



**British Assets Trust plc**  
Annual Report and Accounts  
2008

# Contents

Company Summary	1
Financial Highlights for the Year	2
Performance Summary	2
Chairman's Statement	3
Investment Managers and Investment Process	6
Managers' Review	7
Classification of Investments	15
Investment Portfolio	16
Capital Structure	18
Ten Year Record	18
Board of Directors	19
Report of the Directors	20
Directors' Remuneration Report	29
Income Statement	31
Reconciliation of Movements in Shareholders' Funds	31
Balance Sheet	32
Cash Flow Statement	33
Notes to the Accounts	34
Statement of Directors' Responsibilities	48
Independent Auditors' Report	49
Shareholder Information	51
How to Invest	53
Notice of Annual General Meeting	54
Appendix to the Notice of Annual General Meeting	57
Corporate Information	



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all of your Ordinary Shares in British Assets Trust plc, please forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was, or is being, effected, for delivery to the purchaser or transferee.

# Company Summary

## **The Company**

The Company is an investment trust. Its shares are listed on the Official List and traded on 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 2008 were £392.9 million.

## **Objective**

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

## **Investment Policy**

The Company's investment policy is contained within the Report of the Directors on pages 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. The notice period is six months. Further details of the management contract are provided in Note 3 to the Accounts.

## **Capital Structure**

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

## **ISA Status**

The Company's shares are eligible for Individual Savings Accounts ('ISAs'). You may also invest through your stockbroker.

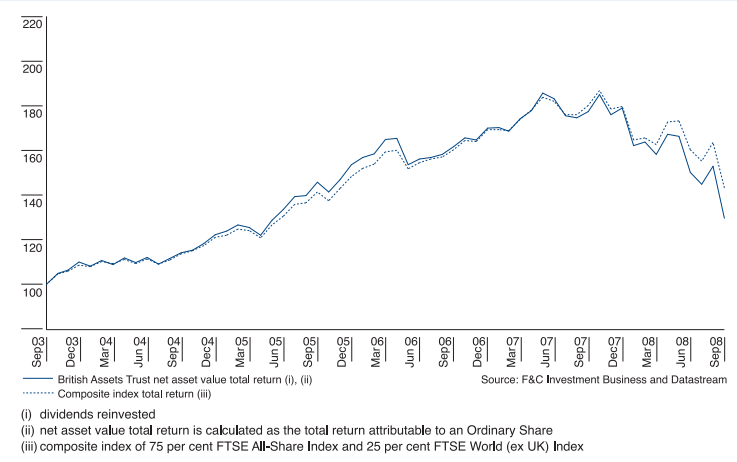
## **Website**

The Company's internet address is [www.british-assets.co.uk](http://www.british-assets.co.uk)

# Financial Highlights for the Year

- Dividend increase of 4.0 per cent
- Share price total return of –24.8 per cent
- Net asset value total return of –26.8 per cent

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



## Performance Summary

	30 September 2008	30 September 2007	% change
<b>Total Return</b> (note 1)			
Net asset value (note 2)	<b>(26.8)%</b>	9.7%	
Ordinary Share price	<b>(24.8)%</b>	10.5%	
Composite index (note 3)	<b>(20.3)%</b>	12.5%	
FTSE All-Share Index	<b>(22.3)%</b>	12.2%	
FTSE World (ex UK) Index	<b>(14.4)%</b>	13.3%	
<b>Capital Values</b>			
Net asset value	<b>114.0p</b>	161.4p	(29.4)%
Ordinary Share price	<b>100.8p</b>	140.8p	(28.4)%
<b>Revenue and Dividends</b>			
Revenue per Ordinary Share	<b>6.2p</b>	5.7p	+8.8%
Dividends per Ordinary Share	<b>5.934p</b>	5.706p	4.0%
<b>Dividend Yield</b>	<b>5.9%</b>	4.1%	
<b>Discount – Basic</b>	<b>11.6%</b>	12.8%	
<b>Gearing – Net of cash</b> (note 4)	<b>20.5%</b>	15.0%	
– Equity gearing (note 5)	<b>11.6%</b>	8.4%	
<b>Total Expense Ratio (as percentage of shareholders' funds)</b>			
Management (excluding VAT recovery), marketing and other expenses	<b>0.61%</b>	0.63%	
<b>Year's Highs/Lows</b>			
Net asset value	<b>166.1p</b>	<b>109.0p</b>	
Ordinary Share price	<b>147.0p</b>	<b>100.0p</b>	
Discount (basic)	<b>8.2%</b>	<b>16.4%</b>	

### Notes

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

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