investment backdrop remains favourable. Trading on a prospective price earnings ratio of 15.4 and a yield of 4.1 per cent the UK equity market offers fair value. Corporate earnings growth is showing some signs of moderating, but real dividend growth remains well in excess of its long term

average. These factors, combined with the level of corporate activity, are likely to limit the scope of any correction.

The UK portfolio of British Assets is in two distinct parts; the first is the holding in Investors Capital Trust and the second is the holding of direct investments. In the case of Investors Capital, although its net asset value performance has been broadly satisfactory, showing an increase of 14.2 per cent over the year as against 14.7 per cent for the FT-SE-A, its share price has, because of a widening of the discount over the full year, lagged the index, rising by just 11.8 per cent.

NORTH AMERICA

Top 5 Holdings as at 30 September 1995

	Description	Market Value £m	% Total Assets
Anadarko Petroleum	Energy	6.8	1.0
Alltel	Telecommunications	6.6	1.0
General Electric	Electronics	6.4	1.0
Comerica	Financials	6.4	1.0
Gap	Retailer	6.2	0.9

The strong performance of both bonds and equities for the twelve months ending 30 September 1995 appeared unlikely going into the last quarter of 1994. At this point investor sentiment was close to its lowest since 1982 and fears of overheating of the US economy were prevalent. Continued interest rate tightening by the Federal Reserve in late 1994 and early 1995 helped to prevent inflationary pressures developing. As the year wore on it became apparent that the half point rise in the Discount Rate at the end of January was to be the last tightening of the current economic cycle. The next move in interest rates was downward and the first cut in the Federal Funds rate for three years occurred in early July.

Markets reached all time highs helped by record mutual fund inflows and a continuing belief that the US economy remained

healthy, with growth moderate and inflation remaining low.

All sectors of the market were strong, but the best performing index was the NASDAQ Composite Index. This rose by 37.4 per cent over the period thanks to the significant outperformance by its most important constituent, the technology sector, which was one of the areas where your Company had been underweight because of the requirement for income.

Technology shares benefited from increased corporate spending as companies sought to improve profitability through investment in hardware, software and improved telecommunications.

PACIFIC (EX JAPAN)

Top 5 Holdings as at 30 September 1995

	Description	Market Value £m	% Total Assets
HSBC	Banking	5.2	0.8
Hutchison Whampoa	Conglomerate	5.2	0.8
Swire Pacific	International Trader	4.7	0.7
HK Telecommunications	Telecommunications	4.1	0.6
Sun Hung Kai Properties	Property	4.1	0.6

The exposure of the portfolio in the Pacific (excluding Japan) region is concentrated in the Hong Kong market. During the last year Hong Kong's economy has been reacting to two key factors: the level of US interest rates, and the rate of growth of the Chinese economy. Depressed by rises in the former, property prices, in both residential and commercial areas, have fallen over the last twelve months by approximately 17 per cent and 30 per cent respectively. This has naturally reduced the level of consumer spending. The Chinese economy has been slowing down too, with GDP growth for calendar 1995 expected to be 8 per cent compared with 12 per cent for 1994. However, China's international trade continues to grow strongly and Hong Kong's port handled 16 per cent more containers, many of which were on their way to or from Southern China. Activity in

Hong Kong has also been buoyed by the increase in infrastructure spending associated with the new airport. Accordingly GDP growth in Hong Kong has stayed at around 5 per cent, with the slowdown in consumer spending offset by increases in re-exports and capital spending. For the coming year, we expect to see some slowdown in growth, as the airport project's build up phase has now been completed. Residential property prices, however, seem to have bottomed and we expect that commercial office values will reach a bottom during 1996. The market fell for the first four months of the year, under the lingering influence of the increases in US interest rates. A recovery started in February when it was realised that a Mexican-style crisis would not be repeated in Asia. Since then, the market has improved steadily, finishing the year up some 1 per cent in Sterling

terms. The defensive utility sector having outperformed early in the year underperformed later, while the important property sector did the opposite. The financial sector improved throughout the year. The outlook for the market remains positive. In February 1995 the emphasis in the portfolio was switched away from defensive stocks towards those which would benefit from a recovery in residential and commercial property.

CONTINENTAL EUROPE

Top 5 Holdings as at 30 September 1995

	Description	Market Value £m	% Total Assets
Aegon	Insurance	3.3	0.5
Imetal	Building Materials	2.9	0.4
Axa	Insurance	2.7	0.4
Commerzbank	Banking	2.6	0.4
Schneider	Electrical Engineering	2.5	0.4

Following a year of surprisingly robust economic growth in 1994, largely driven by external economic influences and the impact of stock building, Europe's economies, particularly within the core Deutschmark block region, have seen a marked moderation in growth expectations. Over the last twelve months consensus estimates for the region have been scaled back from the 3 per cent forecast at the end of December 1994 to a more modest current 2.6 per cent. In response to the economic slowdown European Central banks, led by the Bundesbank, have shown a willingness to relax monetary policy, a scenario unforeseen by most market participants twelve months ago. This has provided a favourable backdrop for financial assets, with equities in Continental Europe advancing by 18.7 per cent in sterling terms.

Individual market performances have been diverse. The lower yielding markets of Sweden, Finland and Switzerland showed respective gains in terms of local currency of 36.3 per cent, 31.4 per cent and 21.0 per cent. Positive gains proved elusive to local French investors as the market continued to suffer from frustration at the failure of the central administration to address the country's regressive economic policy mix and structural budget deficit. The German equity market traded within a broad range over the period under review, advancing by 8.1 per cent in local currency terms, but for sterling investors the return was a more impressive 17.4 per cent. Investor preference has shifted away from the cyclical industries to those providing better longer term growth prospects and quality of earnings.

OVERALL OUTLOOK

The economic outlook for all the major regions, save for Japan, in the coming year is one of moderating growth and low inflation. Although the main danger for equity markets would seem to be the possibility of a rise in interest rates, such a scenario does not look likely and the most probable outcome is that equities will continue to make progress, albeit at a considerably more modest rate than last year. An exception could well be Japan where, provided the currency continues to weaken and there are further stimulatory fiscal packages from the authorities, a significant rise in the market in terms of the local currency looks probable.

JOHN STUBBS
for Ivory & Sime plc
17 November 1995

INVESTMENT PORTFOLIO

AS AT 30 SEPTEMBER 1995

COMPANY	VALUATION £000's	% OF TOTAL ASSETS	% OF PORTFOLIO INCOME	% CHANGE IN DIVIDEND 1994-95†	COUNTRY OF INCORPORATION
Investors Capital Trust					
The company is an investment trust owned 65.2% by the Company as at 30 September 1995. It invests in UK equity-related securities aiming to provide a total return in excess of the FT-SE-Actuaries 350 Index.	231,800	34.5	37.5	1.9	UK
Zeneca Group					
The company is involved in the research, manufacture and sale of pharmaceuticals, agrochemicals and speciality chemicals.	11,450	1.7	1.3	4.5	UK
Lloyds Bank					
The company provides retail, commercial and investment banking services through its branch network and offices in the UK and overseas.	11,268	1.7	1.9	17.0	UK
British Telecom					
BT is the dominant supplier of telecommunications services and equipment in the UK.	10,679	1.6	2.1	6.0	UK
Provident Financial					
Provident Financial is a personal financial services group focused on personal credit and insurance.	10,505	1.6	1.5	40.8	UK
Shell Transport & Trading					
The company holds a 40% stake in one of the world's largest integrated oil and gas companies.	8,638	1.3	1.5	15.2	UK
Glaxo Wellcome					
A global manufacturer and marketer of ethical pharmaceutical products.	8,437	1.2	1.5	11.1	UK
Prudential Corporation					
Provides a broad range of financial and insurance services through its direct sales force and independent financial advisers to the consumer.	8,316	1.2	1.4	8.8	UK
Yorkshire Electricity					
The company is involved in the distribution and supply of electricity to industrial, commercial and domestic customers in the Yorkshire and Humberside region. It also has a 9.2% interest in the National Grid.	7,559	1.1	1.2	14.0#	UK
Boots					
The company is principally involved in the retail of healthcare products, cosmetics and toiletries.	7,080	1.0	0.9	13.3	UK
Ten largest investments	315,732	46.9	50.8		

INVESTMENT PORTFOLIO

(CONTINUED)

COMPANY	NATURE OF BUSINESS	VALUATION £000's	% OF TOTAL ASSETS	% OF PORTFOLIO INCOME	% CHANGE IN DIVIDEND 1994-95†	COUNTRY OF INCORPORATION
Anadarko Petroleum	Energy	6,765	1.0	0.2	0.0	USA
Alltel	Regional Telephone	6,607	1.0	0.8	9.1	USA
General Electric USA	Electronics	6,445	1.0	0.6	13.9	USA
Comerica	Banking	6,435	1.0	0.9	11.7	USA
Yorkshire Water	Regional Water	6,250	0.9	1.3	21.1	UK
EMAP	Magazine Publishing	6,240	0.9	0.6	12.7	UK
Gap	Apparel Retailing	6,232	0.9	0.3	9.1	USA
Reed International	International Publishing	6,204	0.9	0.7	14.7	UK
Marks & Spencer	Retail	6,069	0.9	0.6	12.0	UK
Du Pont (EI) de Nemours	Chemicals	5,864	0.9	0.6	10.6	USA
Twenty largest investments		378,843	56.3	57.4		
Halliburton	Energy Services	5,592	0.8	0.5	0.0	USA
Bunzl	Paper and Packaging	5,589	0.8	0.6	26.8	UK
Thorn EMI	Music Publishing	5,546	0.8	0.6	7.4	UK
BOC Group	Industrial Gases	5,430	0.8	0.7	6.9	UK
Bank of Montreal	Banking	5,397	0.8	0.9	9.3	Canada
Charter	Industrial Conglomerate	5,394	0.8	0.5	17.8	UK
BAT Industries	Tobacco	5,285	0.8	1.2	5.3	UK
HSBC Holdings	Banking	5,183	0.8	0.7	15.3	Hong Kong
Hutchison Whampoa	International Trader	5,177	0.8	0.3	36.8	Hong Kong
BTR	Industrial Conglomerate	4,890	0.7	1.0	10.3	UK
Thirty largest investments		432,326	64.2	64.4		
Swire Pacific 'A'	International Trader	4,730	0.7	0.4	22.9	Hong Kong
May Department Stores	Retail	4,699	0.7	0.4	11.2	USA
Singer & Friedlander	Merchant Banking	4,633	0.7	0.7	17.5	UK
General Electric	Electronics	4,604	0.7	0.7	5.1	UK
BICC 8% (CP)	Cables and Construction	4,600	0.7	1.5	§	UK
City Merchants High Yield Tr.	Investment Trust	4,495	0.7	1.3	13.1	UK
Hays	Support Services	4,485	0.7	0.4	15.3	UK
Northumbrian Water	Regional Water	4,478	0.7	0.6	16.0	UK
Merck	Pharmaceuticals	4,444	0.7	0.4	8.8	USA
Heinz (HJ)	Food Manufacturer	4,336	0.6	0.5	9.4*	USA
Forty largest investments		477,830	71.1	71.3		
Bass	Brewing and Hotels	4,320	0.6	0.6	3.1	UK
Tomkins	Diversified Industrials	4,284	0.6	0.6	17.2	UK
Abbey National	Banking	4,224	0.6	0.7	24.1	UK
Cadbury Schweppes	Confectionary and Beverages	4,164	0.6	0.6	3.2	UK
HK Telecommunications	Telecommunications	4,133	0.6	0.6	16.3	Hong Kong
Sun Hung Kai Properties	Property	4,102	0.6	0.4	10.7	Hong Kong
Standard Chartered	International Banking	4,082	0.6	0.4	41.2	UK
TI Group	International Engineering	3,874	0.6	0.6	7.4	UK
National Power	Electricity Generator	3,870	0.6	0.5	23.6	UK
British Vita	Chemicals	3,825	0.6	0.5	5.3	UK
Fifty largest investments		518,708	77.1	76.8		

INVESTMENT PORTFOLIO

(CONTINUED)

COMPANY	NATURE OF BUSINESS	VALUATION £000's	% OF TOTAL ASSETS	% OF PORTFOLIO IN DIVIDEND INCOME	% CHANGE 1994-95†	COUNTRY OF INCORPORATION
National Health Investors	Healthcare Facilities	3,823	0.6	1.2	8.6	USA
Storehouse	Retail	3,800	0.6	0.4	14.5	UK
Witco	Chemicals	3,773	0.6	0.4	8.7	USA
General Accident	Composite Insurance	3,705	0.6	0.8	7.6	UK
Medeva	Pharmaceuticals	3,668	0.5	0.1	24.1	UK
United News & Media	Media	3,591	0.5	0.7	4.6	UK
British Gas	Gas Utility	3,584	0.5	0.9	0.0	UK
Sensormatic Electronics	Technology	3,560	0.5	0.1	2.3*	USA
NFC 7.75% (CB)	Transport	3,547	0.5	1.1	N/A	UK
Logica	Support Services	3,406	0.5	0.2	25.0	UK
Sixty largest investments		555,165	82.5	82.7		
Aegon	Insurance	3,330	0.5	0.4	22.9*	Netherlands
Coats Viyella	Textile Manufacturer	3,308	0.5	0.7	6.3	UK
Caradon	Building Materials	3,240	0.5	0.6	5.8	UK
Allied Domecq	Spirits and Wine	3,234	0.5	0.7	6.3	UK
DeBartolo Realty	Property	3,096	0.5	1.0	§	USA
Bank of Scotland	Banking	3,019	0.5	0.3	15.2	UK
Imetal	Building Materials	2,861	0.4	0.3	§	France
British Petroleum	Integrated Oil	2,850	0.4	0.5	35.9	UK
Pioneer International	Building Materials	2,838	0.4	0.6	§	Australia
CRH	Building Materials	2,821	0.4	0.2	11.9	UK
Seventy largest investments		585,762	87.1	88.0		
Telecom Italia	Telecom Operator	2,776	0.4	0.2	23.5	Italy
Babcock International Group	Engineering	2,736	0.4	0.1	§	UK
National Express Group	Transport	2,727	0.4	0.3	17.1	UK
British Steel	Engineering	2,723	0.4	0.5	275.0	UK
Rexam	Paper and Packaging	2,703	0.4	0.4	8.0	UK
AXA	Insurance	2,683	0.4	0.3	10.0	France
Utilicorp	Utilities	2,666	0.4	0.6	1.8	USA
Hanson	Industrial Conglomerate	2,633	0.4	0.7	0.6	UK
Reckitt & Colman	Household Goods	2,628	0.4	0.3	9.9	UK
Commerzbank	Bank	2,595	0.4	0.5	12.5	Germany
Eighty largest investments		612,632	91.1	91.9		
Other investments (25)		41,156	6.1	5.2		
UK Treasury Stocks		7,440	1.1	2.9		
Total investments		661,228	98.3	100.0		
Net Current Assets		11,274	1.7			
Total Assets		672,502	100.0			

Key

† British Assets' financial years to 30 September 1994 and 1995 using the accruals basis of recording income.

* adjusted for scrip issue.

adjusted for consolidation, excludes special dividend.

CB Convertible Bond

CP Convertible Preference

§ no historical comparison.

CLASSIFICATION OF INVESTMENTS

BRITISH ASSETS TRUST PLC

	UNITED KINGDOM £'000	AMERICAS £'000	CONTINENTAL EUROPE £'000	FAR EAST £'000	1995 TOTAL £'000	1995 % TOTAL ASSETS	1994 % TOTAL ASSETS
Mineral Extraction	12,865	16,130	4,794	—	33,789	5.0	2.3
General Industrials	69,658	15,869	2,467	12,746	100,740	15.0	14.2
Consumer Goods	45,188	19,712	2,213	—	67,113	10.0	12.7
Services	55,032	—	—	—	55,032	8.2	6.8
Utilities	37,377	9,272	6,323	4,133	57,105	8.5	10.7
Financial	51,377	18,751	11,887	11,645	93,660	13.9	13.7
Investment Trusts	10,482	—	—	—	10,482	1.5	0.0
Investors Capital Trust	231,800	—	—	—	231,800	34.5	34.6
Total Equity	513,779	79,734	27,684	28,524	649,721	96.6	95.0
Fixed Interest	7,440	—	—	—	7,440	1.1	3.2
Unquoted	1,075	2,992	—	—	4,067	0.6	0.2
Liquidity	8,215	3,059	—	—	11,274	1.7	1.6
Total Assets	530,509	85,785	27,684	28,524	672,502	100.0	100.0
% Total Assets 1995	78.9	12.8	4.1	4.2	100.0		
% Total Assets 1994	78.8	13.6	4.4	3.2	100.0		

BRITISH ASSETS TRUST PLC CONSOLIDATING 65.2% OF INVESTORS CAPITAL TRUST PLC

	UNITED KINGDOM £'000	AMERICAS £'000	CONTINENTAL EUROPE £'000	FAR EAST £'000	1995 TOTAL £'000	1995 % TOTAL ASSETS	1994 % TOTAL ASSETS
Mineral Extraction	31,206	16,130	4,794	—	52,130	7.5	4.7
General Industrials	122,300	15,869	2,467	19,208	159,844	23.2	20.7
Consumer Goods	96,787	19,712	2,213	—	118,712	17.2	19.0
Services	89,421	—	—	—	89,421	13.0	10.7
Utilities	71,245	9,272	6,323	4,133	90,973	13.2	17.2
Financial	100,862	18,751	11,887	5,183	136,683	19.8	18.8
Investment Trusts	11,066	—	—	—	11,066	1.6	0.0
Total Equity	522,887	79,734	27,684	28,524	658,829	95.5	91.1
Fixed Interest	7,440	—	—	—	7,440	1.1	5.7
Unquoted	1,569	2,992	—	—	4,561	0.7	0.3
Liquidity	15,600	3,059	—	—	18,659	2.7	2.9
Total Assets	547,496	85,785	27,684	28,524	689,489	100.0	100.0
% Total Assets 1995	79.4	12.5	4.0	4.1	100.0		
% Total Assets 1994	79.2	13.3	4.3	3.2	100.0		

The Company's exposure to the underlying investments and net current assets of its subsidiary, Investors Capital Trust, has been included in the relevant sectors.

CAPITAL STRUCTURE

AS AT 30 SEPTEMBER 1995

INTRODUCTION

Following shareholder approval in December 1994, the Company's Ordinary Share capital (384,000,000 ordinary shares) was reorganised so that it comprised Ordinary Shares and Growth Shares in the ratio of 21:4. Warrants were issued to the holders of the Growth Shares in the ratio of 5:4.

The Company's capital structure comprises Ordinary Shares, Growth Shares, Warrants and a small amount of Preference Stock. The Company is also geared by Equities Index Unsecured Loan Stock ('EIULS').

The Growth Shares and Warrants will be in existence for a seven year period. At the end of the seven year period in the year 2001, the Growth Shares will automatically convert into Ordinary Shares, whilst the Warrants will have been exercised in the period 1 July 2001 to 30 September 2001 or will expire. This process is illustrated in the diagram opposite.

ORDINARY SHARES

At 30 September 1995 there were 322,560,000 Ordinary Shares of 25p each in issue.

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 profits of the Company (including accumulated revenue reserves) available for distribution and resolved to be distributed shall be distributed by way of interim or final dividends among the holders of the Ordinary Shares, subject to the payment of dividends to the holders of Preference Stock.

Capital entitlement:

After meeting the liabilities of the Company and the amounts due to Preference Stockholders on a winding up, the surplus assets shall be paid to the holders of Ordinary Shares, Growth Shares and to the extent relevant, the Warrants and distributed among such holders rateably according to the amounts paid up or credited as paid up.

Voting entitlement:

Each Ordinary Shareholder is entitled to one vote on a show of hands, and on a poll to one vote for every £4 nominal of Ordinary Share capital held.

GROWTH SHARES

At 30 September 1995 there were 61,440,000 Growth Shares of 25p each in issue.

Investment characteristics:

The Growth Shares are more suitable for those seeking capital growth and no current income. The total return on the Growth Shares will be of a capital nature up to the conversion date.

Capital entitlement:

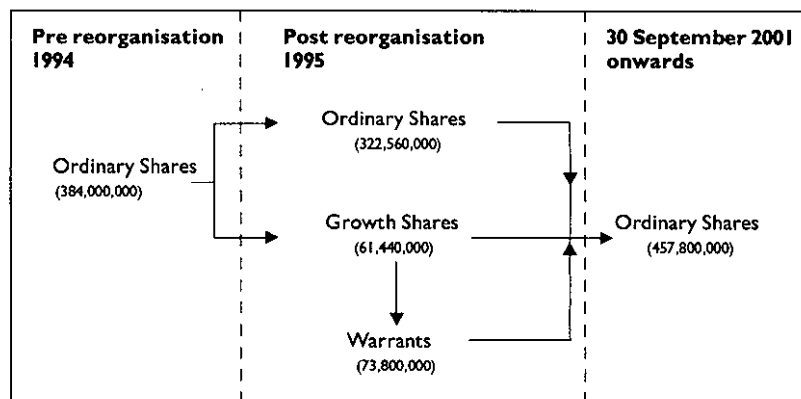
On a winding up of the Company, the capital entitlement of a Growth Share is the same as that of an Ordinary Share.

Income entitlement:

Holders of Growth Shares have no right to receive dividends out of the revenue or other profits of the Company.

Voting entitlement:

Each Growth Shareholder is entitled to one vote on a show of hands, and on a poll to one vote for every £4 nominal of Growth Share capital held.



Notes:

Number of Shares and Warrants in issue are shown in brackets.

76,800,000 Warrants were issued in December 1994, 3,000,000 Warrants were purchased by the Company for cancellation in March 1995.

The number of ordinary shares from 30 September 2001 onwards includes the 61,440,000 ordinary shares arising on conversion of the growth shares and assumes all outstanding warrants are exercised.

Conversion entitlement:

Each Growth Share will be converted automatically into an Ordinary Share on 30 September 2001. Ordinary Shares arising on the conversion of Growth Shares will rank *pari passu* in all respects with the Ordinary Shares then in issue.

WARRANTS

At 30 September 1995 there were 73,800,000 Warrants in issue.

On 8 March 1995 3,000,000 Warrants were purchased for cancellation by the Company.

Investment characteristics

The Warrants provide a high degree of capital gearing to the performance of the Ordinary Shares. Warrants have the potential for higher capital appreciation but are liable to increased volatility and risk.

Subscription entitlement:

Each Warrant confers the right to subscribe for one Ordinary Share at any time during the period from 1 July 2001 to 30 September 2001 at 101 pence per share.

Income entitlement:

Warrantheolders have no entitlement to dividends.

Capital entitlement:

On a winding-up Warrants will rank *pari passu* with the Ordinary and Growth Shares in the distribution of the Company's surplus assets subject to an adjustment to reflect the non-payment of the subscription price.

Voting entitlement

Warrantheolders are not entitled to attend or vote at general meetings of the Company.

PREFERENCE STOCK

At 30 September 1995 there were two classes of Preference Stock of £1 each in issue: £1,300,000 3.15 per cent and £3,950,000 'A' 3.50 per cent.

Income entitlement:

The Preference Stock are entitled to dividends paid half-yearly at the rate of 3.15 per cent and 3.50 per cent, respectively, per annum.

Capital entitlement:

On a return of capital on a winding-up or otherwise, the surplus assets of the Company shall be applied in the following order:

1. £1,300,000 of 3.15 per cent Preference Stock together with any arrears of dividend plus a bonus of 5 per cent on the amount of the said stock;
2. £3,950,000 of 'A' 3.50 per cent Preference Stock together with any arrears of dividend.

Voting entitlement:

Holders of Preference Stock have the right to receive notice of and to attend, but not vote at, any general meeting except in certain circumstances including consideration of any matter which affects the rights of Preference Stockholders or the dividend payable to Preference Stockholders is in arrears for at least six months.

EQUITIES INDEX

UNSECURED LOAN STOCK ('EIULS')

At 30 September 1995 there were 140,895,343 units of EIULS in issue.

Investment characteristics:

Units of EIULS entitle the holders to an income return that

matches that of the FT-SE-A All-Share Index (the 'Index') and, at maturity, a capital return that also matches that of the Index. Neither return is fixed and each moves up or down with the United Kingdom stockmarket.

Income entitlement:

Holders of the EIULS receive interest paid quarterly. Interest is calculated by reference to the gross yield on the Index having regard to the movement in the ex-dividend adjustment factor during the relevant quarter. The gross interest paid in the year to 30 September 1995 amounted to £68.92 per 1,000 units, equivalent to a yield of 3.98 per cent.

Capital entitlement:

On a return of capital, on a winding-up or otherwise, the amount due to the holders of EIULS, being the capital value of the EIULS and the accrued interest thereon, shall rank *pari passu* with amounts due to other unsecured creditors of the Company. The capital value means, in respect of one unit of EIULS, the higher of its nominal amount (£0.10) and the Index number at that date divided by 1,000 expressed in pounds. The Company shall redeem the whole of the EIULS on 31 December 2005 barring any circumstances which may lead to an earlier redemption.

The capital value of the EIULS as at 30 September 1995 amounted to £1,733.73 per 1,000 units.

Voting entitlement:

The holders of EIULS have no voting rights at general meetings of the Company.

BOARD OF DIRECTORS

AT 30 SEPTEMBER 1995



WILLIAM THOMSON
(Chairman), (age 55) is Chairman of Ben Line Group. He is a Director of several companies including Investors Capital Trust, Ivory & Sime Enterprise Capital and John Menzies.



SIR ROBIN DUTHIE
(age 67) is Vice-Chairman of the Scottish Advisory Board of British Petroleum and is a Director of a number of other public companies including The Royal Bank of Scotland Group, Carclo Engineering Group and British Polythene Industries.



SIR CHARLES FRASER
(age 67) is Chairman of Fidelity European Values and is on the Boards of several companies including British Empire Securities & General Trust, Scottish Television and Stakis.



DR CHRIS MASTERS
(age 48) is Chief Executive of Christian Salvesen. Headquartered in Edinburgh, Christian Salvesen is an international company with extensive interests in contract distribution, frozen food processing and specialist equipment rental.



JAMES WEST
(age 48) was a Managing Director of Lazard Brothers and Co Ltd and Chief Executive of Lazard Investors Ltd between 1990 and 1994. He is Chairman of Gartmore Micro Index Trust and a director of Abtrust New Dawn Investment Trust and Candover Investments.

Notice is hereby given that the Ninety-eighth Annual General Meeting of British Assets Trust Public Limited Company will be held at One Charlotte Square, Edinburgh, on 19 December 1995 at 12.30 pm for the following purposes:

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

1. That the Report and Accounts for the year to 30 September 1995 be approved.
2. That Sir Robin Duthie, who retires by rotation, be re-elected as a Director.
3. That Mr J G West, who retires at the first Annual General Meeting following his appointment to the Board, be re-appointed as a Director.
4. That Ernst & Young, Chartered Accountants, be re-appointed as Auditors and that the Directors be authorised to determine their remuneration.

By Order of the Board

G J HUMPHRIES

Secretary

One Charlotte Square

Edinburgh EH2 4DZ

17 November 1995



A member who is entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his behalf. Such a proxy need not also be a member of the Company.

A Form of Proxy for use by Ordinary and Growth Shareholders is enclosed with this Report. Completion of the Form of Proxy will not prevent a Shareholder from attending the meeting and voting in person.

Preference stockholders are not entitled to vote at the Meeting.

No Director has a contract of service with the Company.

RESULTS AND DIVIDENDS

The Directors submit the Annual Report and Accounts of the Company and of the Group for the year ended 30 September 1995.

	Company	Group
	£'000	£'000
Revenue after taxation	15,072	20,597
Less: minority interest	—	(4,925)
Revenue available for dividends	15,072	15,672
Dividend for the year on the 3.15 per cent preference stock	(41)	(41)
Dividend for the year on the 'A' 3.50 per cent preference stock	(139)	(139)
Dividends on Ordinary Shares:		
First quarterly interim dividend of 1.095p per share paid 7 April 1995	(3,532)	(3,532)
Second quarterly interim dividend of 1.095p per share paid 7 July 1995	(3,532)	(3,532)
Third quarterly interim dividend of 1.095p per share paid 7 October 1995	(3,532)	(3,532)
Fourth quarterly interim dividend of 1.27p per share payable 6 January 1996 to Ordinary Shareholders on the register at close of business on 5 December 1995	(4,096)	(4,096)
Transferred to revenue reserve	200	800

PRINCIPAL ACTIVITY AND STATUS

The Company, which is not a 'Close Company', is registered as a Public Limited Company in terms of the Companies Act 1985.

The Company and its subsidiary undertaking, Investors Capital Trust plc, are Investment Companies as defined in Section 266 of the Companies Act 1985 and qualify as Investment Trusts within the meaning of the Income and Corporation Taxes Act 1988. Inland Revenue approval for such treatment has been given up to 30 September 1994. Since that date the affairs of both companies have been conducted in such a manner as to enable them to continue to seek such approval.

A review of the business during the year, including the capital reorganisation, is contained in the Chairman's Statement and Managers' Review.

SUBSIDIARY UNDERTAKINGS

To comply with Section 227 of the Companies Act 1985, the accounts of British Assets Trust plc are also consolidated with the group accounts of its subsidiary undertaking, Investors Capital Trust plc, for the year to 30 September 1995. Investors Capital Trust plc has a 100 per cent interest in Investors Securities Company Limited, a company which deals in investments.

CHANGE IN ACCOUNTING POLICY

The basis of accounting for the valuation of Investors Capital Trust plc has been changed to market price; previously it was valued at the underlying net asset value. In addition, dividends from Investors Capital Trust plc are now accounted for on an accruals basis for the first time; previously they were accounted for on a time apportioned basis. A prior year adjustment has been made to reflect these changes in policy and comparative figures for the year ended 30 September 1994 have been restated accordingly.

CHARITABLE DONATIONS

During the year the Company made donations to various local charities totalling £7,500 (1994—£10,000).

DIRECTORS

J C R Inglis resigned from the Board on 30 June 1995 and on the same day J G West was appointed to the Board. Sir Robin Duthie retires from the Board by rotation and, being eligible, offers himself for re-election at the Annual General Meeting. Mr West retires at the First Annual General Meeting following his appointment to the Board and, being eligible, offers himself for re-appointment.

The Directors who held office at the year end and their beneficial interests in the shares and securities of the Company and other Group companies were:

	W R E Thomson		Sir Robin Duthie		Sir Charles Fraser		Dr C Masters		J G West	
	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994
British Assets										
Ordinary Shares	6,720	8,000	10,080	12,000	24,800	24,800	1,771	1,729	12,000	—
Growth Shares	1,280	—	1,920	—	—	—	—	—	—	—
Warrants	1,600	—	2,400	—	—	—	—	—	—	—
EIULS 2005	—	—	50,000	50,000	—	—	—	—	—	—
Investors Capital										
Growth Shares	4,000	—	4,000	—	3,200	—	—	—	—	—
Income Annuity Shares	4,000	—	4,000	—	3,200	—	—	—	—	—
Ordinary Shares	—	4,000	—	4,000	—	3,200	—	—	—	—
Warrants	800	—	800	—	640	—	—	—	—	—

No Director had an interest in the preference stocks of the Company or its subsidiary, Investors Capital Trust.

The interests of J G West, appointed as a Director during the year, have not changed from the date of his appointment to 30 September 1995.

There has been no change in the holdings of the Directors between 30 September 1995 and 17 November 1995 other than as a result of the quarterly reinvestment of dividends through the Ivory & Sime Savings Scheme.

Mr W R E Thomson is a director of Ivory & Sime TrustLink, in which an investment has been made by the Company.

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

No Director has a contract of service with the Company.

SUBSTANTIAL INTERESTS IN SHARE CAPITAL

The Board has been advised that the following shareholders owned 3 per cent or more of the issued share capital of the Company at 17 November 1995.

	Number of Ordinary Shares Held	Percentage Held	Number of Growth Shares Held	Percentage Held
Sun Life Assurance Society	42,465,850	13.2	—	—
The Equitable Life Assurance Society London and Manchester (Portfolio Management) Limited			12,778,373	20.8
Scottish Life Assurance			7,500,000	12.2
British Telecom Pension Scheme			4,420,327	7.2
Barclays Bank PLC			3,390,782	5.5
Co-operative Assurance Society			2,763,222	4.5
Abtrust UK Growth Fund			2,758,284	4.5
Caledonia Investments PLC			2,750,000	4.5
Scottish Amicable Life Assurance Society			2,683,009	4.4
Royal Insurance Group			2,652,196	4.3
Post Office Staff Superannuation Scheme			1,989,147	3.2
			1,963,317	3.2

MANAGEMENT

Ivory & Sime plc provides management and secretarial services to the Company. These services may be terminated at any date by either party giving one year's notice of termination. During the year, the Company entered into a new management agreement with Ivory & Sime plc, effective 1 January 1995, which comprises a basic fee and a performance related fee. The basic fee is calculated at the rate of 0.075 per cent per quarter on the value of equity shareholders' funds of the Company and is payable in advance.

The performance-related fee is a quarterly fee calculated by reference to (i) the performance of the Company against the FT-SE-Actuaries All-Share Index, (ii) the extent to which the Company has sold Growth Shares in Investors Capital and (iii) the value of equity shareholders' funds of the Company as at the close of business on the relevant quarterly valuation date and is payable in arrears. The performance-related fee is payable at a rate of up to a maximum of 0.075 per cent per quarter. The first quarter in respect of which the performance-related fee shall be payable is the quarter ending 31 December 1995.

COMPANY SECRETARY

During the year Mr I J Paterson Brown resigned as Company Secretary and Mr G J Humphries was appointed in his place.

CORPORATE GOVERNANCE

The Board consists solely of non-executive Directors who are all independent of the Company's Managers. Arrangements to ensure the appropriate level of corporate governance have been put in place by the Board which it believes are appropriate to an investment trust and will enable the Company to operate within the spirit of the Cadbury Committee's Code of Best Practice ('the Code'). The Board as a whole carried out the functions of Audit, Nomination and Management Remuneration Committees until October 1995 when separate committees to carry out these functions were constituted. The Board reviews the terms and conditions of the Managers' appointment on a regular basis. A management agreement between the

Company and its Managers, Ivory & Sime, sets out the matters over which the Managers have authority and the limits above which Board approval must be sought. All other matters are reserved for the approval of the Board of Directors.

The Board considers that, in view of its non-executive nature, it is not appropriate for the Directors to be appointed for a specified term as recommended by the Code. The Articles of Association require that all Directors retire by rotation at the Annual General Meeting.

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.

Guidance for directors on internal control and financial reporting has now been published. This guidance is effective for the Company's next financial year and accordingly a report on internal control will be included for the year ended 30 September 1996.

The auditors have confirmed that, in their opinion: with respect to the Directors' statement on going concern above the Directors have provided the disclosures required by paragraph 4.6 of the Code (as supplemented by the related guidance) and such statement is not inconsistent with the information of which they are aware from their audit work on the financial statements; and the Directors' other statements above appropriately reflect the Company's compliance with the other paragraphs of the Code specified for their review. They were not required to perform the additional work necessary to, and did not, express any opinion on the effectiveness of the Company's corporate governance procedures nor on the ability of the Company to continue in operational existence.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company maintains a Directors' and Officers' liability insurance policy.

AUDITORS

Ernst & Young 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.

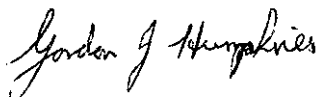
PERSONAL EQUITY PLANS

The affairs of the Company have been conducted in such a way as to comply with the qualifying equities rule as defined in the Personal Equity Plan Regulations 1989. It is the current intention of the Directors that the Company will continue to conduct its affairs to satisfy this requirement.

SUBSEQUENT EVENT

On 13 November 1995, the Company sold 62.5 million growth shares in Investors Capital Trust PLC ('Investors Capital') for a total consideration of £67.5 million. Following this sale the Company's interest in Investors Capital growth shares was reduced to 39.96 per cent. In addition, the Company sold 14.08 million warrants in Investors Capital for a total consideration of £2.75 million.

By Order of the Board,
G J HUMPHRIES
Secretary
One Charlotte Square
Edinburgh EH2 4DZ
17 November 1995



REVENUE ACCOUNT OF THE COMPANY AND GROUP
FOR THE YEAR ENDED 30 SEPTEMBER 1995

		Company		Group	
		1995	Restated	1995	1994
	Notes	£'000	1994 £'000	£'000	£'000
INCOME					
Franked investment income		12,261	11,764	29,604	27,923
UK unfranked investment income		848	794	1,122	1,601
Stock and Foreign income dividends		671	662	1,413	1,532
Overseas investment income		4,815	5,142	4,815	5,142
Subsidiary undertakings		10,640	10,488	—	—
Deposit interest		830	1,134	1,203	1,445
Underwriting commission		266	147	421	292
Other income		—	—	124	99
Total income	1	30,331	30,131	38,702	38,034
INTEREST AND EXPENSES					
Interest	2	(9,710)	(8,537)	(10,097)	(8,924)
Expenses	3	(1,074)	(1,183)	(2,193)	(2,317)
Total interest and expenses		(10,784)	(9,720)	(12,290)	(11,241)
Revenue before taxation		19,547	20,411	26,412	26,793
Taxation	4	(4,475)	(4,481)	(5,815)	(5,758)
Revenue after taxation		15,072	15,930	20,597	21,035
Minority interest		—	—	(4,925)	(4,736)
Preference dividends on non-equity shares		(180)	(180)	(180)	(180)
EARNINGS					
Ordinary dividends on equity shares		(14,692)	(16,820)	(14,692)	(16,820)
Net revenue transferred to/(from) revenue reserve	12	200	(1,070)	800	(701)
Earnings per ordinary share		4.62p*	4.10p†	4.80p*	4.20p†
*Based on 322,560,000 Ordinary Shares					
†Based on 384,000,000 Ordinary Shares					
Dividend per ordinary share:					
First quarter		1.095p	1.09p	1.095p	1.09p
Second quarter		1.095p	1.09p	1.095p	1.09p
Third quarter		1.095p	1.09p	1.095p	1.09p
Fourth quarter		1.27p	1.11p	1.27p	1.11p
Total dividends per ordinary share		4.555p	4.38p	4.555p	4.38p

The Accounting Policies on page 30 and the Notes on pages 31 to 38 form part of these Accounts

BALANCE SHEET OF THE COMPANY AND GROUP

AS AT 30 SEPTEMBER 1995

		Company		Group	
			Restated		
	Notes	1995 £'000	1994 £'000	1995 £'000	1994 £'000
FIXED ASSETS—INVESTMENTS					
UK ordinary and preference shares		278,910	246,358	643,900	565,655
UK fixed interest securities		11,004	8,760	16,214	18,789
UK warrants		580	—	580	—
Overseas securities		138,934	126,644	138,982	127,083
Subsidiary undertakings	14	231,800	206,547	—	—
	5	661,228	588,309	799,676	711,527
CURRENT ASSETS					
Investments held by subsidiary	6	—	—	—	95
Debtors	7	4,630	8,021	17,986	15,052
Cash at bank and on deposit		18,079	15,635	24,124	21,916
Creditors (amounts falling due within one year)	8	(11,435)	(14,269)	(13,364)	(15,787)
Net current assets		11,274	9,387	28,746	21,276
Total assets (less current liabilities)		672,502	597,696	828,422	732,803
CREDITORS (amounts falling due after more than one year)	9	(244,275)	(212,889)	(249,875)	(218,489)
		428,227	384,807	578,547	514,314
MINORITY INTEREST		—	—	(133,333)	(117,324)
		428,227	384,807	445,214	396,990
CAPITAL AND RESERVES					
Called-up share capital					
Ordinary shares	10	80,640	96,000	80,640	96,000
Growth shares	10	15,360	—	15,360	—
Preference stock	10	5,250	5,250	5,250	5,250
		101,250	101,250	101,250	101,250
Share premium account	11	3,630	3,630	3,630	3,630
Other reserves					
Capital reserve	12	178,264	160,866	240,238	210,805
Net unrealised appreciation	12	139,052	113,230	87,378	69,387
Revenue reserve	12	6,031	5,831	12,718	11,918
		428,227	384,807	445,214	396,990
Equity Shareholders' funds		422,977	379,557	439,964	391,740
Non-equity Shareholders' funds		5,250	5,250	5,250	5,250
Net asset value per Ordinary and Growth 25p Share—basic		110.2p	98.8p	114.6p	102.0p
Net asset value per Ordinary and Growth 25p Share—fully diluted		108.7p	n/a	112.4p	n/a

W R E Thomson (Director)

17 November 1995

The Accounting Policies on page 30 and the Notes on pages 31 to 38 form part of these Accounts

CASH FLOW STATEMENT OF THE COMPANY AND GROUP

FOR THE YEAR ENDED 30 SEPTEMBER 1995

		Company		Group	
	Notes	1995 £'000	1994 £'000	1995 £'000	1994 £'000
OPERATING ACTIVITIES					
Cash received (net of tax) from:					
Franked investment income		17,807	17,750	23,002	22,363
Foreign income dividends		503	—	503	—
Unfranked investment income		627	595	1,405	1,114
Overseas securities		3,632	4,176	3,632	4,176
Deposit interest		830	1,134	1,184	1,445
Underwriting income		266	147	418	292
		<u>23,665</u>	<u>23,802</u>	<u>30,144</u>	<u>29,390</u>
Investment management fees charged to revenue		(861)	(760)	(1,700)	(1,575)
Cash paid to and on behalf of Directors		(46)	(46)	(83)	(90)
Dealing activities of dealing subsidiary		—	—	209	422
Other cash payments		(439)	(416)	(716)	(644)
Net cash inflow from operating activities	15	<u>22,319</u>	<u>22,580</u>	<u>27,854</u>	<u>27,503</u>
SERVICING OF FINANCE					
Cash paid (net of tax) in respect of:					
Debenture interest		—	—	(291)	(291)
Interest on Equities Index Unsecured Loan Stock 2005		(7,070)	(6,350)	(7,070)	(6,350)
Dividends on Preference Stock		(180)	(180)	(180)	(180)
Dividends on Ordinary Shares		(15,512)	(16,590)	(15,512)	(16,590)
Dividends to minority interests		—	—	(4,605)	(4,541)
		<u>(22,762)</u>	<u>(23,120)</u>	<u>(27,658)</u>	<u>(27,952)</u>
Net cash outflow from servicing of finance		<u>(22,762)</u>	<u>(23,120)</u>	<u>(27,658)</u>	<u>(27,952)</u>
TAXATION					
Overseas tax		158	(23)	158	(23)
ACT		—	—	147	505
UK tax		(772)	(1,053)	(472)	(995)
Total tax paid		<u>(614)</u>	<u>(1,076)</u>	<u>(167)</u>	<u>(513)</u>
INVESTING ACTIVITIES					
Purchases: UK Equities		(60,376)	(41,779)	(161,960)	(119,674)
UK fixed interest securities		(7,327)	—	(11,912)	—
Overseas securities		(57,057)	(27,010)	(57,057)	(27,010)
Sales: UK equities		72,477	34,854	160,996	106,722
UK fixed interest securities		—	—	18,042	5,944
Overseas securities		59,925	21,082	59,925	21,082
Investment management fees charged to capital		(416)	(442)	(1,211)	(1,258)
Expenses of capital reorganisation		(3,082)	—	(4,001)	—
Warrants purchased for cancellation		(481)	—	(481)	—
		<u>3,663</u>	<u>(13,295)</u>	<u>2,341</u>	<u>(14,194)</u>
Net cash inflow/(outflow) from investing activities		<u>3,663</u>	<u>(13,295)</u>	<u>2,341</u>	<u>(14,194)</u>
NET CASH INFLOW/(OUTFLOW)		<u>2,606</u>	<u>(14,911)</u>	<u>2,370</u>	<u>(15,156)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
	16	<u>2,606</u>	<u>(14,911)</u>	<u>2,370</u>	<u>(15,156)</u>

The Accounting Policies on page 30 and the Notes on pages 31 to 38 form part of these Accounts

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
OF THE COMPANY AND GROUP**

FOR THE YEAR ENDED 30 SEPTEMBER 1995

		Company		Group	
		1995	Restated 1994	1995	1994
	Notes	£'000	£'000	£'000	£'000
CAPITAL PROFIT ON INVESTMENTS					
Realised gains and losses*		17,398	11,936	29,433	26,636
Unrealised gains and losses		57,208	(42,247)	49,377	(57,316)
Capital profit/(loss) on investments		74,606	(30,311)	78,810	(30,680)
Movement in appreciation of Equities Index					
Unsecured Loan Stock 2005		(31,386)	(623)	(31,386)	(623)
Capital surplus/(loss) for the year		43,220	(30,934)	47,424	(31,303)
Revenue profit available for distribution		15,072	15,930	15,672	16,299
TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR					
Net prior year adjustment	12	(12,183)	4,748	—	4,748
TOTAL RECOGNISED GAINS AND LOSSES SINCE LAST ANNUAL REPORT					
		46,109	(10,256)	63,096	(10,256)
DISTRIBUTABLE PROFITS					
Revenue profit available for distribution		15,072	15,930	15,672	16,299
Dividends		(14,872)	(17,000)	(14,872)	(17,000)
Transfer to distributable reserves		200	(1,070)	800	(701)
NON-DISTRIBUTABLE PROFITS					
Transfer to/(from) non-distributable reserves		43,220	(30,934)	47,424	(31,303)
	17	43,420	(32,004)	48,224	(32,004)

*Includes the element of management fee, the capital reorganisation costs and realised exchange differences (see Note 12)

The Accounting Policies on page 30 and the Notes on pages 31 to 38 form part of these Accounts

ACCOUNTING POLICIES

BASIS OF PREPARATION

The accounts are prepared under the historical cost convention modified to include the revaluation of fixed asset investments. The accounts are prepared in accordance with applicable accounting standards.

GROUP ACCOUNTS

The accounts of British Assets Trust PLC have been consolidated with the accounts of its subsidiary undertakings, Investors Capital Trust PLC and Investors Securities Company Limited, the latter being a wholly owned dealing subsidiary of Investors Capital Trust.

Goodwill arising on the acquisition of a subsidiary undertaking is written off to reserves in the year of acquisition.

INVESTMENTS

Listed investments are valued at middle market prices. Unlisted investments are valued by the Directors on the basis of all information available to them at the time of valuation. Year end exchange rates have been used when translating foreign currencies.

Investors Capital Trust—Company—valued at middle market price this year for the first time : previously Investors Capital Trust was included in the Company's accounts at net asset value. A prior year adjustment has been made to reflect this change in policy. Comparative figures have been restated accordingly.

CURRENT ASSETS—INVESTMENTS

Listed investments held by Investors Securities Company Limited, the dealing subsidiary of Investors Capital Trust, are valued at the lower of cost and market value.

LOANS

The Equities Index Unsecured Loan Stock 2005 is valued by reference to the capital value of the FT-SE-Actuaries All-Share Index using the year end rate.

CAPITAL RESERVES

(a) Capital reserve—Company—gains and losses on realisation of fixed asset investments and realised exchange differences are accounted for in this reserve together with the proportion of the management fee charged to capital.

(b) Capital reserve—Group—gains and losses on the realisation of fixed asset investments and realised exchange differences are accounted for in this reserve together with the proportion of the management fee charged to capital.

Gains and losses on the disposal of investments realised by the dealing subsidiary are applied to the Revenue Account of the Group in the period in which they arise.

(c) Net unrealised appreciation—Company—increases and decreases in the valuation of investments held are accounted for in this reserve. Provision is also made in this reserve for changes in the value of the Equities Index Unsecured Loan Stock 2005.

(d) Net unrealised appreciation—Group—increases and decreases in the valuation of investments held are accounted for in this reserve, in so far as they relate to the parent undertaking and Investors Capital Trust plc. In valuing the investments of the dealing subsidiary at the lower of cost and market value, any unrealised losses are applied to the Revenue Account of the Group in the period in which they arise. Provision is also made in this reserve for changes in the value of the Equities Index Unsecured Loan Stock 2005.

INCOME

(a) Dividends and interest from securities, with the addition of the relevant tax credit where appropriate, are included in the Revenue Account on an accruals basis when the security is first quoted 'ex-dividend'. Overseas income is recorded at rates of exchange ruling when received and, if accrued, at the rate of exchange ruling when accrued. Dividends taken as stock by the Company and the Group are included in the Revenue Account on an accruals basis.

Company—Dividends from Investors Capital Trust have been accounted for on an accruals basis this year for the first time: previously Investors Capital Trust dividends were accounted for on a time apportionment basis. A prior year adjustment has been made to reflect this change in policy. Comparative figures have been restated accordingly.

(b) Deposit interest is included on an accruals basis.

EXPENSES AND INTEREST

Administrative expenses and interest payable are dealt with on an accruals basis.

Overseas expenses are converted at the exchange rate ruling at date of payment or at year end exchange rates when interest is accrued.

RATES OF EXCHANGE AT 30 SEPTEMBER

	1995	1994
US Dollar	1.5827	1.5770
Hong Kong Dollar	12.2367	12.1858
French Franc	7.7713	8.3491
Australian Dollar	2.0969	2.1311
Deutschemark	2.2521	2.4468
Spanish Peseta	194.9729	202.7629
Italian Lire	2550.5212	2460.1203

	Company		Group	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
REVENUE ACCOUNT				
1. INCOME				
Subsidiary undertaking	10,640	10,488	—	—
Listed on the London Stock Exchange:				
—Ordinary	12,443	11,990	29,795	28,081
—Preference	392	176	1,125	1,114
—Fixed interest	848	794	1,122	1,601
Listed on other stock exchanges	4,829	5,379	4,829	5,379
Unlisted	83	23	83	23
Deposit interest	830	1,134	1,203	1,445
Underwriting commission	266	147	421	292
Income from dealing activities of subsidiary undertaking	—	—	124	99
	<u>30,331</u>	<u>30,131</u>	<u>38,702</u>	<u>38,034</u>
2. INTEREST				
Interest on Equities Index Unsecured Loan Stock 2005	9,710	8,537	9,710	8,537
Interest on debenture stocks	—	—	387	387
	<u>9,710</u>	<u>8,537</u>	<u>10,097</u>	<u>8,924</u>
3. EXPENSES				
Total management fees	1,094	1,153	2,761	2,807
Management fees charged to capital	(416)	(442)	(1,211)	(1,258)
Management fees charged to revenue	678	711	1,550	1,549
General charges	319	407	513	645
Directors' fees	46	46	83	90
Auditors' remuneration in respect of audit services	14	14	26	25
Auditors' remuneration in respect of non-audit services	17	5	21	8
	<u>1,074</u>	<u>1,183</u>	<u>2,193</u>	<u>2,317</u>

3. EXPENSES—continued**Management fee:**

The total management fees payable by the Company and Group have been allocated to revenue and capital as follows:

	Company		Group	
	1995	1994	1995	1994
	%	%	%	%
Revenue	62	62	56	55
Capital	38	38	44	45
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Directors' fees:

There were two Chairmen during the year and their emoluments were as follows:

J C R Inglis (to 30 June 1995) £11,250 (1994—£21,000) in respect of the Group, which included £9,000 (1994—£12,000) as Chairman of the Company.

W R E Thomson £16,375 (1994—£15,500) in respect of the Group, which included £3,000 (1994—£Nil) as Chairman of the Company.

The Directors' emoluments fell into the following range:

	1995		1994	
	Company Number	Group Number	Company Number	Group Number
£1-£5,000	1	1	—	—
£5,001-£10,000	5	1	4	1
£10,001-£15,000	—	3	1	—
£15,001-£20,000	—	1	—	3
£20,001-£25,000	—	—	—	1

	Company		Group	
	1995	1994	1995	1994
4. TAXATION				
Tax on franked investment income—at 20 per cent	4,580	4,452	5,921	5,585
Overseas tax	533	578	533	578
	<u>5,113</u>	<u>5,030</u>	<u>6,454</u>	<u>6,163</u>
Section 242 claim	(643)	(549)	(643)	(604)
ACT written off	—	—	—	197
Taxation in respect of prior years	5	—	4	2
	<u>4,475</u>	<u>4,481</u>	<u>5,815</u>	<u>5,758</u>

Advance Corporation Tax payable on the proposed dividend will be set off against franked investment income.

	Company		Group	
	1995 £'000	Restated 1994 £'000	1995 £'000	1994 £'000
BALANCE SHEET				
5. FIXED ASSETS—INVESTMENTS				
Listed on the London Stock Exchange	289,419	254,476	658,909	583,447
Listed on the other stock exchanges	135,942	126,230	135,942	126,230
Unlisted as valued by the Directors	4,067	1,056	4,825	1,850
Subsidiary undertaking	231,800	206,547	—	—
	<u>661,228</u>	<u>588,309</u>	<u>799,676</u>	<u>711,527</u>
Opening valuation of investments—restated	588,309	618,709	711,527	738,529
Opening unrealised appreciation—restated	(176,118)	(230,080)	(151,666)	(221,717)
Opening cost of investments	412,191	388,629	559,861	516,812
Additions at cost	123,235	70,556	229,901	144,604
Disposals at cost	(107,524)	(46,994)	(200,321)	(101,555)
Closing cost of investments	427,902	412,191	589,411	559,861
Closing unrealised appreciation	233,326	176,118	210,235	151,666
Closing valuation of investments	<u>661,228</u>	<u>588,309</u>	<u>799,676</u>	<u>711,527</u>
Equity shares	636,028	571,409	770,641	684,598
Convertible securities	10,484	16,900	21,015	26,929
Fixed income securities	7,440	—	7,440	—
Other investments	7,276	—	580	—
	<u>661,228</u>	<u>588,309</u>	<u>799,676</u>	<u>711,527</u>
				Investors Capital Trust £'000
Subsidiary undertaking				
Opening valuation at net asset value				216,632
Prior year adjustment				(10,085)
Opening valuation—restated at market price				206,547
Opening unrealised appreciation				(100,575)
Opening and closing cost				105,972
Closing unrealised appreciation				125,828
Closing valuation at market price				231,800
Closing valuation at net asset value				246,646

	Group	
	1995 £'000	1994 £000
6. INVESTMENTS HELD BY SUBSIDIARY (Investors Securities Company Limited)		
Listed on the London Stock Exchange	—	95
Market value of investments listed on the London Stock Exchange	—	95

	Company		Group	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
7. DEBTORS				
Due from brokers	—	3,897	9,589	6,995
Income receivable from shares and securities	3,872	3,496	7,620	6,969
Taxation recoverable	758	628	758	941
ACT recoverable	—	—	—	147
Other debtors	—	—	19	—
	<u>4,630</u>	<u>8,021</u>	<u>17,986</u>	<u>15,052</u>

8. CREDITORS

(amounts falling due within one year)

Due to brokers	290	2,405	675	2,405
Dividend on preference stocks	90	90	90	90
Third quarterly interim dividend on Ordinary Shares	3,532	4,186	3,532	4,186
Fourth interim dividend on Ordinary Shares	4,096	4,262	4,096	4,262
Taxation	451	361	489	361
Interest on Equities Index Unsecured				
Loan Stock 2005	2,795	2,512	2,795	2,512
Dividends payable to minorities	—	—	1,163	1,141
Other creditors	181	453	524	830
	<u>11,435</u>	<u>14,269</u>	<u>13,364</u>	<u>15,787</u>

	Company		Group	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
9. CREDITORS				
(amounts falling due after more than one year)				
Equities Index Unsecured Loan Stock 2005	244,275	212,889	244,275	212,889
4 per cent debenture stock	—	—	600	600
7¼ per cent debenture stock 1992/97	—	—	5,000	5,000
	<u>244,275</u>	<u>212,889</u>	<u>249,875</u>	<u>218,489</u>

Subject to the provisions in the Trust Deed constituting the Index Stock, the Company shall redeem the Index Stock with effect from 31 December 2005 at the Capital Value which will be determined by the level of the FT-SE-Actuaries All-Share Index at that date. Interest paid on the units of the Index Stock is equivalent to the gross yield of the Index and is paid quarterly. For further details on the Index Stock concerning capital, income and voting entitlements refer to page 19.

The debenture stocks are secured by a floating charge over all the assets of Investors Capital Trust.

The 4 per cent stock is redeemable only at Investors Capital Trust's option on six months' notice at a price of 105 per cent per £100 nominal.

The 7¼ per cent stock can be purchased by Investors Capital Trust at any price or by private treaty at a price not exceeding 105 per cent per £100 nominal. Investors Capital Trust can also redeem the stock or any part of the stock with interest at any interest date, after three months' notice to holders of its intention.

If the stock is not redeemed by 30 September 1997, it will be redeemed at par by Investors Capital Trust.

With the exception of the 7¼ per cent stock, which has a maturity date of between one and two years, the other stocks have maturity dates of more than five years.

	Shares	1995 £'000	1994 £'000
10. SHARE CAPITAL			
Ordinary, Growth and Preference (Company and Group)			
Authorised at 30 September			
Ordinary Shares of 25p each	399,360,000	99,840	96,000
Growth Shares of 25p each	61,440,000	15,360	—
3.15 per cent Preference Stock		1,300	1,300
'A' 3.50 per cent Preference Stock		3,950	3,950
		<u>120,450</u>	<u>101,250</u>
Allotted, issued and fully paid at 30 September			
Ordinary Shares of 25p each	322,560,000	80,640	96,000
Growth Shares of 25p each	61,440,000	15,360	—
3.15 per cent Preference Stock		1,300	1,300
'A' 3.50 per cent Preference Stock		3,950	3,950
		<u>101,250</u>	<u>101,250</u>

On 22 December 1994, the issued Ordinary Share capital was reorganised to comprise 322,560,000 Ordinary Shares and 61,440,000 Growth Shares and the authorised share capital of the Company was increased to £120,450,000 by the creation of an additional 76,800,000 Ordinary Shares. For further details of the capital, income and other entitlements of the Company's share capital refer to pages 18 and 19.

11. SHARE PREMIUM (Company and Group)		
At 30 September 1995 (1994—same)	<u>3,630</u>	<u>3,630</u>

	Company	Group
	£'000	£'000
12. OTHER RESERVES		
Capital reserve		
At 30 September 1994	160,866	210,805
Gain on realisation of listed investments during the year	21,539	41,170
Gain on realisation of unlisted investments during the year	—	637
Management fees charged to capital (net of tax)	(416)	(1,211)
Minority interest	—	(6,519)
Exchange differences	(162)	(162)
Expenses of capital reorganisation	(3,082)	(4,001)
Warrants purchased for cancellation	(481)	(481)
At 30 September 1995	178,264	240,238
The gain on sale of investments during the year represents the difference between the net proceeds of sale and the book cost of the investments sold.		
Net unrealised appreciation		
At 30 September 1994—as previously reported	123,315	69,387
Prior year adjustment	(10,085)	—
At 30 September 1994—restated	113,230	69,387
Appreciation of listed investments during the year	57,122	58,468
Appreciation of unlisted investments during the year	86	101
Appreciation of Equities Index Unsecured Loan Stock 2005 during the year	(31,386)	(31,386)
Minority interest	—	(9,192)
At 30 September 1995	139,052	87,378
Included in net unrealised appreciation for the Group is an amount of £11,052,000 (1994—£11,052,000) in respect of the capital reserve arising on acquisition of Investors Capital Trust.		
Net unrealised appreciation represents the difference between the book cost of investments held and their market value at 30 September 1995 and the movement in the valuation of the Equities Index Unsecured Loan Stock 2005 liability since its issue.		
Revenue reserve		
At 30 September 1994—as previously reported	7,929	11,918
Prior year adjustment	(2,098)	—
At 30 September 1994—restated	5,831	11,918
Transferred to revenue reserve	200	800
At 30 September 1995	6,031	12,718
Transfers are made to and from the revenue reserve from the revenue account each year. Amounts in the revenue reserve, unlike other reserves, may be distributed to ordinary shareholders by means of dividends.		

13. NET ASSET VALUE

Net asset value (basic) per Ordinary or Growth Share of the Company is calculated on equity Shareholders' funds of £422,977,000 divided by the number of Ordinary and Growth Shares in issue of 384,000,000. Net asset value (fully diluted) per Ordinary and Growth Share of the Company is calculated on the same basis as the basic, and in addition assumes that all of the outstanding warrants in issue are exercised. This increases equity Shareholders' funds to £497,515,000 and is divided by the notional number of shares in issue of 457,800,000.

14. SIGNIFICANT INTERESTS

Subsidiary undertakings:

Name	Country of Registration	Class of capital	Issued capital £'000	Reserves £'000	Profit/(loss) for year £'000	% of class held	Valuation at 30.9.95 £'000
Investors Capital Trust plc (accounts to 30.9.95)	Scotland	Ordinary Income Annuity Preference	61,848 62 1,839	316,233	13,970	65.2	231,800
Investors Securities Company Limited (accounts to 30.9.95) (Wholly owned subsidiary of Investors Capital Trust plc)	Scotland	Ordinary	250	4	105	65.2	254

15. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Company		Group	
	1995 £'000	Restated 1994 £'000	1995 £'000	1994 £'000
Revenue before interest payable and taxation	29,257	28,948	36,509	35,717
Stock dividends	(512)	(555)	(601)	(755)
Increase in accrued income	(390)	(525)	(716)	(1,172)
(Decrease)/increase in other creditors	(272)	(39)	(306)	8
Decrease in cost of dealing investments	—	—	85	321
Increase in other debtors	—	—	19	—
Accrued income scheme adjustment	—	286	—	114
Tax on investment income	(5,764)	(5,535)	(7,136)	(6,730)
Net cash inflow from operating activities	22,319	22,580	27,854	27,503

	Company		Group	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
16. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR				
At 30 September 1994	15,635	30,639	21,916	37,165
Net cash outflow	2,606	(14,911)	2,370	(15,156)
Realised exchange differences	(162)	(93)	(162)	(93)
At 30 September 1995	18,079	15,635	24,124	21,916
17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS				
Revenue profit available for distribution	15,072	15,930	15,672	16,299
Dividends	(14,872)	(17,000)	(14,872)	(17,000)
	200	(1,070)	800	(701)
Other recognised gains and losses relating to the year (net)	43,220	(30,934)	47,424	(31,303)
Net addition/(reduction) to shareholders' funds	43,420	(32,004)	48,224	(32,004)
Opening shareholders' funds	384,807	428,994	396,990	428,994
Effect of prior year adjustment in respect of change in accounting policy	—	(12,183)	—	—
Opening shareholders' funds—restated	384,807	416,811	396,990	428,994
Closing shareholders' funds	428,227	384,807	445,214	396,990

18. COMMITMENTS

As at 30 September 1995 the Group had outstanding commitments in relation to underwriting amounting to £4,101,000 (1994—£3,971,000) of which £1,865,000 (1994—£2,768,000) related to the Company; and amounts due in relation to final payments on partly-paid shares amounting to £5,146,000 (1994—£9,944,000) of which £805,000 (1994—£4,419,000) related to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by law to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial period and of the revenue of the Company and of the Group for that period.

They are also responsible for ensuring that adequate accounting records are maintained and that the assets of the Company and of the Group are safeguarded and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts have been prepared on a going concern basis, appropriate accounting policies have been used and consistently applied and reasonable and prudent judgements and estimates have been made in the preparation of the accounts. Applicable UK accounting standards have been followed.

REPORT OF THE AUDITORS

TO THE MEMBERS OF BRITISH ASSETS TRUST PLC

We have audited the accounts on pages 26 to 38 which have been prepared under the historical cost convention modified to include the revaluation of fixed asset investments and on the basis of the accounting policies set out on page 30.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

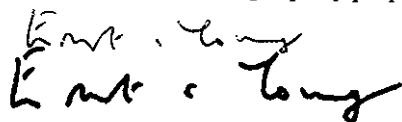
BASIS OF OPINION

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

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

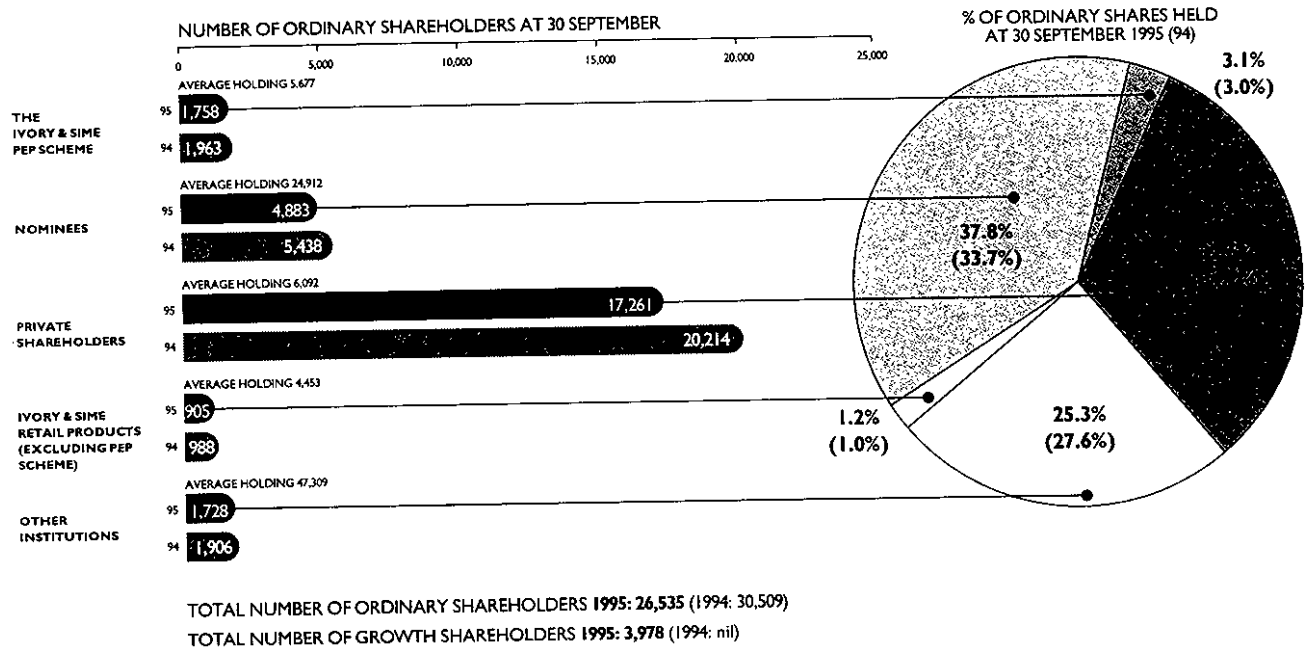
OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 1995 and of the revenue of the Company and of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ERNST & YOUNG
Chartered Accountants
Registered Auditor
Edinburgh
17 November 1995

SHAREHOLDER INFORMATION



ANNUAL GENERAL MEETING

The Annual General Meeting of British Assets Trust PLC will be held at One Charlotte Square, Edinburgh on 19 December 1995.

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 the Bank of Scotland, Registrar Department, Apex House, 9 Haddington Place, Edinburgh 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 directly to Shareholders' addresses.

CAPITAL GAINS TAX

The undernoted values as at 31 March 1982 are to assist Shareholders with regard to capital gains tax.

Ordinary Shares	23½ p
3.15 per cent preference stock	29½ p
'A' 3.50 per cent preference stock	32½ p

The undernoted amounts are to assist Shareholders with regard to capital gains tax following the capital reorganisation:

	First day of dealing value	Apportionment factor
Ordinary shares	90.00p	0.8441
Growth shares	62.50p	0.1103
Warrants	21.50p	0.0456

SHARE PRICES

The Company's Ordinary Shares, Growth Shares and Warrants are listed on the London Stock Exchange under 'Investment Trusts'. Prices are given daily in the *Financial Times*,

The Scotsman, The Herald and other newspapers.

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 the Bank of Scotland, Registrar Department, under the signature of the registered holder.

DAILY NET ASSET VALUE

The net asset value of the Company's shares can be obtained by contacting Ivory & Sime Customer Service on 0131-220 4239.



ASSOCIATION OF INVESTMENT TRUST COMPANIES

The Company is a member of the Association of Investment Trust Companies ('AITC')