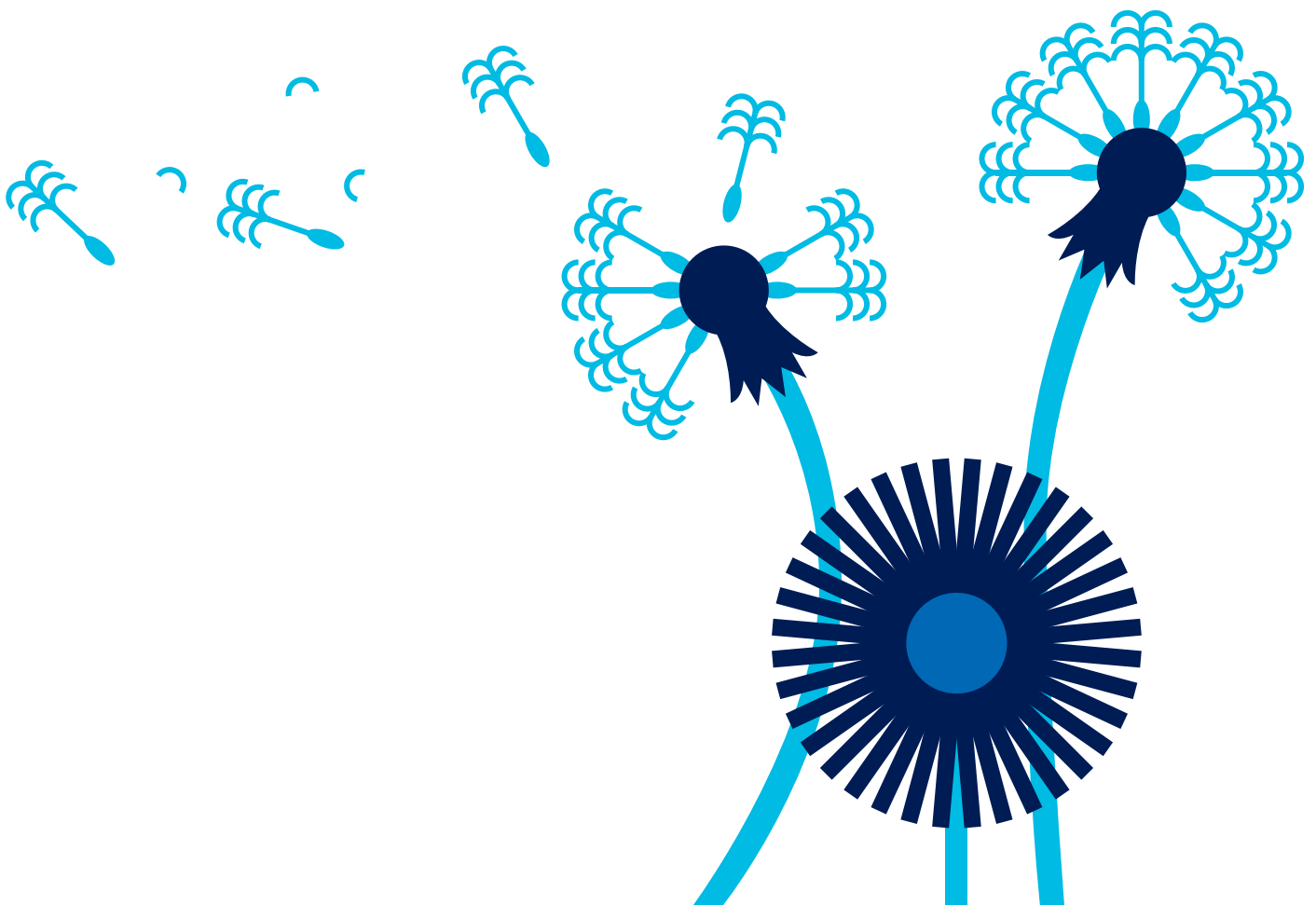


**Family Asset
Trust**

Manager's Report and Accounts.

For the year 1st January 2011
to 31st December 2011.

Distribution number 82 (Final, Audited).
Distribution due 29th February 2012.



Manager's Report

Management and Professional Services

Manager and Registrar

Family Investment Management Limited
16 West Street
Brighton BN1 2RE
Tel: 01273 724570
Fax: 01273 736958

Registered in England No. 1915516

The Manager is authorised and regulated by the Financial Services Authority.

The Manager is a member of the IMA (Investment Management Association).

This report is issued and approved by the Manager.

Investment Advisor

Santander Asset Management UK Limited
Abbey National House
287 St Vincent Street
Glasgow G2 5BR
Authorised and regulated by the Financial Services Authority

Trustee

State Street Trustees Limited
20 Churchill Place
London E14 5HJ
Authorised and regulated by the Financial Services Authority

Auditors

Mazars LLP
Tower Bridge House
St Katharine's Way
London E1W 1DD

Family Investments is a trading name for Family Investment Management Limited, which is a wholly owned subsidiary of Family Assurance Friendly Society Limited, a Friendly Society incorporated in England and Wales under the Friendly Societies Act 1992, registration no: 939F.

Manager's Report - continued

Objective and Policy

The investment objective of the Family Asset Trust is to achieve long term growth by tracking the total return of the FTSE 100 share index or such other similar index as the Manager shall consider appropriate ("The index"). In order to accurately track this index, the Trust's investments will normally replicate the holdings in that index.

Where appropriate, the Trust may use Transferable Securities, Approved Money Market Instruments, units in Collective Investment Schemes, deposits and cash or near cash. Derivatives and Forward Transactions may be used for Efficient Portfolio Management purposes (including hedging).

The Trust may not consist of the exact composition or weighting of the index in circumstances where the Manager determines that this is expedient for reasons of poor liquidity or excessive cost to the Trust.

Trust Performance

This report covers the year from 1st January 2011 to 31st December 2011, the Family Asset Trust returned -2.7% compared to -2.2% from the benchmark.

	01/01/2011 – 31/12/2011
Family Asset Trust*	-2.7%
Benchmark Return**	-2.2%

* Trust returns are net of fees (currently 1% pa) calculated using a nominal price at close.

** Benchmark: FTSE 100 Total Return Index

Source: Benchmark returns sourced from Bloomberg. Trust returns sourced from Lipper (Unit price returns calculated on the basis bid to bid net of tax on dividend)

The majority of the investors in the Family Asset Trust are long term investors and for their benefit, the performance of the Trust over five, seven and ten years is shown in the table below.

	5 Years 29/12/06-30/12/11	7 Years 31/12/04-30/12/11	10 Years 31/12/01-30/12/11
Family Asset Trust	(13.5)%	20.0%	18.0%
FTSE 100	7.9%	49.2%	52.3%
FTSE All Share	6.2%	51.3%	59.5%

Source: Lipper, basis bid to bid net of tax on dividends

Investment objective changed to track the FTSE 100 Total Return in April 2009.

Market Background

Despite a quiet start to 2011, high inflation and news of a 0.5% contraction in UK GDP over the last quarter of 2010 led to uncertainty and volatility in the market around how the Bank of England would act on interest rates. Unrest in the Middle East and North Africa and the devastating earthquake in Japan also took its toll on markets. Sovereign debt issues in peripheral European economies, particularly Greece, had a significant impact. The FTSE 100 Total Return Index, including dividends, lost 2.2% over the year.

Following an outbreak of civil violence in Libya, fears that contagion could spread to the world's largest oil producing nations pushed up oil prices, although these have since retreated.

In the summer, increased risk aversion was the overarching theme throughout the year. Although larger than expected, the financial aid package awarded to Greece at the end of June was not sufficient to support markets. Signs of contagion spread to more prominent Eurozone economies and this coupled with political debate on the other side of the Atlantic to raise the US debt ceiling, prompted further sovereign risk concerns.

In August equity markets fell in excess of 10% as a result of further disappointing macro-economic data. The anxiety produced by the sovereign debt crisis spreading from peripheral to core economies combined with worse than expected growth data in the UK and the continued deterioration of the Purchasing Managers Index survey data, led to concerns of a more severe slowdown in the economy.

This followed a brief period when the dominant market drivers were: the rising speculation over future material decisions from policy makers in Europe, and the UK extending its Quantitative Easing programme.

The weakening trend in European and UK markets however continued due to dissatisfaction amongst investors with regard to policy response. Actions taken did not seem sufficient to create any long term solution.

Manager's Report - continued

Market Background – continued

By the end of the year equity markets in the Eurozone were the most volatile, reflecting the increased perceived local risk. In the UK, the Bank of England reported worsened prospects for the economy in 2012 and predicted flat economic activity during the first six months of the year. European leaders and Central Banks worked together to co-ordinate economic measures, which reduced volatility levels in global equity markets.

Source: Santander Asset Management UK, Datasteam as at 30.12.2011

Activity

Below is the market capitalisation split of the Trust.

Index	Family Asset Trust December 2011 %
FTSE 100 Total Return Index	100.0

The Trust's objective is to track the total return of the FTSE 100 Index. Trades were carried out during the year to maintain the Trust's exposure to the benchmark index.

The objective of this Trust is to track accurately the selected benchmark, the FTSE 100 Index, by investing directly in the FTSE 100 constituents in the same weight as the Index.

In 2011 there were four Index rebalances, one at the end of each quarter. There were nine inclusions and nine deletions made to the Trust. In the March rebalance Wood Group (John), ITV and Hargreaves Lansdown were included. Bunzl, Alliance Trust and African Barrick Gold were deleted from the Index. In June the inclusion was Tate & Lyle and the deletion was TUI Travel. Furthermore, due to the Glencore International equity offering, Glencore was included in the Index on May 24th at market close, and Invensys was deleted.

In the September rebalance Ashmore Group and Bunzl were included. Wood Group (John) and 3i Group were deleted from the index. Finally in December CRH, Evraz and Polymetal International were included and Lonmin, Investec and Inmarsat were deleted.

All these changes were properly made in the Trust.

Outlook

We continue to expect the market conditions to remain volatile due to the combination of sluggish economic growth and the ongoing situation in the Eurozone.

Valuations remain supportive for longer term equity market investors, as equities are attractive and the developing world growth prospects remain strong. However, the situation for risky assets remains challenging in the short term as global growth momentum is deteriorating and systemic risk from Europe remains high. This is despite the recent encouraging data coming mainly from the US. We will continue to expect volatility in the short term until some of the European issues are resolved.

Santander Asset Management UK will continue to adopt a prudent investment approach, underpinned by robust investment processes. This ensures our funds are aligned to their risk profiles at all times. We are constantly monitoring our funds to take full advantage of market conditions.

Tom Caddick

Chief Investment Officer – Santander Asset Management UK Limited

10th February 2012

Significant Changes

Following our investment strategy review, we've decided that from 1st May 2012, the Investment Advisor for all of our Funds will change from Santander Asset Management UK Limited to State Street Global Advisors Limited

The Trust at present aims to achieve growth by investing in shares that make up the FTSE 100 share index in order to closely follow its performance. We've reviewed the performance of this index compared with similar indices, both over the last year and over the longer term, and we believe that we can improve the Trust's performance by changing the index it follows from the FTSE 100 to the FTSE 350. Therefore effective from the 8th May 2012, we intend to begin to implement the changes required on or soon after this date.

Currently, the Trust distributes four times a year. As a Manager we consider the interests of our investors and are always looking for ways to reduce our administration costs. With this in mind, we've decided to reduce the number of times the Trust distributes its income to once a year. This means that following the next distribution on the 29th February 2012, distributions will only happen on or shortly before the last working day in February each year.

Manager's Report - continued

Ongoing Charges Figure (OCF)

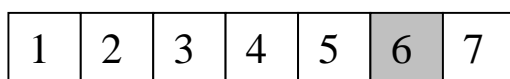
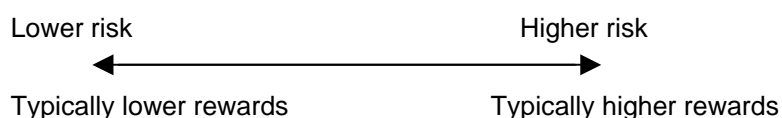
<i>At year ended</i>	<i>OCF %</i>
December 2011	1.04

OCF is a measure of the Trust's ongoing charges. Apart from the initial charge, all other expenses are included in the OCF. The OCF is an accepted standard for the comparison of cost for authorised trusts, recognised throughout Europe.

Authorised Status

The Family Asset Trust is an Authorised Unit Trust Scheme under section 243 of the Financial Services & Markets Act 2000 and is categorised as a UCITS Scheme under the Collective Investment Scheme Sourcebook (COLL).

Risk and Reward Profile



The Risk and Reward Profile is designed to give you a guide to the Trust's level of risk and potential for growth. The higher the number, the greater the potential for growth but the greater the risk.

The Trust has a category of six; this is due to the fact that the Risk and Reward Profile is based on volatility of price movement over a five-year period. Therefore the more the price moves during that period the higher the Risk and Reward Profile will be.

Comparative Table

Trust size

<i>At year ended</i>	<i>Valuation Basis</i>	<i>Net Asset Value (£)</i>	<i>No. of Units In Issue</i>	<i>Net Asset Value per Unit (pence)</i>
December 2009	Bid	82,691,750	44,595,496.36	185.43
December 2010	Bid	85,565,794	41,388,292.53	206.74
December 2011	Bid	81,635,430	40,586,347.85	201.14

Unit price range and income history

<i>Year</i>	<i>Unit Prices</i>		<i>Annual Income (Net Allocations) per Unit (pence)</i>
	<i>Highest Buying (pence)</i>	<i>Lowest Selling (pence)</i>	
2007	269.50	218.40	5.6423
2008	243.70	126.40	6.9293
2009	196.80	122.80	4.4888
2010	222.50	167.80	4.2380
2011	228.10	175.10	5.2516

Past performance should not be seen as an indication of future performance.

Investors are reminded that the price of units, and the income from them is not guaranteed and may go down as well as up.

Manager's Report - continued

Portfolio Statement

As at 31st December 2011

	<i> Holding</i>	<i> Market Value £'000</i>	<i> % of total net assets</i>
Investments			
UK Equities (77.19%; 93.79%)			
Basic Materials (9.73%; 14.75%)			
Chemicals			
Johnson Matthey	9,900	182	0.22
Iron & Steel			
Evraz	18,400	69	0.08
Rio Tinto	68,000	<u>2,125</u>	<u>2.60</u>
		2,194	2.68
Mining			
Anglo American	61,200	1,456	1.78
Antofagasta	18,200	221	0.27
BHP Billiton	97,500	1,825	2.24
Eurasian Natural Resources	17,141	108	0.13
Fresnillo	9,900	151	0.18
Glencore International	63,500	249	0.30
Kazakhmys	8,562	79	0.10
Polymetal International	13,200	144	0.18
Randgold Resources	4,200	277	0.34
Vedanta Resources	6,075	61	0.08
Xstrata	102,700	<u>1,002</u>	<u>1.23</u>
		5,573	6.83
Communications (8.09%; 8.90%)			
Advertising			
WPP	58,100	392	0.48
Media			
British Sky Broadcasting Group	62,120	455	0.56
ITV	214,691	146	0.18
Pearson	37,500	454	0.56
Reed Elsevier	56,100	<u>290</u>	<u>0.36</u>
		1,345	1.66
Telecommunications			
BT Group	357,100	682	0.84
Vodafone Group	2,332,900	<u>4,173</u>	<u>5.11</u>
		4,855	5.95
Cyclical Consumer Goods (3.10%; 3.84%)			
Airlines			
International Consolidated Airlines Group	79,500	117	0.14
Apparel			
Burberry Group	20,100	238	0.29
Auto Parts & Equipment			
GKN	71,500	131	0.16
Distribution & Wholesale			
Wolseley	13,258	282	0.35
Food Service			
Compass Group	86,800	528	0.65
Leisure Time			
Carnival	9,971	212	0.26

Manager's Report - continued

Portfolio Statement - continued

As at 31st December 2011

	<i> Holding</i>	<i> Market Value £'000</i>	<i> % of total net assets</i>
Investments			
Lodging			
InterContinental Hotels Group	15,104	175	0.21
Whitbread	8,100	<u>126</u>	<u>0.15</u>
		301	0.36
Retail			
Kingfisher	109,359	274	0.34
Marks & Spencer Group	73,200	227	0.28
Next	8,000	<u>219</u>	<u>0.27</u>
		720	0.89
Energy (12.66%; 13.76%)			
Oil & Gas			
BG Group	155,600	2,142	2.62
BP	879,983	4,046	4.96
Cairn Energy	63,830	169	0.21
Essar Energy	21,900	38	0.05
Royal Dutch Shell 'B'	124,000	3,042	3.73
Tullow Oil	41,700	<u>582</u>	<u>0.71</u>
		10,019	12.28
Oil & Gas Services			
Amec	15,300	139	0.17
Petrofac	11,900	<u>171</u>	<u>0.21</u>
		310	0.38
Financials (13.11%; 20.17%)			
Banks			
Barclays	565,988	996	1.22
HSBC Holdings	819,100	4,022	4.93
Lloyds Banking Group	1,855,000	479	0.59
Royal Bank of Scotland Group	820,600	166	0.20
Standard Chartered	109,800	<u>1,547</u>	<u>1.90</u>
		7,210	8.84
Diversified Financial Services			
Ashmore Group	19,200	64	0.08
Hargreaves Lansdown	7,800	34	0.04
ICAP	23,846	83	0.10
Man Group	86,600	109	0.13
Old Mutual	259,390	351	0.43
Schroders	9,412	123	0.15
Schroders Non Voting	3,576	<u>38</u>	<u>0.05</u>
		802	0.98
Insurance			
Admiral Group	9,300	79	0.10
Aviva	137,297	412	0.50
Legal & General	270,700	278	0.34
Prudential	116,500	743	0.91
RSA Insurance Group	168,690	178	0.22
Standard Life	110,385	<u>227</u>	<u>0.28</u>
		1,917	2.35
Investment Companies			
Resolution	65,700	165	0.20
Real Estate			
British Land	40,800	188	0.23
Capital Shopping Centres Group	23,007	72	0.09
Hammerson	32,600	118	0.14
Land Securities Group	35,900	<u>228</u>	<u>0.28</u>
		606	0.74

Manager's Report - continued

Portfolio Statement - continued

As at 31st December 2011

	<i> Holding</i>	<i> Market Value £'000</i>	<i> % of total net assets</i>
Investments			
Industrials (2.78%; 2.94%)			
Aerospace & Defence			
BAE Systems	160,855	458	0.56
Meggitt	35,800	126	0.15
Rolls Royce Group	86,400	<u>644</u>	<u>0.79</u>
		1,228	1.50
Building Materials			
CRH	32,500	416	0.51
Machinery-Diversified			
The Weir Group	9,700	197	0.24
Miscellaneous Manufacturers			
IMI	17,600	133	0.16
Smiths Group	18,100	<u>165</u>	<u>0.20</u>
		298	0.36
Packaging & Containers			
Rexam	40,400	142	0.17
Non-Cyclical Consumer Goods (23.55%; 24.57%)			
Agriculture			
British American Tobacco	92,200	2,817	3.45
Imperial Tobacco Group	46,900	<u>1,142</u>	<u>1.40</u>
		3,959	4.85
Beverages			
Diageo	116,300	1,636	2.00
SABMiller	54,900	<u>1,244</u>	<u>1.52</u>
		2,880	3.52
Commercial Services			
Aggreko	12,200	246	0.30
Bunzl	17,800	157	0.19
Capita Group	28,300	178	0.22
Experian	46,100	403	0.49
G4S	65,000	176	0.22
Intertek Group	7,300	148	0.18
Serco Group	22,500	<u>107</u>	<u>0.13</u>
		1,415	1.73
Food			
Associated British Foods	18,200	202	0.25
Morrison (William) Supermarkets	118,900	388	0.47
Sainsbury	86,100	260	0.32
Tate & Lyle	21,500	151	0.19
Tesco	367,200	1,481	1.81
Unilever	60,500	<u>1,308</u>	<u>1.60</u>
		3,790	4.64
Healthcare Products			
Smith & Nephew	41,000	256	0.31
Household Products & Wares			
Reckitt Benckiser Group	33,400	1,062	1.30
Pharmaceuticals			
AstraZeneca	62,100	1,844	2.26
GlaxoSmithKline	234,700	3,452	4.23

Manager's Report - continued

Portfolio Statement - continued

As at 31st December 2011

	<i> Holding</i>	<i> Market Value £'000</i>	<i> % of total net assets</i>
Investments			
Pharmaceuticals - continued			
Shire	25,800	<u>578</u>	<u>0.71</u>
		5,874	7.20
Technology (0.67%; 0.83%)			
Semiconductors			
ARM Holdings	62,100	366	0.45
Software			
Sage Group	61,100	179	0.22
Utilities (3.50%; 4.03%)			
Electric			
International Power	70,100	236	0.29
SSE	43,000	<u>555</u>	<u>0.68</u>
		791	0.97
Gas			
Centrica	237,900	688	0.84
National Grid	164,400	<u>1,026</u>	<u>1.26</u>
		1,714	2.10
Water			
Severn Trent	10,800	161	0.20
United Utilities Group	31,100	<u>189</u>	<u>0.23</u>
		350	0.43
Total UK Equities		<u>63,016</u>	<u>77.19</u>
Overseas Equities (4.93%; 4.97%)			
Royal Dutch Shell 'A'	170,084	4,022	4.93
Total Overseas Equities		4,022	4.93
Futures (0.28%; nil)			
Liffe – FTSE 100 (GBP)	224	231	0.28
Total Futures		231	0.28
Investment Assets		<u>67,269</u>	<u>82.40</u>
Net Other Assets		<u>14,366</u>	<u>17.60</u>
Total Net Assets at 31st December 2011		<u><u>81,635</u></u>	<u><u>100.00</u></u>

The sector percentage figures give current percentage first followed by the percentage at the Previous Annual Accounting date.

Statement of Manager's Responsibilities

In relation to the Report and Accounts of the Trust

The Financial Services Authority's Collective Investment Schemes Sourcebook (COLL) as amended requires the Manager to prepare financial statements for each accounting year, which give a true and fair view of the financial position of the Trust and of its net income and the net losses for the year.

In preparing the financial statements the Manager is required to:

- (a) Select suitable accounting policies and then apply them consistently.
- (b) Comply with the disclosure requirements of the Statement of Recommended Practice for Authorised Funds issued by IMA in October 2010.
- (c) Follow generally accepted accounting principles and applicable accounting standards.
- (d) Keep proper accounting records, which enable it to demonstrate that the financial statements as prepared, comply with the above requirements.
- (e) Make judgements and estimates that are reasonable and prudent.
- (f) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that this Trust will continue in operation.

The Manager confirms that all requirements have been met in preparing the financial statements.

The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Manager is responsible for the management of the Trust in accordance with its Trust Deed, Full Prospectus and COLL.

In pursuing its investment objective set out on page 3 the Trust holds a number of financial instruments. These comprise:

Equity and non-equity shares, debt securities and futures. These are held in accordance with the Trust's investment objective and policies;

Cash, liquid resources and short term debtors and creditors that arise directly from its operations;

Unitholders' funds which represent investors' monies which are invested on their behalf;

Borrowings used to finance investment activity.

It is, and has been throughout the year under review, the Trust's policy that no trading in financial instruments, other than on the Trust's account, shall be undertaken (December 2010: Same).

Director's Statement

This Report is signed in accordance with the requirements of the Collective Investment Schemes Sourcebook.

John Adams
Director

Keith Meeres
Director

10th February 2012

Statement of the Trustee's Responsibilities

In respect of the Financial Statements of the Trust

The Trustee is under a duty to take into its custody or under its control all of the property of the Trust and to hold it in trust for the holders of units. Under the Rules in the Financial Services Authority's Collective Investment Schemes Sourcebook (COLL) relating to Reports it is also the duty of the Trustee to enquire into the conduct of the Manager in the management of the Trust in each accounting year and to report thereon to unitholders in a report which shall contain the matters prescribed by the Rules. A copy of the Trustee's report is included below.

Report of the Trustee

Report of the Trustee for the accounting year 1st January 2011 to 31st December 2011.
Prepared pursuant to and in accordance with Regulation 4.5.11 of the Collective Investment Schemes Sourcebook (COLL).

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Trust, it is our opinion, based on the information available and the explanations provided, that the Manager **Family Investment Management Limited** has in all material respects managed the Trust **Family Asset Trust** during the year ended **31st December 2011**, in accordance with the investment and borrowing powers and restrictions applicable to the Trust, and otherwise in accordance with the provisions of the Trust Deed and the rules in the Financial Services Authority's Collective Investment Schemes Sourcebook (COLL).

For and on behalf of
State Street Trustees Limited
London

10th February 2012

Report of the Auditor

Independent auditor's report to the unitholders of the Family Asset Trust.

We have audited the financial statements of Family Asset Trust (hereafter "the Trust") for the year ended 31st December 2011 which comprise the Statement of Total Return, the Statement of Change in Unitholders' Funds, the Balance Sheet and the related notes. 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).

Respective Responsibilities of the Manager and Auditors

As explained more fully in the Statement of Manager's Responsibilities, the Manager is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view. The Trustee is required to take reasonable care to ensure compliance by the Manager with all relevant requirements.

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 (APB's) Ethical Standards for Auditors. This report is made solely to the unitholders, as a body, in accordance with paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Services Authority. Our audit work has been undertaken so that we might state to the unitholders 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 unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Basis of Audit Opinion

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31st December 2011 and of the net revenue and the net losses on the property of the Trust for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting practice; and
- have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in October 2010, the rules in the Collective Investment Schemes Sourcebook (COLL) of the Financial Services Authority and the Trust Deed.

Opinion on other matters prescribed by the Collective Investments Schemes Sourcebook (COLL) of the Financial Services Authority

In our opinion the information given in the Report of the Manager for the financial year for which the financial statements are prepared is consistent with the financial statements.

We have received all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes Sourcebook (COLL) of the Financial Services Authority requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

Mazars LLP
Chartered Accountants and Statutory Auditor
London

10th February 2012

Statement of Total Return

For the year 1st January 2011 to 31st December 2011

	Note	December 2011		December 2010	
		£'000	£'000	£'000	£'000
Income					
Net Capital (losses)/gains	3		(4,366)		7,352
Revenue	4	3,009		2,663	
Expenses	5	(877)		(840)	
Net revenue before taxation		<u>2,132</u>		<u>1,823</u>	
Taxation	6	<u>(4)</u>		<u>(26)</u>	
Net revenue after taxation for the year			<u>2,128</u>		<u>1,797</u>
Total return before distribution			(2,238)		9,149
Finance Costs: Distributions	7		<u>(2,130)</u>		<u>(1,798)</u>
Change in unitholders' funds from investment activities			<u>(4,368)</u>		<u>7,351</u>

Statement of Change in Unitholders' Funds

For the year 1st January 2011 to 31st December 2011

	December 2011		December 2010	
	£'000	£'000	£'000	£'000
Opening Net Assets		85,566		82,692
Movement due to sale and repurchase of units:				
Amounts received on creation of units	2,790		2,230	
Less: Amounts paid on cancellation of units	<u>(4,475)</u>		<u>(8,496)</u>	
		(1,685)		(6,266)
Stamp duty reserve tax		(8)		(9)
Change in unitholders' funds from investment activities (see above)		(4,368)		7,351
Retained distribution on accumulation units		<u>2,130</u>		<u>1,798</u>
Closing Net Assets		<u>81,635</u>		<u>85,566</u>

Balance Sheet

As at 31st December 2011

		December 2011		December 2010	
	Note	£'000	£'000	£'000	£'000
Assets					
Investment Assets			67,269		84,508
Debtors	8	378		290	
Cash and bank balances	9	<u>14,467</u>		<u>853</u>	
Total Other Assets			<u>14,845</u>		<u>1,143</u>
Total Assets			<u>82,114</u>		<u>85,651</u>
Liabilities					
Creditors	10	479		85	
Total Liabilities			<u>479</u>		<u>85</u>
Net Assets			<u>81,635</u>		<u>85,566</u>
Unitholders' Funds			<u>81,635</u>		<u>85,566</u>

Notes to the Financial Statements

1. Accounting Policies

(a) Basis of Accounting

Financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by IMA in October 2010 (IMA SORP 2010). As a result of the application of IMA SORP 2010 the units of the Trust have been classified as equity instruments. The unitholders' funds are now shown in the Balance Sheet, with consequent other changes in the presentation only. No changes have been made to accounting policies or to the accounting estimates used in applying these policies.

The property of the Trust is stated as at close of business on the 30th December 2011, being the last business day of the financial year. The difference between the valuation at the close of business and that at the pricing point is disclosed in Note 12. The difference between these valuations is not considered to be significant.

(b) Income

Dividends on equities are recognised when the security is quoted ex-dividend, and are shown net of any attributable tax credits. Interest on cash balances and other income are accounted for on an accruals basis. Underwriting commission is recognised when the issue takes place.

(c) Valuation

All investments are valued at their fair value as at close of business on the 30th December 2011, being the last business day of the financial year.

Listed investments have been valued at bid value as at close of business on the Balance Sheet date, and are shown net of any accrued interest which is included in the Balance Sheet as a debtor.

Any unlisted, delisted, suspended or unapproved securities have been valued at the Manager's best estimate.

(d) Deferred Taxation

Deferred tax is provided for on all timing differences that have originated but not reversed by the Balance Sheet date. Any liability to deferred tax is provided at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

(e) Foreign Currencies

Assets and liabilities have been translated into sterling at the exchange rate prevailing at the valuation point. Non-Sterling receipts and payments are translated at the rates applicable on the date of settlement. Any gains or losses arising from holding assets or liabilities denominated in currencies other than sterling are recognised as capital or income depending on the nature of the underlying item.

(f) Dividend Policy

The net income of the Trust is regarded as the amount available for distribution; no adjustment is made in respect of either management expenses or stock dividends. Management expenses, to the extent that it is permitted, are charged against income.

(g) Special Dividends

These were recognised as either income or capital depending upon the nature and circumstances of the dividend receivable.

(h) Treatment of Stock Dividends

The Trust may elect to take up stock paid in lieu of a cash dividend. These stocks are recorded in the accounts at a value equal to the dividend cash equivalent. These dividends have been recognised as income and form part of the distribution.

In the case of enhanced stock dividends, the amount by which such dividends exceed the cash dividends is treated as capital and does not form part of the distribution.

(i) Treatment of stocklending

Stocklending income is recognised on an accruals basis net of associated costs.

(j) Treatment of expenses

All expenses, except for those relating to the purchases and sales of investments and Stamp Duty Reserve Tax are charged initially against income.

Notes to the Financial Statements - continued

2. Distribution Policy

All revenue received by the Trust less accrued income, revenue expenses and taxation is allocated to unit holders and accumulated.

	December 2011 £'000	December 2010 £'000
3. Net Capital (Losses)/Gains on Investments		

The net (losses)/gains on investments during the year comprise:

(Losses)/gains on investments	(4,821)	7,273
Gains on futures	<u>455</u>	<u>79</u>
Net (losses)/gains on investments	<u>(4,366)</u>	<u>7,352</u>

4. Revenue

UK dividends	2,736	2,410
UK property income distribution	33	23
Overseas dividends	225	227
Bank interest	8	2
Stocklending commission	—	1
Foreign currency gains	<u>7</u>	<u>—</u>
	<u>3,009</u>	<u>2,663</u>

5. Expenses

Payable to the Manager, associates of the Manager and agents of either of them:

Manager's periodic charge	<u>831</u>	<u>800</u>
	<u>831</u>	<u>800</u>

Payable to the Trustee, associates of the Trustee and agents of either of them:

Trustee fees	31	30
Transaction charges	2	1
Custodian charges	<u>4</u>	<u>4</u>
	<u>37</u>	<u>35</u>

Other expenses

Audit fee (including VAT)	<u>9</u>	<u>5</u>
	<u>9</u>	<u>5</u>

Total Expenses	<u>877</u>	<u>840</u>
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Notes to the Financial Statements - continued

	December 2011 £'000	December 2010 £'000
6. Taxation		
a.) Analysis of charge in the year		
Current tax:		
UK corporation tax on net income	—	—
Adjustment in respect of prior years	—	—
	<u>—</u>	<u>—</u>
Foreign tax	4	26
Total current tax (note b)	4	26
Deferred tax (note c)	—	—
Total Taxation	<u>4</u>	<u>26</u>

Corporation tax has been provided at a rate of 20% (December 2010: 20%)

b.) Factors affecting current tax charge for the year

The tax assessed for the year is different than the standard rate of corporation tax in the UK for an Authorised Unit Trust (20%). The differences are explained below.

Net income before tax	<u>2,132</u>	<u>1,823</u>
Tax at standard rate of 20%	426	365
Non taxable income*	(592)	(527)
Overseas withholding tax suffered	4	26
Net accruals	—	1
Creation of tax losses	166	161
Current tax charge for year (note a)	<u>4</u>	<u>26</u>
c.) Provision for deferred tax		
Provision at start of year	—	—
Deferred tax charge in P & L for year (note c)	—	—
Provision at end of year	<u>—</u>	<u>—</u>

* As an Authorised Unit Trust these items are not subject to Corporation Tax.

The Trust is exempt from Capital Gains Tax.

The Trust has not recognised a deferred tax asset of £4,962k (December 2010: £4,796k), which has arisen as a result of having unutilised management expenses. These expenses will only be utilised if the tax treatment of capital gains or the Trust's investment profile changes. The unrecognised deferred tax asset at December 2010 is different than that disclosed in the 2010 year end Financial Statements. This is due to the accounts being calculated on a different basis to the amounts submitted to HM Revenue & Customs.

7. Finance Costs Distributions

The distributions take account of all revenue received by the Trust less accrued income, revenue expenses and taxation, and comprise:

Interim - Quarter 1	590	600
Interim - Quarter 2	598	521
Interim - Quarter 3	517	425
Final - Quarter 4	425	252
	<u>2,130</u>	<u>1,798</u>
Net distribution for the year	<u>2,130</u>	<u>1,798</u>

Details of the distribution per unit are set out in the table on page 22.

Notes to the Financial Statements - continued

	December 2011 £'000	December 2010 £'000
8. Debtors		
Amount due for creation of units	—	2
Accrued income - UK dividends	365	282
UK property income distribution	3	3
Accrued bank interest	4	—
Foreign currency gain	—	1
Overseas tax recoverable	<u>6</u>	<u>2</u>
	<u>378</u>	<u>290</u>
9. Cash and Bank Balances		
Futures cash balances	816	—
Cash and bank balances*	<u>13,651</u>	<u>853</u>
Total cash and bank balances	<u>14,467</u>	<u>853</u>

* Large cash balances are being held to cover the futures contracts; the face value of the contracts is £12.4m.

10. Creditors		
Amount due for cancellation of units	400	—
Accrued expenses	77	83
Stocklending monies owed	—	1
Other creditors	<u>2</u>	<u>1</u>
	<u>479</u>	<u>85</u>

11. Related Party Transactions

The Manager of Family Asset Trust, Family Investment Management Limited, is a wholly owned subsidiary of Family Assurance Friendly Society Limited ("the Society"), being the ultimate controlling party. The Society and Family Asset Trust are deemed to be related parties. In addition, State Street Trustees Limited, as Trustee, is also regarded as a related party.

All unit creations and cancellations, and all balances due as at 31st December 2011 in respect of creations and cancellations, as disclosed in the Balance Sheet, are executed with the Manager (December 2010: Same).

Total Management charges and Trustee fees incurred during the year are disclosed in note 5.

The Custodian has taken nil (December 2010; £522) in relation to stocklending fees during the year.

All bank balances are with the Trustee as at 31st December 2011 and are disclosed in the Balance Sheet.

Family Equity Plan Limited, being a subsidiary of the Society, is deemed to be a related party of Family Asset Trust. The Society and the Family Assurance Staff Pension Scheme are deemed to be related parties of Family Asset Trust. As at 31st December 2011, their holdings in Family Asset Trust were:

Fund:	£ (millions)	Units (millions)	Purchases during year units (millions)	Sales during year units (millions)
Society	51.969	25.837	1.522	1.795
Family Staff Pension	7.905	3.930	0.048	0.119
Family Equity Plan	<u>13.311</u>	<u>6.618</u>	<u>0.004</u>	<u>0.506</u>
	<u>73.185</u>	<u>36.385</u>	<u>1.574</u>	<u>2.420</u>

Notes to the Financial Statements - continued

12. Risk Management

Financial Instruments are valued at fair value in accordance with Financial Reporting Standard 26 as disclosed in note 1(c).

Management of risk

The principal risks arising from the Trust's financial instruments are market price and credit risks. The Manager reviews (and agrees with the Trustee) policies for managing each of these risks. These policies have remained unchanged since the beginning of the year to which these financial statements relate, and the preceding year.

Fair values of financial instruments

All of the financial assets of the Trust are held at fair value.

Financial liabilities and equity instruments

The units of the Trust are puttable equity instruments and the main liability of the Trust is that due to the unitholders. Puttable means that the unitholder can sell at their discretion the units they hold back to the Trust for cash for the price quoted that day.

- At the Balance Sheet date the liability to redeem units to the unitholders was £ 81,635,430 (December 2010; £ 85,565,794)

The fair value of the Trust is derived from the cancellation price of the units as at 30th December 2011, which is the lowest redeemable value of the Trust.

The book value of the Trust is derived from the closing price of the units as at 31st December 2011.

Set out below is a comparison by category of book values and fair values of the Trust's financial liabilities and equity instruments.

		Book Value (fair value at close) £	Fair Value (at pricing point) £
Primary financial liabilities and equity instruments held or issued to finance the Trust's operations:			
Liability to redeem units	Dec 2011	81,635,430	81,303,966
	Dec 2010	85,565,794	86,246,624

Market price risk

Market risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Trust might suffer through holding market positions in the face of price movements.

The Investment Advisor meets monthly (or more often if appropriate) to consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameter described above and seeks to ensure that the individual stocks also meet the risk reward profile that is acceptable.

Derivative Risk

The Manager may employ derivatives solely for the purposes of Efficient Portfolio Management with the aim of reducing the risk profile of the Trust.

Interest rate risk

The Trust may invest in debt securities. Any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Investment Advisor being unable to secure similar returns on the expiry of contracts or the sale of securities. In addition changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general if interest rates rise the income potential of the Trust also rises but the value of the debt securities will decline (along with certain expenses calculated by reference to the assets of the Trust). A decline in interest rates will in general have the opposite effect.

Notes to the Financial Statements - continued

Currency rate risk

The Trust invests in foreign equities, which are priced in local currency. The local value is converted to sterling at the prevailing exchange rate for valuation purposes. The Trust is exposed to the possibility of sharp currency movements, which can affect the value of the portfolio on a daily basis.

The Trust may be subject to short term exposure to exchange rate movement, for instance where there is a difference between the date when the investment purchase or sale is entered into and the date when settlement of the proceeds occurs. When the Trust enters into such a transaction which will involve the buying and selling of foreign currency in order to complete, a forward contract is entered into at the same time as the initial transaction in order to eliminate exchange rate risk.

The Trust receives income in currencies other than sterling and movements in exchange rates can affect the sterling values of this income. The Trust converts all receipts of income into sterling on or near the date of receipt. However it does not hedge or otherwise seek to avoid rate movement risk on income accrued but not received.

Liquidity risk

The Trust's assets comprise mainly of readily realisable securities, which can be readily sold. The main liability of the Trust is the redemption of any units that investors wish to sell.

Credit risk

Certain security transactions that the Trust enters into expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Trust has fulfilled its responsibilities.

The Trust only buys and sells investments through brokers, which have been approved by the Investment Advisor as an acceptable counter-party. The Manager undertakes periodic visits to the Investment Advisor to confirm that delegated functions are being performed in accordance with Financial Services Authority's rules.

13. Portfolio Transaction Costs

	December 2011 £'000	December 2010 £'000
Analysis of total purchase costs		
Purchases in year before transaction costs	5,348	4,344
Commissions	4	4
Taxes	<u>10</u>	<u>8</u>
Total purchase costs	14	12
Gross purchase total	<u>5,362</u>	<u>4,356</u>
Analysis of total sale costs		
Gross sales in year before transaction costs	17,815	7,690
Commissions	(33)	(14)
Taxes	<u>—</u>	<u>—</u>
Total sales costs	(33)	(14)
Total sales net of transaction cost	<u>17,782</u>	<u>7,676</u>

Notes to the Financial Statements - continued

14. Contingent Liabilities

As at 31st December 2011 there were no contingent liabilities (December 2010 none).

15. Non-Eligible Markets

As at 31st December 2011 there were no securities held that trade on non-eligible markets (December 2010 none).

16. Stamp Duty Reserve Tax

The Stamp Duty Reserve Tax (SDRT) regime generally imposes a 0.5% charge on the value of redemptions of units to the Manager, which is potentially reduced by two ratios:

1. If more units are redeemed than issued during the two week period, which consists of the week the redemption occurs and the following week, then the liability is reduced by multiplying it by the ratio I/R (where I and R are the number of units issued and redeemed in the two week period).
2. If a trust has investments in exempt assets, the liability is (further) reduced by multiplying it by the ratio $N/(N+E)$ (where N and E are the average market values of the non-exempt and exempt assets of the fund over the two week period).

SDRT is calculated on a two week rolling basis (the charging period is one week: the level of SDRT ultimately payable will depend on the number of issues and redemptions of units dealt during the charging week and the following week) and charged to the property of the Trust via a weekly accrual. Although legally the Trustee is liable for the tax, it is the Manager who collects and administers it.

17. Unit Classes

The Trust only issues accumulation units. The annual management charge for these units is 1% of the Trust's Net Asset Value, calculated monthly.

Distribution Table

The distribution table forms part of the notes to the financial statement.

For the year ended 31st December 2011

Distribution - in pence per unit

	Current Year	Prior Year
31st March 2011		
Group 1	1.4492	1.3791
30th June 2011		
Group 1	1.4790	1.2385
30th September 2011		
Group 1	1.2753	1.0114
31st December 2011		
Group 1	1.0481	0.6090

Corporate Unitholders Information

A unitholder within the charge to UK corporation tax receives the allocation excluding any equalisation as unfranked income to the extent that the income from which the allocation is made is not franked investment income.

Where the income from which the allocation is made is not wholly franked investment income, part of the allocation is received as an annual payment from which income tax at the lower rate has been deducted.

The tax deducted is available for offset against the unitholders corporation tax liability. If there is no tax liability the amount may be reclaimable as cash from HM Revenue & Customs.

	Franked% (1)	Unfranked % (2)
31st March 2011	98.06	1.94
30th June 2011	99.50	0.50
30th September 2011	97.97	2.03
31st December 2011	97.97	2.03

(1) The percentage of the total allocation that is received as franked investment income.

(2) The percentage of the allocation that is received as an annual payment after deduction of income tax at the lower rate and is chargeable to corporation tax. It is not franked investment income.

General Information

Launch:

The Trust was launched on 24th January 1991 at an initial offer price of 50p.

Distributions:

The annual accounting year ends on 31st December with an interim accounting date on the 30th June.

It is the policy of the Manager to only distribute income following the annual accounting date. Income is paid net of Income Tax, and distribution certificates are distributed on the last day of February.

Reports:

Manager's reports for the Family Asset Trust are published every six months on the last day of February and 31st August.

Prices:

There are two prices quoted for the Trust, a selling price and a buying price. The selling price is the price at which you can sell your units back to the Manager and the buying price is the price at which you can buy units from the Manager.

Prices are calculated as at 10.00am on each business day.

Prices and the estimated yield generated by the Trust are published on the IMA and Financial Express website www.fundlistings.com. Prices are also available on www.family.co.uk, or by contacting our Customer Services Team on 0808 100 7654 (telephone calls may be recorded or monitored).

Units:

The Family Asset Trust issues only accumulation units. Accumulation units ensure that any distribution is added to the value of the investment.

Buying and selling units:

The Manager can receive written requests to buy or sell units during normal business hours. The units will be bought and sold following the next price calculation.

Cancellation rights:

Investors entering into a contract to purchase units will have the right to cancel said purchase within 14 days of receipt of the cancellation notice. Please note that, for lump sum investments, clients who exercise their right to cancel may be charged for any market loss (shortfall) incurred.

Prospectus:

The Full Prospectus for the Family Asset Trust is available on request from the Manager.

Yield:

The historical yield of the Trust is quoted on the IMA and Financial Express website www.fundlistings.com. The yield shown reflects the distributions paid or declared by the Trust over the past twelve months, as a percentage of the unit price of the Trust. It does not include any initial sum paid in order to invest in the Trust and investors may be subject to tax on distributions.

Other Authorised Funds managed by Family Investment Management Limited:

The Full Prospectuses and latest Report and Accounts for any of the Authorised Funds managed by Family Investment Management Limited are available upon request.

Managed by
Family Investment Management Limited
16 West Street
Brighton
East Sussex BN1 2RE
Tel: 01273 724570
Fax: 01273 736958
Member of the IMA

Authorised and regulated by the Financial Services Authority

Family Investments is the trading name of Family Assurance Friendly Society (incorporated under the Friendly Societies Act 1992, Reg No. 939F), Family PEP Managers Limited (Co. No. 2934967), Family Investment Management Limited (Co. No. 1915516) and Family Equity Plan Limited (Co. No. 2208249), which are all authorised and regulated by the Financial Services Authority (25 The North Colonnade, Canary Wharf, London E14 5HS). Registered in England at: 16-17 West Street, Brighton, East Sussex BN1 2RL.