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British Assets Trust plc

Annual Report and Accounts
2012

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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 2012 were £442.0 million.

Objective

The Company's investment objective is to achieve a total return in excess of a composite index, weighted as to 80 per cent FTSE All-Share Index and 20 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 20 and 21.

Management

The Board has appointed F&C Investment Business Limited, a wholly owned subsidiary of F&C Asset Management plc, as investment managers. 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 18 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 53.

You may also invest through your stockbroker.

Website

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

Highlights for the Year

- Net asset value total return of 17.3 per cent, equal to the total return from the benchmark index
- Maintained dividend of 6.112p per share, resulting in a dividend yield of 5.1 per cent at the year end

Performance Summary

	30 September 2012	30 September 2011	% change
Total Return (note 1)			
Net asset value (note 2)	17.3%	-5.1%	
Ordinary Share price	10.6%	-4.8%	
Composite index (note 3)	17.3%	-4.3%	
FTSE All-Share Index	17.2%	-4.4%	
FTSE World (ex UK) Index	17.8%	-4.0%	
Capital Values			
Net asset value per Ordinary Share	131.4p	117.9p	11.5%
Ordinary Share price	119.8p	114.0p	5.1%
Revenue and Dividends			
Revenue per Ordinary Share	6.6p	5.7p	15.8%
Dividends per Ordinary Share	6.112p	6.112p	-
Dividend Yield	5.1%	5.4%	
(Discount)/premium – Basic (note 4)	(8.8)%	(3.3)%	
– Debt adjusted (note 5)	5.3%	(0.7)%	
– Debt adjusted (note 6)	(2.8)%	2.2%	
Gearing – Net of cash (note 7)	16.4%	20.5%	
– Equity gearing (note 8)	2.9%	4.9%	
Ongoing Charges (as a percentage of net asset value) (note 9)	0.72%	0.59%	
Year's Highs/Lows	2012 High	2012 Low	
Net asset value	133.4p	110.5p	
Ordinary Share price	130.0p	109.0p	
Premium/(discount) (basic)	3.4%	(11.5)%	

Notes

- 1 All total return calculations are based on dividends reinvested.
- 2 Net asset value total return is calculated as the total return attributable to an Ordinary Share.
- 3 Composite index of 80 per cent FTSE All-Share Index and 20 per cent FTSE World (ex UK) Index.
- 4 Net asset value (UK GAAP) with debt at par.
- 5 Net asset value (UK GAAP) adjusted to reflect market value of debt.
- 6 Net asset value (non-UK GAAP, ex-income NAV) adjusted to reflect market value of debt.
- 7 Gearing net of cash: (Investments – Shareholders' Funds) ÷ Shareholders' Funds.
- 8 Equity gearing: (Equity Investments – Shareholders' Funds) ÷ Shareholders' Funds.
- 9 Increase due principally to change in management fee arrangements. See note 3 to the accounts.

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

Chairman's Statement

Lynn Ruddick Chairman

The Company's net asset value total return for the year ended 30 September 2012 was 17.3 per cent, matching the return from the composite benchmark index of 80 per cent FTSE All-Share Index and 20 per cent FTSE World (ex UK) Index.

As highlighted in last year's Annual Report, some minor changes were made to the portfolio following the change of benchmark on 1 October 2011 to 80 per cent FTSE All-Share Index (previously 75 per cent) and 20 per cent FTSE World (ex UK) Index (previously 25 per cent). The Company also re-aligned the Global (ex UK) portfolio to generate a higher level of income. These changes have enabled the Company to maintain a meaningful international equity exposure whilst increasing the level of dividend income.

Notwithstanding a challenging backdrop, stockmarkets made good progress during the year. Company balances sheets generally remain in good shape and those investors who have been prepared to enter the market have been attracted by the dividend yields available from

equities relative to the low returns available from cash and fixed interest securities.

A key area of investor focus was on the continuing developments in the Eurozone relating to its sovereign debt and banking crisis. The European Central Bank has provided significant liquidity assistance by a variety of means to ensure its low interest rates can feed through to the wider economy thus alleviating many of the shorter term concerns, although the situation remains volatile and the outcome is uncertain.

Many governments have continued with austerity programmes to cut their deficits but economic growth forecasts throughout Europe and in the UK have trended downwards as they struggle to stimulate their economies. Growth has also been slowing in the major emerging markets, including China which is being impacted by slowing demand from Europe. The US economy performed more strongly during the year, benefiting from stimulus packages and more robust domestic demand.

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

Attribution of Return

Market/benchmark return	17.3%
Stock selection	
UK equities	-0.2
Global High Yield (ex UK) equities	-1.6
Emerging Markets equities	0.3
Asset allocation	-0.2
Corporate bonds	0.0
Gearing	2.4
Expenses	-0.7
British Assets Trust net asset value total return	17.3%

Chairman's Statement (continued)

The largest impact on performance was the benefit of gearing in a rising market. The UK portfolio modestly underperformed the FTSE All-Share Index as the out-performance of the core portfolio was more than offset by disappointing returns from the UK satellite portfolio. The emerging markets portfolio continued to perform well, producing a total return of nearly 19 per cent, but the contribution was partially offset at the asset allocation level by the overweight position to this asset class, which underperformed developed markets. The Global High Yield (ex UK) portfolio met its objective of generating a higher level of income but produced a disappointing total return, as explained in more detail in the Managers' Review.

Earnings and Dividends

Revenue earnings per share for the year were 6.6p (2011: 5.7p). The Company benefited from dividend growth within the portfolio, some of which is non-recurring, as well as the effect of the portfolio re-alignment described above.

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 31 January 2013 to shareholders on the register on 28 December 2012. This brings the total dividend for the year to 6.112p per share, unchanged from the previous year.

Allocation of Expenses between Revenue and Capital

In accordance with the Statement of Recommended Practice for the preparation of financial statements of investment trust companies, the Company allocates its management fees and finance costs to revenue and capital in accordance with the Board's view of the expected long-term split of returns, in the form of income and capital gains respectively, from the Company's investment portfolio. For a number of years such expenses have been allocated 25 per cent to revenue and 75 per cent

to capital. However, following a review by the Board during the year it was decided that, on the basis of expected returns, these expenses should be allocated 35 per cent to revenue and 65 per cent to capital. This will take effect from 1 October 2012.

Gearing

As at 30 September 2012, the Company's level of gearing, net of cash, was 16.4 per cent. This was represented by 2.9 per cent of equity gearing and 13.5 per cent in corporate bonds.

The Company's borrowings comprise £60 million 6.25 per cent Bonds which are due for redemption in 2031, and a £60 million bank facility which matures in March 2013. £20 million of the bank facility was drawn down at the year end. It is the current intention of the Board to seek to put in place a new bank facility when the current one matures.

Annual General Meeting

Following representations from a number of shareholders who live a long distance from Edinburgh, the Company's Annual General Meeting this year will be held in London. It is the Board's intention to return to Edinburgh for the following Annual General Meeting. This year's Meeting will be held at 12 noon on Tuesday 29 January 2013 at the offices of F&C Asset Management plc, Exchange House, Primrose Street, London EC2A 2NY. It will be followed by a presentation from the Company's lead fund manager, Phil Doel. This is a good opportunity for shareholders to meet the Board and Managers and I would encourage you to attend.

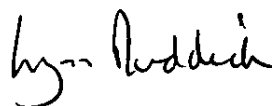
The notice of the Annual General Meeting is contained on pages 54 to 56 and a Form of Proxy is enclosed separately with the Annual Report. Shareholders who are unable to attend the Meeting are encouraged to complete and return their forms so as to ensure that their votes are represented.

Outlook

The Eurozone can be expected to remain an area of concern for investors in the year ahead. In the UK, although there have been signs recently of improvements in the economy, the government is not likely to deviate significantly from its austerity programme in the foreseeable future. An acceptable compromise in resolving the partisan divide over the US "fiscal cliff" is a necessary precursor to markets sustaining their recent performance.

Whilst we do anticipate positive returns from equity markets in the medium term, they are likely to be volatile in the near term following a year of

good returns. The prospects for earnings and dividend growth have fallen in recent months but equities remain attractively valued relative to other asset classes and investors are likely to continue to seek higher quality companies which pay good levels of dividends. This should be of benefit to the Company.



Lynn Ruddick

Chairman

26 November 2012

Investment Managers and Investment Process

Phil Doel
Investment Manager

Phil Doel Investment Manager joined F&C Asset Management plc ('F&C') in 2005 and was appointed Investment Manager of British Assets Trust plc on 1 October 2011. He is a Director, UK Equities, of F&C and has over 17 years of fund management experience.

Gordon Hay Smith
Company Secretary

Gordon Hay Smith Company Secretary joined F&C in 2001 and was appointed Company Secretary of British Assets Trust plc 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 £96.8 billion under management on 30 September 2012. 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 the Managers are cognisant of the Company's requirement for an above average level of investment income. Emphasis is also placed on asset allocation, in particular between UK and overseas equities and corporate bonds, coupled with active stock selection.

Managers' Review

Introduction

My first year as lead fund manager of the Company has been an eventful and at times challenging one. The economic environment has been deteriorating for much of the year but the concerted interventions of global central banks and other policy makers have more than offset this, leading to a period of positive equity returns. Our focus has remained on seeking to achieve a total return in excess of the composite benchmark index whilst managing the revenue account to enable an above average level of dividend to be maintained.

Review of the Year

In the year to 30 September 2012, the Company's net asset value total return was 17.3 per cent, which compares to a return of 17.3 per cent for its composite benchmark index (which changed to 80 per cent FTSE All-Share Index and 20 per cent FTSE World (Ex UK) Index on 1 October 2011).

One of the key objectives of the changes made at the beginning of the year was to return the Company to a position where the revenue account could cover the annual dividend cost. A combination of the changes we made in the underlying portfolios, a higher than expected value of non-recurring dividends, and underlying dividend growth from the investments has led to this objective being met in the year.

At 30 September 2012 the Company had gearing, net of cash, of 16.4 per cent comprising equity gearing of 2.9 per cent and 13.5 per cent invested in fixed interest securities.

When reviewing the outlook statement from our Managers' Review last year many of the issues identified were indeed highly influential in the performance of global equity markets over the ensuing months.

The Eurozone crisis has continued to impact banks and governments. Bank capital buffers have increased, lending has been curtailed and central banks have provided ample liquidity through a succession of orchestrated programmes. Government austerity measures to address budget deficits have also been imposed. The aggregate impact on economic growth of all these measures however has meant projected deficits (as a share of GDP) have not reduced significantly.

With this backdrop, whilst the United States has been resilient, global economic growth has, not surprisingly, been lacklustre. The biggest change in expectations amongst major economies over the year has arguably been in China where the transition to a new generation of leaders has been prolonged and complex. The retiring party leaders have been determined not to repeat the over stimulus of 2009 to support near term growth through excessive investment in fixed assets.

These economic and political uncertainties have meant companies have retained their strong balance sheets, reluctant to initiate material capital investment programmes. The predicted increase in merger and acquisition activity has therefore been somewhat more limited than we anticipated.

With this inauspicious background it is therefore notable that returns from both equity and credit markets have actually been very healthy.

The combination of these factors has meant that global equity markets are now somewhat more expensive than a year ago, with the MSCI World Index now being valued at a multiple around 12 times consensus forward earnings compared to around 10 times at the end of the last financial year (Source: Morgan Stanley). In other words, the returns in the last year have been principally due to an upward revaluation of equities and dividends rather than actual earnings growth.

Stockmarket Total Returns – Year to 30 September 2012

	£	Local Currency
FTSE All-Share Index	17.2%	17.2%
FTSE World (ex UK) Index	17.8%	22.1%
FTSE All-World (ex UK) Index	17.4%	21.7%
MSCI Emerging Markets Index	13.2%	17.3%

Source: Datastream

Managers' Review (continued)

Asset Allocation

Asset Allocation

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

Asset Class	Benchmark 30.09.12 %	30 September 2012		30 September 2011	
		Share- holders' Funds %	Total Assets %	Share- holders' Funds %	Total Assets %
UK Equities	80.0	75.2	62.2	79.3	63.9
Overseas Equities					
– Global High Yield (ex UK)	–	19.3	16.0	17.8	14.4
– Emerging Markets	–	8.4	7.0	7.8	6.3
Total Overseas Equities	20.0	27.7	23.0	25.6	20.7
Total Equities	100.0	102.9	85.2	104.9	84.6
Corporate Bonds	–	13.5	11.2	15.6	12.6
Net Current Assets	–	–	3.6	–	2.8
Gearing*	–	(16.4)	–	(20.5)	–
Total	–	100.0	100.0	100.0	100.0

*comprising equity gearing of 2.9 per cent (2011: 4.9 per cent) and 13.5 per cent in corporate bonds (2011: 15.6 per cent)

As highlighted in last year's Annual Report we made some changes to the portfolio at the beginning of October to reflect the new benchmark and to generate a higher yield from the Global (ex UK) portfolio. In January we increased weightings modestly in the emerging markets portfolio and then held this overweight position to varying degrees over the remainder of the year. The allocation to the Global (ex UK) portfolio was increased in March in the belief that after the strong gains of the first half of the financial year the high income bias of this portfolio would be more suited to our expectation of a potentially more volatile second six months. We maintained the holdings in the Corporate Bond portfolio at a little over 10 per cent of shareholders'

funds throughout the period. Allocations to UK equities were commensurately lower than the benchmark, particularly during the course of the final nine months of the year.

The aggregate impact of these asset allocation decisions over the year was modestly negative as Global Emerging Market indices underperformed the broadly similar performance of the FTSE All-Share Index and the FTSE World (ex-UK) Index (although this was more than offset by positive stock selection). Global credit indices delivered similar total returns to the composite benchmark.

Equity gearing at year end, at 2.9 per cent, was somewhat lower than during the year as a whole.

Portfolio Reports

UK Equities – Major Holdings

Company	Sector	Market Value £m	% Total Investments
BP	Oil & Gas	14.1	3.2
Royal Dutch Shell	Oil & Gas	13.5	3.0
GlaxoSmithKline	Pharmaceuticals & Biotech	12.4	2.8
BHP Billiton	Mining	12.3	2.8
HSBC	Banking	11.3	2.5
Vodafone	Telecommunications	9.9	2.2
British American Tobacco	Tobacco	9.6	2.2
Standard Chartered	Banking	8.8	2.0
AstraZeneca	Pharmaceuticals & Biotech	8.2	1.8
Centrica	Gas, Water & Multiutilities	7.5	1.7

The UK portfolio generated a total return of 17.0 per cent compared with a return of 17.2 per cent from the FTSE All-Share Index.

The UK equity market generated strong returns during the year, broadly matching the FTSE World (ex UK) Index despite the ongoing weakness in the UK economy. This is a testament to the international nature of the companies listed on the UK market.

There have, however, been sharp gyrations in risk appetite throughout the period as investors have in turn rewarded resilient consumption growth and then developed market risk within the financial sector. Financials have been the largest single contributor as a result of the reduced perception of risks in the Eurozone and the direct benefits of the liquidity programmes. Consumer stocks such as food producers, beverage and household products companies have also been very strong performers.

The worst performing major sector during the year was mining. The slowdown in the Chinese economy coupled with tighter credit conditions led to both lower aggregate demand and a severe destocking

process. The impact on commodity prices has been acute – particularly in bulk commodities such as iron ore.

At the company specific level, the portfolio benefitted from the takeover of two of its holdings – WSP Group and Cove Energy. Other holdings, including support services group i-Energizer, Lloyds Banking Group, mezzanine finance provider Intermediate Capital, Lloyds insurer Beazley and Xstrata all added to absolute and relative performance. The biggest detractors were financials – our holding in Man Group generated particularly disappointing returns.

Major changes in the portfolio over the year included increasing the holdings in financials and reducing holdings in perceived expensive and typically less economically sensitive stocks, including companies within the consumer staples sector. We have also diversified the portfolio, reducing our weightings in the very largest companies in the UK equity market. This will ensure we are less reliant on any individual company's dividends to generate our future income requirements.

Managers' Review (continued)

Global High Yield (ex UK) Equities – Major Holdings

Company	Sector	Market Value £m	% Total Investments
Enel	Electric Utilities	1.2	0.3
Lilly (Eli) & Co	Pharmaceuticals & Biotech	1.2	0.3
Link REIT	Real Estate Investment Trust	1.2	0.3
Zurich Insurance Group	Non-Life Insurance	1.1	0.2
Telecom Corp of New Zealand	Fixed Line Telecommunications	1.1	0.2
Deutsche Telekom	Mobile Telecommunications	1.1	0.2
TATTS Group	Travel & Leisure	1.1	0.2
Pitney Bowes	Technology Hardware & Equipment	1.1	0.2
Total	Oil & Gas	1.1	0.2
Annaly Capital Management	Real Estate Investment Trust	1.1	0.2

The Global High Yield (ex UK) portfolio generated a total return of 6.6 per cent compared with a return of 17.4 per cent from the FTSE All-World (ex UK) Index.

This portfolio has continued to be managed using a quantitative investment process and aims to provide dividend income in excess of the FTSE All-World (ex UK) Index. While the portfolio generated a positive absolute return and the level of investment income met our expectations, the modest total return in the context of the wider market was disappointing. The radical introduction of unconventional monetary stimulus increased risk appetite, which was detrimental to the defensive high dividend yield nature of our strategy.

At the sector level, an overweight allocation to higher yielding utilities hurt in particular and, albeit to a lesser extent, an underweight allocation to financials was also a negative factor. At the country level an

underweight position in the US (which performed well given the robust domestic economy) and overweight allocations to Japan and Taiwan (which have large export exposures to the slowing Chinese markets) were detrimental.

Additionally, there were negative contributions from several companies that exhibited a common theme – the fear of deep cuts in dividends. For some companies, like Nokia, these fears turned out to be justified, but for others like Chubu Electric Power, which was also a poor performer, the dividend cut was modest.

Given the negative effect of these company specific issues on performance, we modified the portfolio construction process towards the end of the year. Further changes have been enacted since the year end enhancing the quality of the companies in the portfolio and hence the certainty of the dividends we expect to receive.

Emerging Markets Equities – Major Holdings

Company	Sector	Market Value £m	% Total Investments
Samsung Electronics	Technology Hardware & Equipment	1.6	0.4
Banco Bradesco	Banking	1.3	0.3
Industrial & Commercial Bank of China	Banking	1.3	0.3
Taiwan Semiconductor Manufacturing	Technology Hardware & Equipment	1.3	0.3
China Mobile	Mobile Telecommunications	1.0	0.2
HDFC Bank	Banking	0.9	0.2
Vale	Mining	0.8	0.2
Hon Hai Precision Industry	Electronic Equipment	0.8	0.2
Hyundai Motor	Automobiles	0.8	0.2
Sberbank	Banking	0.7	0.2

The Emerging Markets portfolio generated a total return of 18.9 per cent compared with a return of 13.2 per cent from the MSCI Emerging Markets Index.

Investor confidence increased modestly over the year as central banks in developed markets re-affirmed that the accommodative policies of low interest rates and quantitative easing (QE) would be in place for an extended period. Given their better economic profile, solid budget positions and more robust earnings picture, emerging equities were able to benefit, despite clear evidence of slowing economic growth in the economies of China, Brazil and India.

In a difficult economic environment, our emphasis has been on companies with strong managements, solid franchises and good earnings visibility. One such company which we purchased was the South African based retailer Shoprite, as its shares appeared attractively valued given its track record of excellent shareholder returns. Another purchase was Ecopetrol, a high-quality Colombian oil exploration company which we believe will demonstrate strong growth in its production of oil. In China, we added

to our position in the internet company Tencent which is dominant in search, gaming and on-line advertising.

Shares sold from the portfolio included China Petroleum, on fears of earnings downgrades given the lack of policy change on retail fuel prices, and the Korean satellite broadcaster KT Skylife, as a slowdown in new subscribers made management targets for 2012 look overly ambitious.

We continue to believe that the strategic long term case for emerging markets remains strong. On a 12 month view we expect further positive returns in these markets, and foresee performance to be in line with expectations for earnings growth. This is projected to be in the 12-15 per cent range, although these estimates have been falling in recent months. The turmoil in Europe continues to be the main risk, with events in Spain, Greece and Portugal likely to trigger further volatility in global markets. With this backdrop we will stick with our strategy of investing in high quality companies which exhibit balance sheet strength, such as our largest holding, Samsung Electronics. The countries in which we are finding the best ideas are Brazil, India, Thailand and Turkey.

Managers' Review (continued)

Corporate Bonds

The corporate bond portfolio generated a total return of 17.8 per cent over the year compared with a return of 13.6 per cent from investment grade bonds as measured by the Merrill Lynch All Sterling Non-Gilts Index and 24.6 per cent from high yield bonds as measured by the Merrill Lynch European Currency High Yield Index.

The primary objective of the corporate bond portfolio is to supplement the Company's income. This is achieved by investing in a diversified portfolio of both investment grade and high yield bonds. We aim to deliver a total return over time which is comparable with the return we can expect from equities and above the cost of the Company's borrowings. Both of these aims have been achieved in the last year.

As with equity markets the dominating factors affecting performance of corporate bonds this year have been the evolution of the banking and sovereign debt crises in the Eurozone and the unconventional policy measures undertaken to manage them. The deterioration of economic growth forecasts in Europe in particular has also been a significant influence.

The combination of these factors has supported lower yields in the perceived safe haven bonds on a global basis in both the corporate and government markets. Risk appetite has, however, increased somewhat during the period as a result of a progression of measures, particularly those undertaken by the ECB, to reduce the "tail risk" of defaults by peripheral European governments.

New issuance has been rife in the windows of opportunity provided by central bank interventions, particularly in the US but also in mainland Europe. Issuance by UK corporates has been more muted.

At the sectoral level the most striking feature has been the net redemptions of outstanding credit by banks as they have accessed cheaper finance elsewhere. The portfolio, which typically holds instruments of varying durations and seniority (in terms of their relative credit rating within the company's capital structure), has benefited from its exposure to these financials this year.

Our investment approach did not change over the year and the credit risk is mostly concentrated

in the lower tiers of investment grade bonds. We increased the allocation towards non-financials but only marginally more than has been true of the market as a whole.

In terms of our outlook, the effects of the financial crisis will be with us for a number of years. In particular, we believe austerity will continue to dampen economic growth and central banks, including the Bank of England, will need to continue to provide support to markets to manage inevitable bouts of volatility. These factors suggest that low interest rates will remain a feature of markets into the medium term. This is a positive backdrop for demand for corporate bonds, especially whilst they offer significantly higher returns than government bonds. Indeed, we have seen many instances where current demand from investors for new issuance by companies wishing to lock in low borrowing rates has far outstripped supply. This imbalance may remain for some time and has been exacerbated by the provision of alternative funding to banking institutions leading to them tendering for their existing bonds.

However, notwithstanding this positive outlook for credit markets, we do not expect future annual returns to match those we have witnessed this year.

Overall Outlook

There is an argument that our outlook could simply reiterate the comments we made last year. Global economic growth remains subdued with market forecasts for 2013 having fallen steadily over the course of the year from around 3.5% in September 2011 to closer to 2.5% at the end of September 2012. Expectations for growth in the US and Japanese economies have been broadly stable over the period at between 1.5% and 2%. The Chinese outlook has been deteriorating as depressed exports to Europe coupled with inaction ahead of leadership change have dampened demand. European and UK growth expectations fell steadily throughout the period.

Looking forward through 2013, however, some of these specific uncertainties should become clearer.

With presidential elections out of the way the domestic investment outlook for US companies will become clearer and more positive, assuming political agreement can be reached to mitigate the immediate impact of tax and spending cuts that are due to expire in January 2013 – the so called "fiscal cliff". The US housing market has shown early signs of improvement. A recent Boston Consulting Group report highlighted that a combination of factors, including the devaluation of the US dollar, wage inflation elsewhere in the world and lower energy costs as a result of shale gas production, are combining to make the US more competitive internationally and to leave it with a materially better private sector outlook. The commitment to extended central bank stimulation, for so long as unemployment remains high, will reinforce these conditions and bolster the confidence of US companies in particular to invest, both organically and through buying other businesses. The burgeoning budget deficit certainly needs to be resolved, but, as we are seeing in Europe, it is far easier to achieve this with a growing economy than a shrinking one, assuming the political will is there.

In the Eurozone, progress is being made, supported by the actions of the ECB, although we would still expect bouts of turbulence in the months ahead. The fact remains, however, that the region needs economic growth, an increase in competitiveness

and long term solvency, to have a more positive long term future. We still see a sustainable solution as requiring either peripheral countries to exit the Euro or a full fiscal and political union. The recent broad accord around banking supervision is a necessary first step towards deeper integration as it begins to break the linkage between individual sovereign credit risk and their respective banking sectors.

The area of potentially greatest interest will be how the new Chinese leadership looks to take the country forward in the coming years. There is a clear requirement to foster consumption as opposed to the greater focus hitherto on fixed asset investment. The increasing role of private sector enterprise and communication (through social and other media) in the economy makes authoritarian central control harder at a time of increasing plurality of both political opinions and personal aspirations. This transition, which coincides with the rapid ageing of the population, represents both a material threat to, and opportunity for, long term Chinese prosperity. Managing this transition will be a major challenge and will impact on many aspects of the global economy given the importance of China in the modern world.

In the UK, the government is likely to remain under pressure to find ways to increase economic growth without veering too far off its deficit reduction strategy, for example through accelerated infrastructure investment and revised (and less economically detrimental) spending cuts. Encouragement to the wider banking sector to increase lending will also remain in place, despite the confusing and at times apparently contradictory messages from regulators around the need for further deleveraging and increased capital requirements.

The prospects for near term dividend growth from companies remain positive given their strong balance sheets, shareholder pressure to return cash regularly and the still robust earnings. However, if the earnings outlook deteriorates dividend growth will be reduced. Looking forward we will endeavour to balance the total return objective with our desire to return to sustainable and progressive income growth for the Company.

Managers' Review (continued)

After the upward revaluation of equities which has generated positive returns over the last year, if the current path of profit expectations continues on a downward trajectory, the immediate outlook for markets may be less rewarding. The subdued quantum, and higher volatility, of equity market returns in recent years may keep many potential investors on the sidelines, but there has been anecdotal evidence of asset allocators increasing their equity weightings which is encouraging.

Against other asset classes, however, equities continue to offer excellent value. If the near term challenges described above can be overcome this should lead to better returns for equity investors over the medium term. We regard the long term outlook with cautious optimism.

Phil Doel

Investment Manager
F&C Investment Business Limited
26 November 2012

Investment Portfolio

Company	Valuation £'000	% of Total Invest- ments	% of Portfolio Income	Country of listing	% Change in Dividend 2011-2012*	2011 Valuation £'000
BP One of the world's largest integrated oil and gas companies.	14,095	3.2	3.3	UK	30.4	14,761
Royal Dutch Shell One of the world's largest integrated oil and gas companies.	13,450	3.0	4.7	UK	1.5	12,305
GlaxoSmithKline Involved in the research, manufacture and sale of pharmaceuticals.	12,443	2.8	3.4	UK	0.8	19,659
BHP Billiton One of the world's largest producers of major commodities	12,339	2.8	2.3	UK	1.1	217
HSBC Provides a comprehensive range of banking and related financial services on a global basis.	11,338	2.5	2.6	UK	0.4	10,534
Vodafone The world's largest global provider of mobile telecommunication services.	9,917	2.2	3.9	UK	13.5	21,349
British American Tobacco The world's largest international tobacco group.	9,551	2.2	2.0	UK	9.7	11,378
Standard Chartered Provides a comprehensive range of banking and related financial services on a global basis.	8,745	2.0	1.5	UK	0.8	7,498
AstraZeneca Is involved in the research, manufacture and sale of pharmaceuticals.	8,185	1.8	2.5	UK	5.6	7,168
Centrica Integrated energy company operating predominately in the UK and North America	7,535	1.7	1.8	UK	6.6	3,684
Ten largest investments	107,598	24.2	28.0			108,553

* British Assets Trust's financial years to 30 September 2012 and 2011.

Investment Portfolio (continued)

Company	Sector	Valuation £'000	% of Total Investments	% of Portfolio Income	Country of listing
Imperial Tobacco Group	Tobacco	7,469	1.7	1.6	UK
BAE Systems	Aerospace & Defence	7,103	1.6	2.1	UK
Melrose	Industrial Engineering	6,200	1.4	1.4	UK
BG Group	Oil & Gas	6,074	1.3	0.4	UK
Barclays	Banking	5,844	1.3	0.8	UK
Rio Tinto	Mining	5,818	1.3	1.1	UK
Compass Group	Travel & Leisure	5,652	1.3	0.8	UK
Inmarsat	Mobile Telecommunications	5,323	1.2	1.2	UK
Carnival	Travel & Leisure	5,159	1.1	0.7	UK
Lloyds Banking Group	Banking	4,774	1.1	–	UK
Twenty largest investments		167,014	37.5	38.1	
Legal & General Group	Life Insurance	4,428	1.0	1.1	UK
Intermediate Capital	General Financial	4,369	1.0	2.3	UK
Prudential	Life Insurance	4,306	1.0	0.7	UK
iEnergizer	Support Services	4,086	0.9	0.5	UK
Resolution	Life Insurance	3,874	0.9	1.9	UK
Johnson Matthey	Chemicals	3,504	0.8	0.4	UK
London & Stanford	Real Estate	3,447	0.8	1.1	UK
Informa	Media	3,359	0.7	0.8	UK
DS Smith	General Industrial	3,157	0.7	0.6	UK
Beazley	Non-Life Insurance	3,147	0.7	0.8	UK
Thirty largest investments		204,691	46.0	48.3	
Scottish & Southern Energy	Electricity	3,019	0.7	0.9	UK
Carador Income Fund	Equity Investment Instruments	2,938	0.6	1.9	UK
Capita	Support Services	2,827	0.6	0.4	UK
BBA Aviation	Industrial Transport	2,771	0.6	0.6	UK
CATCO Reinsurance Opportunities Fund	Equity Investment Instruments	2,714	0.6	–	UK
Laird	Technology Hardware & Equipment	2,688	0.6	0.5	UK
Tullow Oil	Oil & Gas	2,648	0.6	0.1	UK
BT Group	Fixed Line Telecommunications	2,610	0.6	0.5	UK
Salamander Energy	Oil & Gas	2,596	0.6	–	UK
Lancashire Holdings	Non-Life Insurance	2,558	0.6	0.9	UK
Forty largest investments		232,060	52.1	54.1	
Shire	Pharmaceuticals & Biotech	2,533	0.6	0.1	UK
Raven Russia	Real Estate	2,408	0.6	–	UK
Great Eastern Energy	Oil & Gas	2,387	0.5	–	UK
Diageo	Beverages	2,384	0.5	0.3	UK
Essar Energy Investment 4.25% 01/02/16	Electricity	2,288	0.5	0.8	UK
WPP	Media	2,134	0.5	0.3	UK
Providence Resources	Oil & Gas	2,108	0.5	–	UK
Regus	Support Services	1,986	0.5	0.3	UK
Babcock International Group	Support Services	1,914	0.4	0.2	UK
Doric Nimrod	Equity Investment Instruments	1,904	0.4	0.3	UK
Fifty largest investments		254,106	57.1	56.4	
Other equity investments (300)		141,689	31.8	30.6	
Other corporate bonds (267)		49,320	11.1	13.0	
Total investments		445,115	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 Equities £'000	Global High Yield (ex UK) Equities £'000	Emerging Markets Equities £'000	2012 Total £'000
Sector Weighting				
Oil & Gas	46,872	6,450	2,128	55,450
Basic Materials	25,530	4,480	2,325	32,335
Industrials	36,061	8,068	3,692	47,821
Consumer Goods	22,334	5,673	5,957	33,964
Health Care	25,255	8,511	329	34,095
Consumer Services	21,659	8,395	2,096	32,150
Telecommunications	17,849	8,984	1,670	28,503
Utilities	13,160	8,391	413	21,964
Financials	74,174	9,330	10,114	93,618
Technology	4,596	5,504	3,507	13,607
Total	287,490	73,786	32,231	393,507
Corporate Bond Portfolio	40,689	10,919	–	51,608
Total Investments	328,179	84,705	32,231	445,115
% of Total Investments	73.7	19.0	7.3	100.0

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

Capital Structure

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

Ordinary Shares

At 30 September 2012 there were 291,112,282 Ordinary Shares of 25p each in issue (2011: 291,112,282 Ordinary Shares).

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

Capital Entitlement

In the event of a winding up, after meeting the liabilities of the Company, the surplus assets would be paid to the holders of Ordinary Shares and distributed among such holders pro-rata.

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.

Unless the Board otherwise decides, no member is entitled in respect of any share held by him to vote (either personally or by proxy or by a corporate representative) at any general meeting of the Company if he is a person with a 0.25 per cent interest (as defined in the Articles of Association) and he has been served with a restriction notice (as

defined in the Articles of Association) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

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.

Subject to the provisions of the Companies Acts, the Board may from time to time declare dividends in accordance with the respective rights of the members. Subject to the provisions of the Companies Acts, the Board may pay such interim dividends as appear to the Board to be justified by the financial position of the Company. The Board may withhold payment of all or any part of any dividends or other monies payable in respect of the Company's shares from a person with a 0.25 per cent interest (as defined in the Articles of Association) if such a person has been served with a restriction notice (as defined in the Articles of Association) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

Ten Year Record

At 30 September	Net Asset 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	Ongoing Charges
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%*
2010	12.2%	11.7%	129.8p	125.5p	3.3%	5.0p	6.112p	0.72%*
2011	(5.1)%	(4.3)%	117.9p	114.0p	3.3%	5.7p	6.112p	0.59%
2012	17.3%	17.3%	131.4p	119.8p	8.8%	6.6p	6.112p	0.72%

*Includes performance fee.

†Restated for changes in accounting standards.

Board of Directors

Lynn Ruddick ††

Chairman

was appointed as a Director in 2004 and Chairman in December 2009. She is Chairman of Fidelity Special Values plc, a non-executive

director of City of London Investment Group plc, Blackrock Frontiers Investment Trust 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, and Chairman of the WPA Pension Scheme and 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.

James Long *††

was appointed in 2006. He was formerly Director of Risk and Compliance for AstraZeneca Europe, 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

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 non-executive director of Scottish Investment Trust plc and is a Chartered Accountant.

Ian Russell *††

was appointed in 2008. He was formerly Chief Executive of Scottish Power plc. He is currently non-executive Chairman of Johnston Press plc, Remploy Ltd, and the

Advanced Power AG advisory board, a non-executive director of British Polythene Industries plc and The Mercantile Investment Trust plc, and an adviser to the Clyde Bergemann Power Group.

Jimmy West *††

Senior Independent Director was appointed in 1995 and was formerly a Managing Director of Lazard Brothers and Co Ltd and Chief Executive of Lazard Asset

Management Ltd. He is Chairman of New City High Yield Fund Ltd, Deputy Chairman of Canaccord Genuity Ltd, and a non-executive director of JPMorgan Income & Capital Trust plc, Aberdeen Smaller Companies High Income Trust plc and UK Select Trust plc. He is Chairman of Associated British Foods Pension Fund Ltd.

* 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 2012.

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 5 April, 6 July and 5 October 2012 respectively. The Board recommends a final dividend for the year of 1.786p per Ordinary Share payable on 31 January 2013 to shareholders on the register at close of business on 28 December 2012.

Principal Activity and Status

The Company (company number: SC 3721) is a public limited company and an investment company in terms of the Companies Act 2006. It has been approved by HM Revenue & Customs as an investment trust for tax purposes for previous years up to and including the year ended 30 September 2011. In consequence, the Company is not liable to tax on capital gains. The Directors intend to ensure that the Company continues 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.

Capital Structure

The Company's capital structure is set out on page 18.

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 19. The Company has no executive Directors or employees.

Objective

The Company's investment objective is shown on page 1.

Investment Policy

The Company invests worldwide in companies which F&C Investment Business Limited ('FCIB' or 'the Managers'), believe will 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 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 company exposure in the portfolio may exceed 10 per cent of the Company's total assets at the time of investment. 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 aggregate 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 enhancing portfolio returns and efficient portfolio management, that is to reduce, transfer or eliminate investment risk in its investments, including protection against currency risks or to gain exposure to a specific market.

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 (see definition on page 2)

would not normally be expected to exceed 20 per cent of shareholders' funds.

Investment of Assets

At each Board meeting, the Board considers compliance with the Company's investment policy and other investment restrictions during the reporting period. An analysis of the portfolio on 30 September 2012 is contained in note 9 to the accounts and in the Managers' Review on pages 7 to 14. The 50 largest investments are shown on pages 15 and 16. 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 analyses 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.

The Company's performance in meeting its objectives is measured against key performance indicators as set out 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 14, 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. Detailed explanations of the risks associated

with the Company's financial instruments 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 shocks and recessions, regulatory changes 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. Loss of investment trust status 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 2012, the portfolio was made up of 617 investments in

Report of the Directors (continued)

37 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 26.

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 53. In addition, meetings are held regularly with current and prospective shareholders and stockbroking analysts covering the investment trust sector. Share buy-backs, which will only be carried out at a discount to the net asset value per share, 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.

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 per share total return against the benchmark index.
- Discount of share price to net asset value per share.
- Revenue earnings and dividends per share.
- Ongoing charges as a percentage of the Company's net asset value.

A historical record of these indicators is contained in the Ten Year Record on page 18.

Charitable Donations

During the year the Company made donations to four charities totalling £10,000 (2011 ~ £10,000).

Directors

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

		2012 Ordinary Shares	2011 Ordinary Shares
Lynn Ruddick	Beneficial	35,144	34,788
	Non-Beneficial	4,411	3,719
James Long	Beneficial	14,928	14,227
James MacLeod	Beneficial	35,000	35,000
	Non-Beneficial	9,500	9,500
Ian Russell	Beneficial	20,000	20,000
Jimmy West	Beneficial	38,400	12,000

Since 30 September 2012, Lynn Ruddick and James Long have acquired beneficial interests in a further 85 shares and 144 shares respectively. Lynn Ruddick has acquired a non-beneficial interest in a further 132 shares. There have been no other changes in the interests of the Directors in the Ordinary Shares of the Company between 30 September 2012 and 26 November 2012.

No Director had an interest in the Company's 6.25 per cent Bonds 2031 during the year ended 30 September 2012 or has acquired an interest since the year end.

As explained in more detail in the Corporate Governance Statement on pages 23 to 25, the Board has agreed that all Directors will retire annually. Accordingly, all five Directors will retire at the Annual General Meeting and, being eligible, offer themselves for re-election. The biographies of all the Directors are contained on page 19.

The Board confirms that, following the evaluation process set out in Corporate Governance below, 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 interest in any contract to which the Company is a party. In addition to any power of removal conferred by the Companies Acts, the Company may by special resolution remove any Director without notice.

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 any 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

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 by the Board in accordance with the Company's Articles of Association.

The Board has approved a protocol for identifying and dealing with conflicts and has resolved to conduct a review of actual or possible conflicts at least annually. No conflicts or potential conflicts were identified during the year.

Substantial Interests in Share Capital

On 30 September 2012 the Company had received notification of the following voting rights (under the FSA's Disclosure and Transparency Rules):

	Number of Ordinary Shares Held	Percentage Held
AXA Investment		
Managers SA	40,362,177	13.9
F&C Asset Management	18,945,342	6.5
Legal & General Group	11,694,807	4.0

There have been no changes notified in respect of the above holdings, and no new holdings notified, since the end of the year.

Management

FCIB provides management and secretarial services to the Company.

During the year, the Board 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 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 with the quality of other services provided. It is the Directors' opinion that the continuing appointment of the Managers on the terms agreed is in the interests of shareholders.

A summary of the terms of the management agreement is contained in note 3 to the accounts.

Corporate Governance Statement

Shareholders hold the directors of a company responsible for the stewardship of that company's affairs. Corporate governance is the process by which a board of directors discharges this responsibility. The Company's arrangements in respect of corporate governance are explained in this section of the Report of the Directors.

The Company is required to comply with, or to explain its non-compliance with, the relevant provisions of the UK Corporate Governance Code issued by the Financial Reporting Council (the 'FRC') in June 2010 which can be found at www.frc.org.uk. The Association of Investment Companies issued its own Code of Corporate Governance in October 2010 (the 'AIC Code'), which can be found at www.theaic.co.uk and which

Report of the Directors (continued)

has been approved by the FRC as it addresses all the principles of the UK Corporate Governance 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 provides better information to shareholders than the UK Corporate Governance Code on its own.

Throughout the year, the Company complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code. Since the Company has no employees and all Directors are non-executive, the provisions of the UK Corporate Governance Code on the role of a chief executive and on Directors' remuneration, except in so far as they apply to non-executive Directors, are not relevant to the Company and are not reported on further.

The Board has considered the amendments to the UK Corporate Governance Code which apply to accounting periods beginning on or after 1 October 2012 and has included some additional disclosures in this statement in order to reflect the changes. It is the intention of the Board that the Company will comply fully with the amended code throughout the year ending 30 September 2013.

The Board consists of five independent non-executive Directors. Lynn Ruddick is the Chairman and Jimmy West is the Senior Independent Director. All the Directors have been issued with letters of appointment, which are available upon request. The Board has agreed that all Directors will retire annually and, if appropriate, seek re-election. The biographies of all the Directors are contained on page 19. During the year the performance of the Board, committees and individual Directors was evaluated through an interview-based process led by the Chairman. This process involved discussions between the Chairman and individual Directors and feedback from the Chairman to the Board and individual Directors. The performance of the Chairman was evaluated in the same way by the Senior Independent Director. The Board believes

that each Director is independent in character and that there are no relationships or circumstances which are likely to affect his or her judgement.

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 the length of a Director's tenure reduces his or her ability to act independently. 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, although the Board believes in the merits of periodic and progressive refreshment of its composition.

The basis on which the Company aims to generate value over the longer term is set out in its objective, investment policy and strategy as contained within the Business Review on pages 20 and 22. 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. Environmental factors are, where appropriate, taken into consideration with regard to investment

decisions on behalf of the Company. The Board notes the Managers' statement of compliance with the UK Stewardship Code issued by the Financial Reporting Council in July 2010, which can be found on its website at www.fandc.com/ukstewardshipcode.

Much of the Board's corporate governance responsibilities are discharged through the Audit, Management Engagement and Remuneration, and Nomination Committees. These Committees all operate within clearly defined written terms of reference which are available upon request at the Company's registered office.

Audit Committee

The Audit Committee is chaired by James MacLeod and comprises all of the Directors except the Chairman of the Board, Lynn Ruddick. The duties of the committee include reviewing the Annual and Interim Accounts, the system of internal controls, and the terms of appointment of the auditor, Ernst & Young LLP ('E&Y'), together with its remuneration. It is also the forum through which the auditor reports to the Board of Directors. It meets at least twice yearly including at least one meeting with the auditor. E&Y has confirmed that it is independent of the Company and has complied with relevant auditing standards.

The Audit Committee also reviews the terms under which the auditor is appointed to perform non-audit services, which amounted to £5,000 for the year ended 30 September 2012 (2011: £5,000) and were for the provision of taxation services and certification of a bond compliance certificate. The committee considers the provision of these services to be cost effective and not to compromise the objectivity or independence of E&Y. The Audit Committee continues to be satisfied with E&Y's performance as auditor and has recommended its re-appointment to the Board.

A description of the main features of the Company's internal control and risk management systems is contained on page 26.

Management Engagement and Remuneration Committee

The Management Engagement and Remuneration Committee, chaired by Lynn Ruddick, comprises the full Board and reviews the appropriateness of the Managers' continuing appointment, together with the terms and conditions thereof, on a regular basis. In addition to total return performance, the Managers are also judged in relation to management of the revenue account, quality of the fund management and administration teams, commitment to their investment trust business, strength of relationships with shareholders and the appropriateness of the management contract, including fees.

As stated in the Directors' Remuneration Report on page 29, the full Board determines the level of Directors' fees and accordingly there is no separate Remuneration Committee.

Nomination Committee

The Nomination Committee, chaired by Lynn Ruddick, comprises the full Board and is convened for the purpose of considering the appointment of additional Directors as and when appropriate. Any appointments to the Board are based on merit, but in considering appointments, the Nomination Committee also takes into account the ongoing requirements of the Company and the need to have a balance of skills, experience, independence, diversity, including gender, and knowledge of the Company within the Board. No new Directors were appointed during the year, but whenever there are new appointments these Directors receive an induction from the Managers on joining the Board. All Directors receive other relevant training, collectively or individually, as necessary. The Nomination Committee did not meet during the year.

During the year ended 30 September 2012 there were six Board meetings, two Audit Committee meetings and one Management Engagement and Remuneration Committee meeting. All meetings were fully attended.

Individual Directors may, at the expense of the Company, seek independent professional advice on

Report of the Directors (continued)

any matter that concerns them in the furtherance of their duties. The Company maintains appropriate Directors' and Officers' liability insurance.

Going Concern

In assessing the going concern basis of accounting, the Directors have had regard to the guidance issued by the Financial Reporting Council. They have considered the current cash position of the Company, the availability of the revolving advance facility, compliance with the bond and loan covenants, and forecast revenues for the current financial year. The Directors have also taken into account the Company's investment policy, which is described on pages 20 and 21 and which is subject to regular Board monitoring processes, and is designed to ensure that the Company is invested in mainly liquid, listed securities. The Company retains title to all assets held by its custodian and has agreements relating to its borrowing facilities.

Note 18 to the accounts sets out the financial risk profile of the Company and indicates the effect on its assets and liabilities of falls and rises in the value of securities, market rates of interest and changes in exchange rates.

The Directors believe, in the light of the controls and review processes noted above and bearing in mind the nature of the Company's business and assets, that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, 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 which 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 reporting accountants, 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 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 in London on 29 January 2013, is set out on pages 54 to 56. The Annual Report and Notice of Annual General Meeting are 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 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 11 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 26 November 2012. Resolution 12 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 26 November 2012, 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 11 and 12 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

The Company did not purchase any Ordinary Shares for cancellation during the year ended 30 September 2012.

Resolution 13, 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 shareholders. Any shares purchased under this authority will be cancelled or held in treasury for future re-issue at a premium to the prevailing net asset value per share. This authority will expire on the earlier of 29 July 2014 and the conclusion of the next Annual General Meeting of the Company.

Disclosure of Information to the Auditor

The Directors confirm that, so far as each of them is aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

Report of the Directors (continued)

Auditor

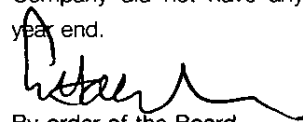
Ernst & Young LLP has expressed its willingness to continue in office as auditor and a resolution proposing its re-appointment will be submitted at the Annual General Meeting.

Individual Savings Accounts

The Company's shares are qualifying investments 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.



By order of the Board

G R Hay Smith

Secretary

80 George Street

Edinburgh EH2 3BU

26 November 2012

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 auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in its report on pages 49 and 50.

The Board consists solely of independent non-executive Directors and considers, at least annually, the level of the Directors' fees, in accordance with the UK Corporate Governance Code. There is no separate Remuneration Committee. 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 responsibilities of the role, the time commitment required, and be fair and comparable to that of other 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 2013 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.

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 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.

The Board has agreed that all Directors will retire annually. There is no notice period and no provision for compensation upon early termination of appointment.

Director	Date of Appointment	Due date for Re-election
Lynn Ruddick	1/10/2004	AGM 2013
James Long	1/5/2006	AGM 2013
James MacLeod	17/12/1998	AGM 2013
Ian Russell	1/6/2008	AGM 2013
Jimmy West	22/6/1995	AGM 2013

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 23. The graph on the next page compares, for the five financial years ended 30 September 2012, 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 80 per cent FTSE All-Share Index and 20 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 2012 is given in the Chairman's Statement and Managers' Review.

Directors' Remuneration Report (continued)

Directors' Emoluments for the Year (audited)

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

	2012 £	2011 £
Lynn Ruddick (Chairman)	39,250	38,063
James Long	22,750	21,750
James MacLeod	26,750	25,750
Ian Russell	22,750	21,750
Jimmy West	24,750	23,750
Total	136,250	131,063

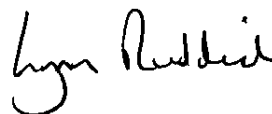
On behalf of the Board

Lynn Ruddick

Director

26 November 2012

*From 1 October 2011: 80 per cent FTSE All-Share Index, 20 per cent FTSE World (ex UK) Index. Until 30 September 2011: 75 per cent FTSE All-Share Index, 25 per cent FTSE World (ex UK) Index.



Income Statement

for the year ended 30 September

		2012			2011		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	9	-	41,800	41,800	-	(29,080)	(29,080)
Exchange differences	14	-	544	544	-	(152)	(152)
Income	2	21,887	-	21,887	19,166	-	19,166
Management expenses	3	(442)	(1,325)	(1,767)	(362)	(1,085)	(1,447)
Other expenses	4	(859)	-	(859)	(862)	-	(862)
Net return before finance costs and taxation		20,586	41,019	61,605	17,942	(30,317)	(12,375)
Finance costs	5	(1,028)	(3,082)	(4,110)	(1,031)	(3,092)	(4,123)
Return on ordinary activities before taxation		19,558	37,937	57,495	16,911	(33,409)	(16,498)
Tax on ordinary activities	6	(471)	-	(471)	(235)	-	(235)
Return attributable to shareholders		19,087	37,937	57,024	16,676	(33,409)	(16,733)
Return per share	8	6.6p	13.0p	19.6p	5.7p	(11.5)p	(5.8)p

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2012

	Notes	Called-up Share Capital £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Shareholders' Funds £'000
Opening shareholders' funds		72,778	15,563	223,835	31,117	343,293
Dividends paid	7	-	-	-	(17,782)	(17,782)
Return attributable to ordinary shareholders		-	-	37,937	19,087	57,024
Closing shareholders' funds		72,778	15,563	261,772	32,422	382,535

for the year ended 30 September 2011

	Notes	Called-up Share Capital £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Shareholders' Funds £'000
Opening shareholders' funds		72,778	15,563	257,244	32,208	377,793
Dividends paid	7	-	-	-	(17,767)	(17,767)
Return attributable to ordinary shareholders		-	-	(33,409)	16,676	(16,733)
Closing shareholders' funds		72,778	15,563	223,835	31,117	343,293

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.

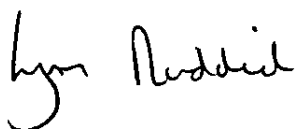
A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above Income Statement.

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

Balance Sheet

as at 30 September	Notes	2012 £'000	2011 £'000
Fixed assets			
Investments at fair value through profit or loss	9	445,115	413,563
Current assets			
Debtors	10	3,573	2,945
Cash in bank and on deposit		14,486	10,671
		18,059	13,616
Creditors: amounts falling due within one year	11	(21,139)	(24,412)
Net current liabilities		(3,080)	(10,796)
Total assets less current liabilities		442,035	402,767
Creditors: amounts falling due after more than one year	12	(59,500)	(59,474)
Net assets		382,535	343,293
Capital and reserves			
Called-up share capital	13, 14	72,778	72,778
Capital redemption reserve	14	15,563	15,563
Capital reserve	14	261,772	223,835
Revenue reserve	14	32,422	31,117
Shareholders' funds	15	382,535	343,293
Net asset value per share	15	131.4p	117.9p

The accounts on pages 31 to 47 were approved by the Board of Directors and authorised for issue on 26 November 2012 and signed on its behalf by:



Lynn Ruddick, Chairman

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

Cash Flow Statement

for the year ended 30 September

	Notes	2012 £'000	2011 £'000
Operating activities			
Investment income received		20,126	17,894
Deposit interest received		40	24
Option premiums received		606	942
Underwriting commission received		76	25
Management expenses paid		(1,767)	(1,897)
Other cash payments		(863)	(880)
Net cash inflow from operating activities	16	18,218	16,108
Servicing of finance			
Interest on 6.25 per cent Bonds 2031		(3,750)	(3,750)
Interest on revolving advance facility		(307)	(442)
Net cash outflow from servicing of finance		(4,057)	(4,192)
Capital expenditure and financial investment			
Purchases of investments		(285,344)	(225,647)
Sales of investments		295,512	239,751
Net cash inflow from capital expenditure and financial investment		10,168	14,104
Equity dividends paid	7	(17,782)	(17,767)
Net cash inflow before financing		6,547	8,253
Financing			
Revolving advance facility repaid		(2,917)	(4,312)
Net cash outflow from financing		(2,917)	(4,312)
Increase in cash	17	3,630	3,941
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the year		3,630	3,941
Revolving advance facility repaid		2,917	4,312
Change in net debt resulting from cash flows		6,547	8,253
Currency gains/(losses)		465	(310)
Increase in 6.25 per cent Bonds 2031 liability		(26)	(26)
Movement in net debt in the period		6,986	7,917
Opening net debt		(71,954)	(79,871)
Closing net debt	17	(64,968)	(71,954)

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 2012 would have been £456,000 (2011: £541,000).

The notes and financial statements are presented in pounds sterling (being the functional currency of the Company and presentational currency for the Company) and are rounded to the nearest thousand except where otherwise indicated.

(b) Investments

Investments have been categorised as 'financial assets at fair value through profit or loss' and are recognised on the date the shares are traded. 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;
- increases and decreases 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 on 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 accruals basis. Other investment income, underwriting commission and deposit interest are also 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 dividends in the form of additional shares rather than cash, an amount equal to the cash dividend is recognised as income.

1 Accounting policies (continued)

(e) Traded options

The Company may enter into option contracts. The option contracts are shown in other assets or other liabilities at their fair values. The premiums received and fair value changes in the open positions are normally recognised in the revenue column of the Income Statement. The costs of closing open option positions are recognised in the capital column of the Income Statement. Where options are written for the maintenance or enhancement of the Company's investments then the changes in fair value are recognised in the capital column of the Income Statement.

(f) Deferred taxation

Where the year in which tax deductible expenditure is incurred differs from the year in which tax relief for the expenditure is given, the amount of the tax relief is known as 'deferred tax'. Since the management expenses incurred by the Company in the year under review exceed its profits liable to UK corporation tax (see note 6(b)), the tax relief attributable to the excess expenses, which can be carried forward to future years, is a 'deferred tax asset'. However, in accordance with UK GAAP, that deferred tax asset has not been recognised in these accounts since it is unlikely that, in future years, the Company will receive sufficient profits liable to UK corporation tax against which the brought forward expenses can be set-off.

(g) Expenses

Expenses are accounted for on an accruals basis. Transaction costs incurred on the purchase and sale of investments are taken to the Income Statement as a capital item. Other expenses are all allocated to revenue with the exception of management fees which have been 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) Interest-bearing borrowings

All non-current borrowings are initially recognised at cost, being fair value of the consideration received, net of arrangement costs associated with the borrowings. After initial recognition, all interest-bearing borrowings are subsequently measured at amortised cost using the effective yield basis. Amortised cost is calculated by taking into account any loan arrangement costs and any discount or premium on settlement.

(i) 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, have been 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.

(j) Dividends

Dividends paid 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.

(k) Foreign currencies

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates on 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 income statement as a revenue or capital item depending on the nature of the gain or loss.

Notes to the Accounts (continued)

1 Accounting policies (continued)

Rates of exchange at 30 September

	2012	2011
US Dollar	1.6148	1.5578
Euro	1.2552	1.1611
Japanese Yen	125.6315	120.0752

2 Income

	2012 £'000	2011 £'000
Investment income – listed UK:		
Dividend income	13,365	11,859
Other investment income	1,882	1,935
Investment income – listed overseas:		
Dividend income	4,367	2,741
Other investment income	1,363	1,585
Other income:		
Option premiums	794	997
Deposit interest	40	24
Underwriting commission	76	25
Total income	21,887	19,166
Total income comprises:		
Dividends	17,732	14,600
Income from fixed interest securities	3,245	3,520
Option premiums	794	997
Deposit interest	40	24
Underwriting commission	76	25
	21,887	19,166

3 Management expenses	2012			2011		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Investment management fee:						
– basic	442	1,325	1,767	362	1,085	1,447
– performance	–	–	–	–	–	–
	442	1,325	1,767	362	1,085	1,447

The Company's investment manager is F&C Investment Business Limited ('FCIB'). With effect from 1 October 2011 FCIB is entitled to a quarterly management fee, payable in advance, equal to 0.1 per cent of the value of the Company's total assets less current liabilities (excluding loans). Prior to that date FCIB was entitled to a basic quarterly management fee of 0.075 per cent of the value of the Company's total assets less current liabilities (excluding loans) plus a performance fee entitlement. The performance fee arrangement was discontinued on 30 September 2011.

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 pro-rated to the date of termination.

Investment management fees have been allocated 25 per cent to revenue and 75 per cent to capital. As reported in the Chairman's Statement on page 4, investment management fees will be allocated 35 per cent to revenue and 65 per cent to capital with effect from 1 October 2012.

4 Other expenses	2012	2011
	£'000	£'000
Directors' fees	136	131
Auditors' remuneration for:		
– audit	25	25
– taxation services	4	2
– other	1	3
Marketing and savings plan administration	226	261
Custody fees and bank charges	118	93
Registrars' fees	66	54
Other expenses	283	293
	859	862

Notes to the Accounts (continued)

5 Finance costs

	Revenue £'000	Capital £'000	2012 Total £'000	Revenue £'000	Capital £'000	2011 Total £'000
Debt repayable within 5 years:						
– Revolving advance facility	84	250	334	87	260	347
Debt repayable in more than 5 years:						
– 6.25 per cent Bonds 2031	944	2,832	3,776	944	2,832	3,776
	1,028	3,082	4,110	1,031	3,092	4,123

Finance costs have been allocated 25 per cent to revenue and 75 per cent to capital. As reported in the Chairman's Statement on page 4, finance costs will be allocated 35 per cent to revenue and 65 per cent to capital with effect from 1 October 2012.

6(a) Tax on ordinary activities

	2012 £'000	2011 £'000
Overseas taxation	471	235

The Company had £50,477,000 unutilised management expenses and interest at 30 September 2012 (2011: £47,896,000). No deferred tax asset has been recognised on this amount as it is unlikely that there will be taxable profits from which unutilised expenses could be deducted.

6(b) Reconciliation of tax charge

	2012 £'000	2011 £'000
A reconciliation of the current tax charge is set out below:		
Return on ordinary activities before taxation	57,495	(16,498)
Corporation tax at standard rate of 25.0 per cent (2011: 27.0 per cent)	14,373	(4,454)
Effects of:		
Non-taxable capital returns	(10,449)	7,892
Non-taxable UK dividend income	(3,341)	(3,202)
Non-taxable overseas dividend income	(1,091)	(740)
Movement in unutilised management expenses	508	504
Overseas tax suffered	471	235
Total current tax charge for the year	471	235

7 Dividends

	2012 £'000	2011 £'000
Amounts paid during the year:		
– third quarterly interim of 1.442p per share paid in respect of the year ended 30 September 2011 (2010: 1.442p)	4,198	4,198
– final of 1.786p per share paid in respect of the year ended 30 September 2011 (2010: 1.786p)	5,199	5,199
– first quarterly interim of 1.442p per share paid in respect of the year ended 30 September 2012 (2011: 1.442p)	4,198	4,198
– second quarterly interim of 1.442p per share paid in respect of the year ended 30 September 2012 (2011: 1.442p)	4,198	4,198
– unclaimed dividends from previous years	(11)	(26)
	17,782	17,767
Amounts payable after the year end:		
– third quarterly interim of 1.442p per share in respect of the year ended 30 September 2012 (2011: 1.442p)	4,198	4,198
– proposed final of 1.786p per share in respect of the year ended 30 September 2012 (2011: 1.786p)	5,199	5,199
	9,397	9,397

8 Return per share

The returns per Ordinary Share represent the Company's earnings per share before the payment of dividends, as shown in the Income Statement.

	2012			2011		
	Revenue	Capital	Total	Revenue	Capital	Total
Ordinary	6.6p	13.0p	19.6p	5.7p	(11.5)p	(5.8)p

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

	2012			2011		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Ordinary	19,087	37,937	57,024	16,676	(33,409)	(16,733)

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

	2012	2011
Weighted average number of shares in issue during the year	291,112,282	291,112,282

9 Investments

	2012	2011
	£'000	£'000
Investments listed on a recognised investment exchange	445,028	413,342
Unquoted investments	87	221
Total investments	445,115	413,563

	Listed in UK £'000	Listed overseas £'000	Unquoted £'000	Total £'000
Opening book cost	309,839	107,405	389	417,633
Opening fair value adjustment	5,097	(8,999)	(168)	(4,070)
Opening valuation	314,936	98,406	221	413,563
Movements in the year:				
Purchases at cost	136,252	148,992	57	285,301
Sales – proceeds	(159,879)	(135,670)	–	(295,549)
– gains/(losses) on sales	7,285	(2,332)	–	4,953
Increase/(decrease) in fair value adjustment	26,076	10,962	(191)	36,847
Closing valuation	324,670	120,358	87	445,115
Closing book cost	293,497	118,395	446	412,338
Closing fair value adjustment	31,173	1,963	(359)	32,777
Closing valuation	324,670	120,358	87	445,115

Notes to the Accounts (continued)

9 Investments (continued)	2012	2011
	£'000	£'000
Equity shares	393,507	360,023
Fixed income securities	51,608	53,540
	445,115	413,563
Gains on investments sold	4,953	24,162
Increase/(decrease) in fair value adjustment	36,847	(53,242)
(Losses)/gains on investments	41,800	(29,080)

The total expenses incurred on the purchase and sale of investments were £710,000 and £327,000 respectively (2011: £770,000 and £429,000).

10 Debtors	2012	2011
	£'000	£'000
Amounts due from brokers	459	422
Prepayments and accrued income	3,026	2,427
Foreign currency exchange contracts	46	–
Other debtors	42	96
	3,573	2,945

11 Creditors: amounts falling due within one year	2012	2011
	£'000	£'000
Revolving advance facility	19,954	23,151
Amounts due to brokers	690	733
Interest on 6.25 per cent Bonds 2031	207	207
Foreign currency exchange contracts	–	33
Other creditors	288	288
	21,139	24,412

The Company has a £60 million committed unsecured multi-currency revolving advance facility which matures in March 2013. On 30 September 2012, £20.0 million (2011: £23.2 million), in various currencies, was drawn down.

The principal covenant relating to this loan requires the Company to ensure that at all times its total borrowings (including the 6.25 per cent Bonds 2031) do not exceed 50 per cent of the net asset value (as defined by the loan agreement).

12 Creditors: amounts falling due after more than one year	2012	2011
	£'000	£'000
6.25 per cent Bonds 2031	59,500	59,474

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 accounting standards, which require 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 monies borrowed by the Company does not exceed an amount equal to its share capital and reserves.

13 Share capital	2012 Shares	2011 Shares	2012 £'000	2011 £'000
Issued and fully paid at 30 September				
Ordinary Shares of 25p each	291,112,282	291,112,282	72,778	72,778

14 Reserves	Called-up share capital £'000	Capital redemption reserve £'000	Capital reserve – investments sold £'000	Capital reserve – investments held £'000	Revenue reserve £'000
At 30 September 2011	72,778	15,563	227,938	(4,103)	31,117
Exchange differences	-	-	465	79	-
Gains on investments sold	-	-	4,953	-	-
Gains on investments still held	-	-	-	36,847	-
Management expenses charged to capital	-	-	(1,325)	-	-
Finance costs charged to capital	-	-	(3,082)	-	-
Dividends paid	-	-	-	-	(17,782)
Retained net revenue for the year	-	-	-	-	19,087
At 30 September 2012	72,778	15,563	228,949	32,823	32,422

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	
	2012 pence	2011 pence	2012 £'000	2011 £'000
Ordinary Shares	131.4	117.9	382,535	343,293

Net asset value per Ordinary Share is calculated on shareholders' funds of £382,535,000 (2011: £343,293,000) divided by the number of Ordinary Shares in issue at the year end of 291,112,282 (2011: 291,112,282).

Notes to the Accounts (continued)

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

	2012	2011
	£'000	£'000
Total return before finance costs and taxation	61,605	(12,375)
(Gains)/losses on investments	(41,800)	29,080
Exchange differences	(544)	152
(Increase)/decrease in accrued income and prepayments	(599)	9
Decrease in other creditors	(4)	(73)
Decrease in fees due to the investment manager	–	(450)
Tax on investment income	(440)	(235)
Net cash inflow from operating activities	18,218	16,108

17 Analysis of changes in net debt

	At 30				At 30
	September	Cash	Other	Currency	September
	2011	flow	movements	movements	2012
	£'000	£'000	£'000	£'000	£'000
Cash in bank and on deposit	10,671	3,630	–	185	14,486
6.25 per cent Bonds 2031	(59,474)	–	(26)	–	(59,500)
Revolving advance facility	(23,151)	2,917	–	280	(19,954)
	(71,954)	6,547	(26)	465	(64,968)

18 Financial instruments

The Company's financial instruments comprise equity and fixed interest investments, foreign currency exchange contracts, cash balances, bonds, a bank loan 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, the Chairman's Statement and the Managers' Review, to achieve improved performance in rising markets. The risk of borrowings may be reduced by raising the level of cash balances held. The Company also has the ability to enter into derivative transactions in the form of financial currency contracts and futures and options, subject to Board approval, for the purpose of managing currency and market risk arising from the Company's portfolio, and enhancing income. 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 44. The fair value of all other financial assets and liabilities is represented by their carrying value in the Balance Sheet shown on page 32.

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.

18 Financial instruments (continued)

The Company held the following categories of financial instruments as at 30 September 2012 and 2011:

	2012 £'000	2011 £'000
Financial assets		
Investment portfolio	445,115	413,563
Cash in bank and on deposit	14,486	10,671
Amounts due from brokers	459	422
Payments and accrued income	3,026	2,427
Other debtors	88	96
Financial liabilities		
6.25 per cent Bonds 2031	59,500	59,474
Revolving advance facility	19,954	23,151
Amounts due to brokers	690	733
Bond interest payable	207	207
Other creditors	288	321

Market price risk

The management of market price risk is part of the fund management process and is typical of equity investment. The bond portfolio is exposed to movements in price due to fluctuation in interest rates. 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 in note 9. Derivatives may be used from time to time to hedge specific market risk, gain exposure to a specific market or to enhance income. As at the year end the Company held no material exposure to derivatives other than hedged currency exposure as disclosed on page 47.

If the investment portfolio valuation fell by 10 per cent at 30 September 2012, the impact on the profit or loss and the net asset value would have been a reduction of £44.5 million (2011: £41.4 million). If the investment portfolio valuation rose by 10 per cent at 30 September 2012, the impact on the profit or loss and the net asset value would have been an increase of £44.5 million (2011: £41.4 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.

The Company held the following categories of financial instruments at 30 September 2012 and 2011, all of which are included in the balance sheet at fair value:

Classification of financial instruments

	2012				2011			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets								
Investment portfolio	445,028	–	87	445,115	413,342	–	221	413,563
Foreign exchange currency contracts	–	46	–	46	–	(33)	–	(33)
	445,028	46	87	445,161	413,342	(33)	221	413,530

Notes to the Accounts (continued)

18 Financial instruments (continued)

Level 1 reflects financial instruments quoted in an active market.

Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

Level 3 reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data. The Company holds one unquoted investment which is categorised as level 3. A reconciliation of movements in the year is contained in note 9.

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.

	2012 £'000	2012 Average interest rate	2012 Period until maturity	2011 £'000	2011 Average interest rate	2011 Period until maturity
Amount drawdown under multi-currency revolving advance facility	19,954	0.97%	6 months	23,151	1.09%	1.5 years

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

	2012 £'000	2011 £'000
Sterling	16,025	16,000
US Dollar	2,863	5,160
Euro	793	1,477
Japanese Yen	273	514
	19,954	23,151

If the bank base rate had increased by 1.0 per cent, the impact on the profit or loss and net asset value would have been a decrease of £55,000 (2011: £125,000). If the bank base rate had decreased by 1.0 per cent, the impact on the profit or loss and net asset value would have been an increase of £55,000 (2011: £125,000). 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.

	2012 £'000	2012 Average interest rate	2012 Average period until maturity	2011 £'000	2011 Average interest rate	2011 Average period until maturity
Fixed interest investments	51,608	4.9%	9.50 years	53,450	7.00%	9.05 years
Fixed interest liabilities:						
6.25 per cent Bonds 2031	59,500	6.25%	18.95 years	59,474	6.25%	19.95 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 the middle market price at 30 September 2012 was £73.9 million (2011: £68.6 million).

18 Financial instruments (continued)

Non-interest bearing investments

The Company's non-interest bearing investments are its equity investments which had a value of £393,507,000 as at 30 September 2012 (2011: £360,023,000).

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:

	2012	2011
	£'000	£'000
Fixed income securities	51,608	53,540
Cash at bank and on deposit	14,486	10,671
Balances due from brokers	459	422
Interest, dividends and other receivables	3,026	2,427
	69,579	67,060

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 26. The Managers have 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 through the Managers' process for approving counterparties, which incorporates both a quantitative and qualitative review process in order to achieve a substantial overview of the credit worthiness of all counterparties. Bankruptcy or insolvency of such counterparties may cause the Company's ability to access cash placed on deposit to be delayed, limited or lost.

As at 30 September 2012 the Company had three overnight deposits of £6.4 million, £3.7 million and £2.0 million with three separate counterparties (2011: £6.0 million and £2.8 million with two separate counterparties). There were no other material concentrations of credit risk to counterparties at 30 September 2012 or 30 September 2011 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.

Notes to the Accounts (continued)

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	(690)	-	-	-	-	(690)
Other creditors	(227)	-	-	-	-	(227)
Revolving advance facility	(20,031)	-	-	-	-	(20,031)
Long term liabilities:						
6.25 per cent Bonds 2031	-	-	(3,750)	(15,000)	(112,500)	(131,250)
Total liabilities	(20,948)	-	(3,750)	(15,000)	(112,500)	(152,198)

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 2012, the Company entered into US Dollar and Euro foreign currency contracts with a view to partially hedging these currency risks.

Foreign currency exposure:

	2012 Investments £'000	2012 Current assets/ (liabilities) £'000	2012 Loans £'000	2011 Investments £'000	2011 Current assets/ (liabilities) £'000	2011 Loans £'000
Australian Dollar	7,549	65	-	1,815	76	-
Brazilian Real	6,808	49	-	4,778	1	-
Canadian Dollar	549	-	-	3,081	4	-
Czech Koruna	604	36	-	-	-	-
Chinese Yuan	1,361	-	-	822	-	-
Danish Krona	370	-	-	872	-	-
Euro	24,422	298	(793)	15,048	453	(1,477)
Hong Kong Dollar	6,794	4	-	4,292	1	-
Hungarian Forint	-	-	-	545	-	-
Indian Rupee	2,978	-	-	2,611	-	-
Indonesian Rupiah	1,200	-	-	713	-	-
Israeli Sheqel	400	-	-	-	-	-
Japanese Yen	7,828	114	(273)	7,586	277	(514)
Malaysian Dollar	1,141	7	-	-	-	-
Mexican Peso	1,565	396	-	706	-	-
New Zealand Dollar	1,106	48	-	-	-	-
Norwegian Krone	950	-	-	327	-	-
Polish Zloty	594	30	-	-	-	-
Russian Rouble	1,208	-	-	1,186	-	-
Singapore Dollar	3,185	-	-	1,267	-	-
South African Rand	3,088	-	-	2,336	-	-
South Korean Won	4,936	-	-	6,592	-	-
Swedish Krona	-	-	-	1,147	-	-
Swiss Franc	3,571	-	-	2,403	-	-
Taiwan Dollar	6,586	9	-	3,083	-	-
Thai Baht	-	-	-	649	-	-
Turkish Lira	1,969	-	-	1,054	-	-
US Dollar	29,596	276	(2,863)	35,493	1,537	(5,160)
Total	120,358	1,332	(3,929)	98,406	2,349	(7,151)

18 Financial instruments (continued)

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

	2012 Hedged amount £'000	2012 Unrealised gain/(loss) £'000	2011 Hedged amount £'000	2011 Unrealised gain/(loss) £'000
US Dollar for sterling	1,601	4	3,203	(47)
Euro for sterling	6,268	42	7,017	14
	7,869	46	10,220	(33)

If the value of sterling had weakened against each of the currencies in the portfolio by 10 per cent, the impact on the profit or loss and the net asset value would have been an increase of £13.1 million (2011: £10.4 million). If the value of sterling had strengthened against each of the currencies in the portfolio by 10 per cent, the impact on the profit or loss and the net asset value would have been a reduction of £10.7 million (2011: £8.5 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

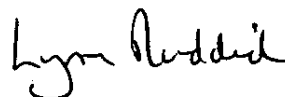
The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps 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, net return and cash flows 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
Lynn Ruddick
Chairman

26 November 2012

Independent Auditor's Report

Independent Auditor's 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 2012 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement 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 Chapter 3 of Part 16 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 Auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 48, 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 and express an opinion on 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.

In addition, we read all the financial and non-financial information in the Company's annual report and accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material mis-statements or inconsistencies we consider the implications for our report.

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 2012 and of its net return 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report (continued)

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 26, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the Board on Directors' remuneration.



Julian Young (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
London

26 November 2012

Shareholder Information

Annual General Meeting

Following representations from a number of shareholders who live a long distance from Edinburgh, the Company's Annual General Meeting this year will be held in London. It is the Board's intention to return to Edinburgh for the following Annual General Meeting. This year's Annual General Meeting will be held at Exchange House, Primrose Street, London EC2A 2NY on Tuesday, 29 January 2013 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 be obtained from Equiniti Limited at the above address.

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 at the above address 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 2012

■	F&C Asset Management Retail Products 22.9% (2011: 21.2%)
■	Institutions 42.2% (2011: 42.1%)
■	Individuals and Private Client Stockbrokers 34.9% (2011: 36.7%)

Shareholder Information (continued)

Financial Calendar 2012/13

29 January 2013	Annual General Meeting (London)
31 January 2013	Final dividend paid
January 2013	Publication of Interim Management Statement
April 2013	First interim dividend paid
May 2013	Announcement of Interim Results Posting of Interim Report
July 2013	Second interim dividend paid Publication of Interim Management Statement
October 2013	Third interim dividend paid
November 2013	Announcement of Annual Results Posting of Annual Report

Warning to Shareholders – Boiler Room Scams

In recent years, many companies have become aware that their shareholders have been targeted by unauthorised overseas-based brokers selling what turn out to be non-existent or high risk shares, or expressing a wish to buy their shares. If you receive unsolicited investment advice or requests:

- Make sure you get the correct name of the person or organisation
- Check that they are properly authorised by the FSA before getting involved by visiting www.fsa.gov.uk/pages/register/
- Report the matter to the FSA by calling 0845 606 1234
- If the calls persist, hang up

How to Invest

One of the most convenient ways to invest in British Assets Trust plc is through one of the savings plans run by F&C Management Limited ('F&C').

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. You can also make additional lump sum top-ups at any time from £250.

F&C Investment Trust ISA

Use your ISA allowance to make an annual tax efficient investment (£11,280 for the 2012/13 tax year) with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250 and transfer any existing ISAs to us whilst maintaining all the tax benefits.

F&C Child Trust Fund ('CTF')

The CTF is a long-term tax-free savings account for eligible children born between 1 September 2002 and 2 January 2011, using the government's CTF voucher. If your child has a CTF with another provider, you can switch it to F&C – this is simple and straight forward. The maximum that can be invested annually is £3,600 and you can invest from as little as £25 a month.

F&C Children's Investment Plan

Aimed at 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. You can also make additional lump sum top-ups at any time from £100.

F&C Junior ISA ('JISA')

This is a tax-efficient savings plan for children who did not qualify for a CTF. It allows you to invest up to £3,600 each year, with all the tax benefits of the old CTF that it replaces. You can invest from £30 a month, or £500 lump sum, or a combination of both.

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 individual.

How to Invest

You can invest in all our savings plans online, except for the CTF. It's simple to register and invest using your debit card. Alternatively, please contact us for application forms.

New Customers:

Contact our Investor Services Team

Call: **0800 136 420***

Email: **info@fandc.com**

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Contact our Investor Services Team:

Call: **0845 600 3030†**

Email: **investor.enquiries@fandc.com**

By post: F&C Plan Administration Centre
PO Box 11114
Chelmsford
CM99 2DG

*8.30am–5.30pm, weekdays, calls may be recorded.

†9.00am–5.00pm, weekdays, calls may be recorded.

If you have trouble reading small print, please let us know. We can provide literature in alternative formats, for example large print or on audiotape. Please call 0845 600 3030†.

The above has been approved by F&C Management Limited which is a member of the F&C Asset Management Group and is authorised and regulated in the UK by the Financial Services Authority.

Notice of Annual General Meeting

Notice is hereby given that the One Hundred and Fifteenth Annual General Meeting of British Assets Trust Public Limited Company will be held at Exchange House, Primrose Street, London EC2A 2NY on Tuesday, 29 January 2013 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 2012 be received.
 2. That the Directors' Remuneration Report for the year ended 30 September 2012 be approved.
 3. That a final dividend of 1.786 pence per Ordinary Share be declared.
 4. That Ian Russell, who retires annually, be re-elected as a Director.
 5. That James Long, who retires annually, be re-elected as a Director.
 6. That James MacLeod, who retires annually, be re-elected as a Director.
 7. That Jimmy West, who retires annually, be re-elected as a Director.
 8. That Lynni Ruddick, who retires annually, be re-elected as a Director.
 9. That Ernst & Young LLP be re-appointed as Auditor.
 10. That the Directors be authorised to determine the Auditor's remuneration.
 11. 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 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 securities 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:
12. That, subject to the passing of resolution number 11 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 11 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 5 per cent of the nominal value of the issued share capital of the Company, as at 26 November 2012.
 13. 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 (or if less, 14.99 per cent of the number of ordinary shares in issue immediately prior to the passing of this resolution);
- (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 29 July 2014 whichever is the earlier, 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.

By order of the Board

G R Hay Smith

Secretary

80 George Street

Edinburgh EH2 3BU

26 November 2012

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 provided that, if more than one proxy is appointed, each proxy is appointed to exercise rights attached to different shares. A proxy need not be a member of the Company.
2. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
3. 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 25 January 2013 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).
4. 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 25 January 2013 or, in the event that the meeting is adjourned, on the Register of Members as at 6.00 pm two days (excluding non-working days) before 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 25 January 2013 or, in the event that the meeting is adjourned, on the Register of Members as at 6.00 pm two days (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.
5. 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.
6. 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 auditor) setting out any matter relating to the audit of the Company's accounts, including the auditor's report and the conduct of the audit. The Company will be required to do so once it has received such requests from 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

Notice of Annual General Meeting (continued)

writing and must state the member's full name and address and be sent to 80 George Street, Edinburgh EH2 3BU.

7. 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.

8. Under section 338 of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 10 below may, subject to certain conditions, require the Company to circulate to members notice of a resolution which may properly be moved and is intended to be moved at the meeting.

The conditions are that: (i) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (ii) the resolution must not be defamatory of any person, frivolous or vexatious; and (iii) the request: (a) may be in hard copy form or in electronic form; (b) must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identifying the resolution which is being supported; (c) must be authenticated by the person or persons making it; and (d) must be received by the Company not later than six weeks before the date of the meeting.

9. Under section 338A of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 10 below, may, subject to certain conditions, require the Company to include in the business to be dealt with at the meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The conditions are that: (i) the matter of business must not be defamatory of any person, frivolous or vexatious; and (ii) the request: (a) may be in hard copy form or in electronic form; (b) must identify the matter of business by either setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported; (c) must be accompanied by a statement setting out the grounds for the request; (d) must be authenticated by the person or persons making it; and (e) must be received by the Company not later than six weeks before the date of the meeting.

10. In order to be able to exercise the members' right to require: (i) circulation of a resolution to be proposed at the meeting (see note 8); or a matter of business to be dealt with at the meeting (see note 9), the relevant request must be made by: (a) a member or members having a right to vote at the meeting and holding at least 5 per cent of the total voting rights of the Company; or (b) at least 100 members having a right to vote at the meeting and holding, on average, at least £100 of paid up share capital.

11. Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting and 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.

12. 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.

13. 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 than 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 by other means.

14. 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.

15. 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.

16. 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.

17. As at 5.00 pm on 26 November 2012 (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 26 November 2012 was 291,112,282.

18. 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 cost 8p per minute from a BT landline. Other providers' costs may vary. Lines open 8.30 am to 5.30 pm, Monday to Friday. The Company's registrars' overseas helpline number is + 44 121 415 7047.

Corporate Information

Directors

Lynn C Ruddick, (Chairman)*
James M Long, TD
James S MacLeod†
Ian S M Russell
Jimmy G West‡

Company Secretary

Gordon R Hay Smith, CA

Investment Managers

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

Auditor

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

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

*Chairman of the Management Engagement and Remuneration
Committee and the Nomination Committee

†Chairman of the Audit Committee

‡Senior Independent Director

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: 0906 559 6025 †

* 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.