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Edinburgh UK Tracker
Trust plc

Annual Report & Accounts
31 December 2007



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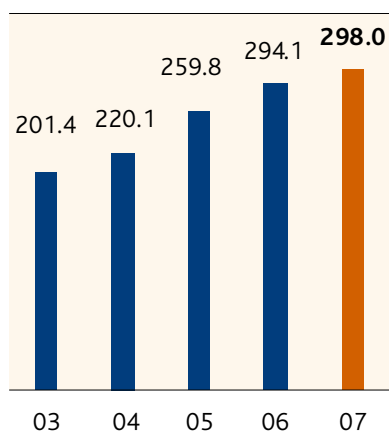
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Financial Highlights

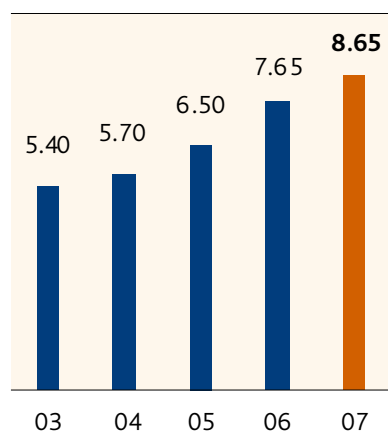
	2007	2006
Net asset value total return	+5.5%	+16.0%
Share price total return	+3.2%	+18.7%
FTSE All-Share Index total return	+5.3%	+16.8%
Dividend per share	+13.1%	+17.7%
Total expense ratio	0.33%	0.39%

Net Asset Value per share - pence

At 31 December

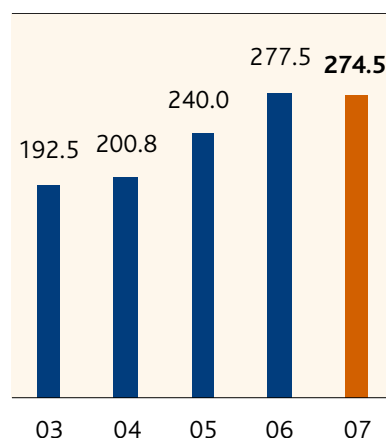


Dividends per share - pence



Share price - pence

At 31 December



Financial Calendar

5 March 2008	Announcement of results for year ended 31 December 2007
18 April 2008	Annual General Meeting
23 April 2008	Final Ordinary dividend payable for year ended 31 December 2007
July 2008	Announcement of interim results for six months ending 30 June 2008
August 2008	Interim Ordinary dividend payable for year ending 31 December 2008

Corporate Summary

The Company

The Company is an investment trust and its shares are listed on the London Stock Exchange.

Manager

Aberdeen Asset Managers Limited ("AAM")

Investment Objective

To invest in a portfolio designed to track closely the FTSE All-Share Index, both in terms of capital and income.

Benchmark

FTSE* All-Share Index

Investment Policy and Process

The first step to track the FTSE All-Share Index is full replication of the FTSE 350 Index. This means that the Company holds all of the 353 stocks that make up the FTSE 350 Index, which represented 97% of the value of the FTSE All-Share Index at 31 December 2007. The remaining 3% of the FTSE All-Share Index covers smaller companies and this area is represented in the Company's portfolio by an equity-linked unsecured loan stock, which tracks the FTSE SmallCap (ex Investment Companies) Index together with holdings in most of the stocks within the FTSE SmallCap Index. At 31 December 2007, the total portfolio consisted of 636 stocks, compared with 674 constituents in the FTSE All-Share Index.

As a result of the publication of the Investment Entities (Listing Rules and Conduct of Business) Instrument 2003, the Board stated that it is the Company's policy to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts).

The Company complies with section 842 of the Income and Corporation Taxes Act 1988 and does not invest more than 15% of its assets in the shares of any one company.

Capital Structure

The Company has a capital structure comprising Ordinary shares of 10p. Each Ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every share held.

Total Assets and Net Asset Value

The Company had total assets of £326.4 million and a net asset value of 298.03p per Ordinary share at 31 December 2007. The Company's total expenses (after tax) represented 0.33% of the average net asset value during the period.

Market Capitalisation

The Company had a market capitalisation of £300.7 million at 31 December 2007.

Websites

www.edinburghuktracker.co.uk
www.invtrusts.co.uk

Company Secretary

Aberdeen Asset Management PLC, 40 Princes Street, Edinburgh EH2 2BY
Email: company.secretary@invtrusts.co.uk

Customer Services

Freephone: 0500 00 0040
Email: inv.trusts@aberdeen-asset.com

Risk

Managing a portfolio of shares necessarily involves certain risks, the more important of which are set out on pages 14 and 34 to 35 of this Report.

Duration

The Company does not have a fixed winding-up date but shareholders are given the opportunity to vote on the continuation of the Company every year at the Annual General Meeting.

Share Dealing / PEP/ ISA Status

Shares in Edinburgh UK Tracker Trust plc can be bought in the open market through a stockbroker. Shares can also be purchased through the Aberdeen Investment Trust Share Plan and the Investment Trust ISA and PEP and are fully qualifying for inclusion within tax efficient ISA wrappers (see page 38).

Management Agreement

The Company has an agreement with AAM for the provision of management services, details of which are shown in note 3 to the financial statements. The management fee is 0.25% per annum of the total assets of the Company, after deducting current liabilities and excluding commonly managed funds. The management fee is reduced to 0.10% per annum on the total assets less current liabilities of the Company in excess of £100 million and is further reduced to 0.09% per annum on the total assets less current liabilities of the Company in excess of £250 million. The agreement is normally terminable by either party on three months' notice. In the event of termination on less than the agreed notice period, compensation is payable in lieu of the unexpired notice period.

The terms and conditions of the Manager's appointment, including an evaluation of performance and fees, are reviewed by the Board on an annual basis. The Board believes that the continuing appointment of the Manager, on the terms agreed, is in the interests of shareholders as a whole. Further details are provided in the Chairman's Statement.

Information about the Manager

The Company's Manager is Aberdeen Asset Managers Limited ("AAM"), a wholly-owned subsidiary of Aberdeen Asset Management PLC ("Aberdeen"), whose Group companies as at 31 January 2008 managed a combined £103.7 billion of funds for UK institutions, investment trusts, closed end funds, unit trusts, private clients and offshore funds.

It has its headquarters in Aberdeen with principal offices in Bangkok, Edinburgh, Hong Kong, London, Philadelphia, Singapore and Sydney.

The Group now manages over 30 investment trusts and other closed-end funds representing £5.7 billion under management.

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Your Board of Directors

The Directors, all of whom are non-executive and independent of the Manager, supervise the management of Edinburgh UK Tracker Trust and represent the interests of shareholders.

Tom Ross OBE

Status: Independent Non-Executive Chairman

Age: 63

Length of service: 7 years, appointed a Director on 2 February 2001

Experience: is an actuary and formerly a principal at Aon Ltd

Last re-elected to the Board: 21 April 2006

Committee membership: Audit Committee & Chairman of Nomination Committee

Remuneration: £14,950

All other public company

directorships: a director of Royal London Mutual Insurance Society and Tribune UK Tracker PLC

Employment by the Manager: None

Other connections with Trust or Manager: None

Shared Directorships with any other

Trust Directors: None

Shareholding in Company: 10,000 Ordinary shares

Meetings attended during the year:

Board Meetings: 4

Audit Committee Meetings: 2

Nomination Committee Meetings: 1

Acquisition of Tribune Board Meetings and Committee Meetings: 7

David Hager

Status: Independent Non-Executive Director

Age: 57

Length of service: appointed a Director on 23 February 2007

Experience: is a consulting actuary and principal at Hewitt Bacon & Woodrow Limited, specialising in investment advice to pension funds

Last re-elected to the Board: 20 April 2007

Committee membership: Audit Committee & Nomination Committee

Remuneration: £11,334

All other public company

directorships: a director of Kerr Henderson Hewitt Ltd

Employment by the Manager: None

Other connections with Trust or Manager: None

Shared Directorships with any other

Trust Directors: None

Shareholding in Company: 7,730 Ordinary shares

Meetings attended during the year:

Board Meetings: 4

Audit Committee Meetings: 2

Nomination Committee Meetings: n/a

Acquisition of Tribune Board Meetings and Committee Meetings: 7

David Mathewson

Status: Independent Non-Executive Director and Senior Independent Director

Age: 60

Length of service: 9 years, appointed a Director on 20 April 1998

Experience: former chairman of Geared Opportunities Income Trust

Last re-elected to the Board: 22 April 2005

Committee membership: Chairman of Audit Committee and Member of Nomination Committee

Remuneration: £12,450

All other public company

directorships: Chairman of Amazing Holdings plc, Corsie Group plc and Asian Growth Properties Ltd

Employment by the Manager: None

Other connections with Trust or Manager: None

Shared Directorships with any other

Trust Directors: None

Shareholding in Company: Nil

Meetings attended during the year:

Board Meetings: 4

Audit Committee Meetings: 2

Nomination Committee Meetings: 1

Acquisition of Tribune Board Meetings and Committee Meetings: 8

David Tucker

Status: Independent Non-Executive Director

Age: 68

Length of service: 17 years, appointed a Director on 8 May 1990

Experience: former non-executive chairman of Britannic Smaller Companies Trust and a chartered accountant

Last re-elected to the Board: 20 April 2007

Committee membership: Audit Committee & Nomination Committee

Remuneration: £12,450

All other public company

directorships: a non-executive director of CSR plc

Employment by the Manager: None

Other connections with Trust or

Manager: None

Shared Directorships with any other

Trust Directors: None

Shareholding in Company: 5,000

Ordinary shares

Meetings attended during the year:

Board Meetings: 4

Audit Committee Meetings: 2

Nomination Committee Meetings: 1

Acquisition of Tribune Board Meetings and Committee Meetings: 7

Christopher Purvis CBE

Status: Independent Non-Executive Director

Age: 56

Length of service: appointed a Director on 19 September 2007

Experience: is an adviser to UBS and has had extensive experience of the investment management industry as a director of a number of investment trusts, most recently as chairman of Witan Pacific Investment Trust PLC, from which he resigned in 2006.

Last re-elected to the Board: n/a

Committee membership: Audit Committee & Nomination Committee

Remuneration: £2,950

All other public company

directorships: Tribune UK Tracker PLC and Tribune Trust PLC

Employment by the Manager: None

Other connections with Trust or

Manager: None

Shared Directorships with any other

Trust Directors: None

Shareholding in Company: 14,709

Ordinary shares

Meetings attended during the year:

Board Meetings: 1

Audit Committee Meetings: 1

Nomination Committee Meetings: n/a

Chairman's Statement

On 19 September 2007, the Company merged with Tribune UK Tracker PLC (Tribune) and I should like to take this opportunity to welcome Tribune shareholders to the enlarged Company. The merger provided a significant opportunity for the Company to create a larger investment trust to track the performance of the FTSE All-Share Index with a lower total expense ratio and an improved secondary market for its shares. There have been no changes to the operational management arrangements for the Company following the merger, although the nature and timing of the merger have created some distortions to certain per share figures in the Annual Report and I have endeavoured to explain the impact in the comments below.

The Company continues to meet its objective of tracking closely the performance of the FTSE All-Share Index. In the 12 months ended 31 December 2007, the net asset value total return was 5.5% and this compares with the return from the index of 5.3%.

The Company's share price fell by 1.1% over the year to 274.50p which reflected a widening of the discount of 7.9% to the net asset value of 298.03p. At the start of the year, the share price was trading at a discount to the net asset value of 5.6%. In order to assist in managing the discount, the Company bought back 1,826,948 ordinary shares for cancellation at a cost of £5.2 million.

The revenue return per share rose from 7.66p to 8.14p and the Board is recommending a final dividend of 1.83p which will take total dividends for the year to 8.65p, an increase of 13.1% from last year. As part of the merger process, the Directors distributed all of the Company's income that had been accrued from 1 January 2007 up to the date of the merger, through payment of a second interim dividend, and this is the reason for the final dividend payment being lower than last year. The total dividends per share for the year will be in excess of the revenue return per share and this is attributable to the impact of using the weighted average number of shares in issue to calculate the revenue return per share. The total revenue available for distribution for the year, however, is sufficient to cover the total dividends to be paid to shareholders.

Your Board continues to support the Company through the Manager's marketing initiative which provides a series of savings schemes through which savers can invest in Edinburgh UK Tracker Trust in a low cost and convenient manner. The Company contributed £74,000 to this initiative during the past year. Up to date information about the Company and the savings products are available on the Company's website, www.edinburghuktracker.co.uk.

VAT on Management Fees

In 2004, the Association of Investment Companies (AIC) and JPM Claverhouse Investment Trust plc launched a case against HM Revenue & Customs (HMRC) in which they claimed that management fees charged to UK investment trusts should be exempt from VAT. On 28 June 2007, the European Court of Justice found in favour of the AIC/Claverhouse case in respect of the specific questions referred to it by the UK VAT Tribunal. HMRC accepted this judgement in November. Your Company has taken appropriate steps to reclaim the relevant VAT that has been paid on management fees but we have not recognised any asset in the financial statements as the amounts are not yet quantifiable.

Annual General Meeting

As required by the Company's Articles of Association, shareholders are again being asked to confirm that Edinburgh UK Tracker Trust should continue for a further year. A resolution to this effect will be proposed as special business at the Annual General Meeting on 18 April 2008. Should continuation not be approved, the Board has 3 months either to put forward proposals for the reconstruction of the Company or to propose its winding-up. If shareholders reject any proposals for reconstruction, the Company would then automatically be wound-up.

The investment performance, aided by low management and administration costs (as evidenced by the total expense ratio of 0.33%), emphasises the considerable attractions of the Company. I feel confident that shareholders will again wish to vote in favour of the continuation of the Company. There will be another opportunity to consider the future of the Company at the same time next year.

The Directors have the authority to issue new shares to meet investor demand, provided the Company's shares are trading above the net asset value per share. In addition, your Board has the authority to purchase the Company's shares for cancellation where the shares trade persistently on a discount in excess of the levels reached in recent years. Your Directors believe that it is also in shareholders' interests for the Company to have the flexibility to hold any shares that have been repurchased in treasury before either cancelling those shares or selling them back to the market at a later date. Repurchased shares would be held for a maximum of twelve months and would only be resold at a premium to net asset value. Special resolutions proposing approval of these facilities will be put to shareholders at the annual general meeting.

Corporate Governance

The Board reviews annually the performance of the Manager, the Chairman and the Board as a whole. The Board has

assessed the performance of the Manager, the investment process and risk controls. The Board has reviewed the terms of the investment management agreement during the year and believes that the continuing appointment of the Manager, on the terms agreed, is in the interests of shareholders. A revised management fee, however, was introduced following completion of the merger, whereby a management fee of 0.25 per cent. per annum is payable on total assets up to £100 million, reducing to 0.10 per cent. per annum on assets in excess of £100 million with a further reduction to 0.09 per cent. per annum on assets in excess of £250 million. The investment management agreement has been transferred under a novation agreement from Edinburgh Fund Managers plc, a wholly-owned subsidiary of Aberdeen Asset Management PLC, to Aberdeen Asset Managers Ltd, also a wholly-owned subsidiary of Aberdeen Asset Management PLC.

Board

As mentioned in the prospectus dated 1 August 2007, David Tucker will retire from the Board at the conclusion of the Annual General Meeting. David has served as a Director from the formation of the Company in 1990 and was Chairman until April 2005. On behalf of shareholders and his colleagues on your Board, I should like to thank David for his significant contribution to the Company over many years and to wish him well for the future.

Following the merger with Tribune, Christopher Purvis, who was a director of Tribune, was appointed to the Board on 19 September 2007. He is an adviser to UBS and has been a director of a number of investment trusts. He will be standing for election at the Annual General Meeting.

T M Ross

Chairman

5 March 2008

Manager's Review

The strategy employed to track the FTSE All-Share Index is full replication of the FTSE 350 Index. This means that the Company holds all of the 353 constituent stocks that make up this index which represented 97.0% of the value of the FTSE All-Share Index at 31 December 2007. The remaining 3.0% of the FTSE All-Share Index covers smaller companies and this area is represented in the Company's portfolio by an equity-linked unsecured loan stock, which tracks the FTSE SmallCap (ex Investment Companies) Index, together with holdings in most of the stocks within the FTSE SmallCap Index. This tracking methodology was implemented in 1996 and since then the NAV has tracked closely the performance of the FTSE All-Share Index..

The constituents of the FTSE 350 Index are controlled by the FTSE Equity Indices Committee and the Company bought and sold shares during the year to reflect any changes initiated by the Committee.

The main changes to the index reflected takeover activity that occurred between the quarterly rebalancing of the index. Some of the better known companies to leave the FTSE 350 Index as a result of takeover activity included Corus, Gallaher, Scottish Power, Alliance Boots and Invesco. At the quarterly reviews of the index, new entrants to the FTSE 350 Index included Hargreaves Lansdown, New Star Asset Management, Moneysupermarket.com, Eaga and Dignity.

Apart from changes to the constituents of the index, trading activity was also generated by sales to finance the purchase of the Company's own shares – a total of 1,826,948 shares were purchased at a cost of £5.2 million. The total value of purchases in the year, excluding the Company's own shares, amounted to £8.1 million while sales totalled £12.0 million.

In merging with Tribune, the Company acquired the Tribune portfolio in its entirety. As a result, the enlarged portfolio holds more FTSE Small Cap stocks than previously. At 31 December 2007, the total portfolio consisted of 636 stocks compared to 674 constituents in the FTSE All-Share Index.

David McCraw
Aberdeen Asset Managers Limited
5 March 2008

Results

Performance

	1 year return %	3 year return %	5 year return %
Capital return			
Net asset value	1.4	35.4	75.6
FTSE All-Share Index	2.0	36.3	73.6
Share price	(1.1)	36.7	64.1
Total return (Capital return plus dividends reinvested)			
Net asset value	5.5	48.2	100.4
FTSE All-Share Index	5.3	50.1	104.6
Share price	3.2	50.4	91.5

Source: AAM PLC / Factset

Financial Summary

	31 December 2007	31 December 2006	% change
Equity shareholders' funds ^A	£326,435,000	£162,419,000	101.0
Share price (mid market)	274.50p	277.50p	(1.1)
Net asset value per share (including undistributed revenue for the period)	298.03p	294.06p	1.4
FTSE All-Share Index	3,286.67	3,221.42	2.0
Discount to net asset value	7.9%	5.6%	
Dividends and earnings			
Revenue return per share	8.14p	7.66p	6.3
Dividends per share (including proposed final dividend)	8.65p	7.65p	13.1
Dividend cover	0.94	1.00	
Revenue reserves per share	2.52p	6.39p	
Operating costs			
Total expense ratio	0.33	0.39	

^A The rise is primarily due to the acquisition of Tribune UK Tracker PLC.

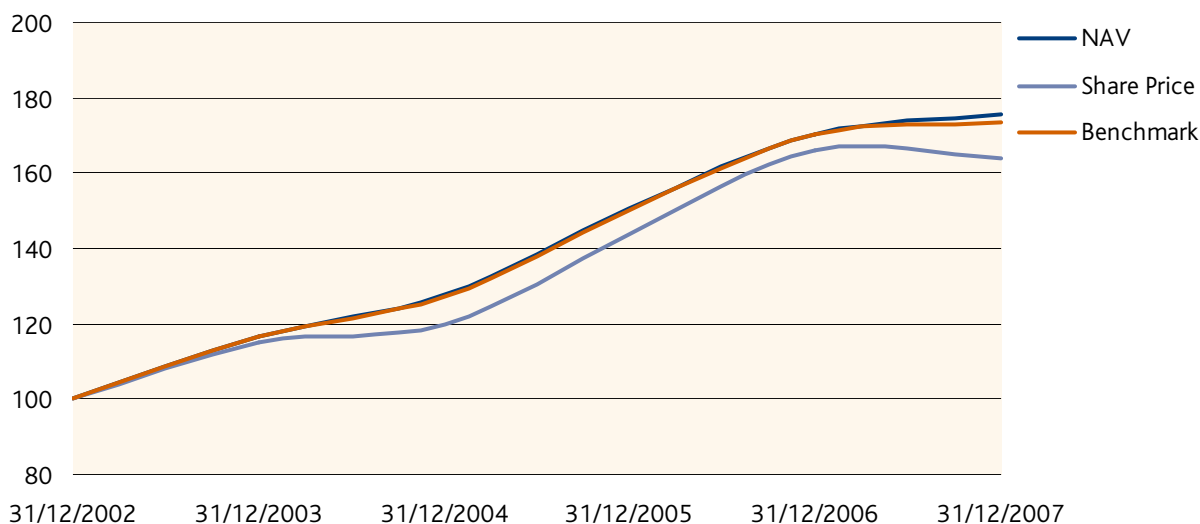
Dividends

	Rate	xd date	Record date	Payment date
Proposed final dividend 2007	1.83p	26 March 2008	28 March 2008	23 April 2008
Second interim dividend 2007	3.97p	12 September 2007	14 September 2007	28 September 2007
First interim dividend 2007	2.85p	8 August 2007	10 August 2007	31 August 2007
Total dividend 2007	8.65p			
Final dividend 2006	5.05p	28 March 2007	30 March 2007	25 April 2007
Interim dividend 2006	2.60p	9 August 2006	11 August 2006	31 August 2006
Total dividend 2006	7.65p			

Performance

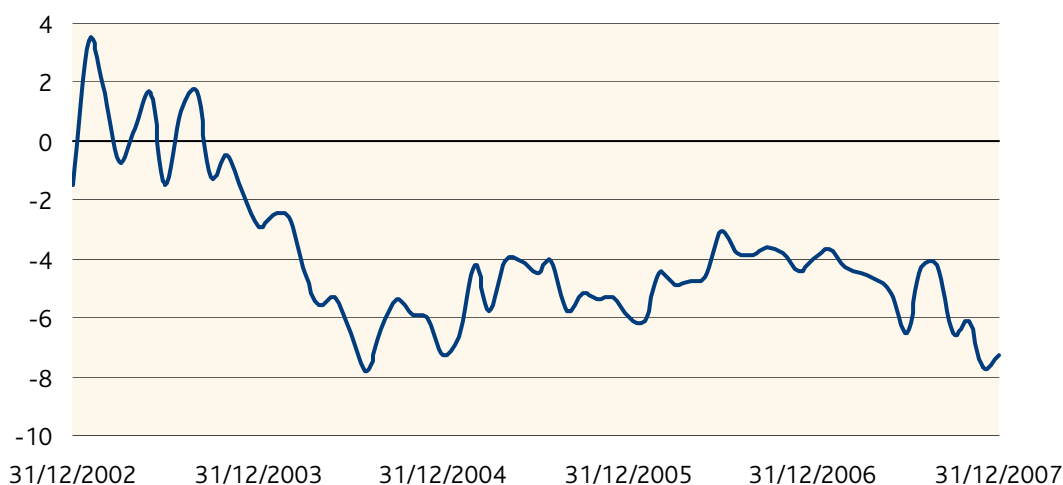
Capital Return of NAV and Share Price vs FTSE All Share Index

Five years to 31 December 2007



Share Price Discount to NAV (%)

Five years to 31 December 2007



Ten Year Financial Record

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Per share										
Net revenue return (p)	5.47	5.34	5.24	5.11	5.30	5.41	5.71	6.72	7.66	8.14
Ordinary share price (p)	244.00	304.50	259.50	231.50	167.25	192.50	200.75	240.00	277.50	274.50
Dividends (p)	5.30	5.30	5.30	5.30	5.30	5.40	5.70	6.50	7.65	8.65
Net asset value per share (p)	236.27	288.71	266.95	226.27	169.73	201.36	220.07	259.81	294.06	298.03
Equity shareholders' funds (£'000)	120,449	154,476	147,249	130,030	101,681	122,642	133,109	150,436	162,419	326,435

The figures for 2003 and 2004 for Net Asset Value per share and Equity shareholders' funds were restated at 31 December 2005 to reflect the changes in accounting policies. The figures for dividends have not been restated and still reflect the dividends for the years in which they were earned.

Investment Portfolio – Ten Largest Investments

As at 31 December 2007

Company	Sector	Valuation 2007 £'000	Total Assets %	Valuation 2006 £'000
BP BP is an oil and petrochemicals company. It explores for and produces oil and natural gas, refines, markets and supplies petroleum products and manufactures chemicals.	Oil & Gas Producers	20,697	6.4	9,342
HSBC HSBC provides a variety of international banking and financial services, including retail and corporate banking, custody, capital markets, insurance and private banking.	Banks	17,626	5.4	8,990
Vodafone Vodafone is a mobile telecommunications company providing a range of services, including voice and data communications, on a global basis.	Mobile Telecommunications	17,496	5.4	6,268
Royal Dutch Shell 'A' Royal Dutch Shell explores for, produces and refines petroleum and produces fuels, chemicals and lubricants. Shell owns and operates gasoline filling stations worldwide.	Oil & Gas Producers	13,582	4.2	5,607
GlaxoSmithKline GlaxoSmithKline is a pharmaceutical group that develops, manufactures and markets vaccines, prescription and over the counter medicines as well as health-related consumer products.	Pharmaceuticals & Biotechnology	12,664	3.9	6,592
Royal Dutch Shell 'B' Royal Dutch Shell explores for, produces and refines petroleum and produces fuels, chemicals and lubricants. Shell owns and operates gasoline filling stations worldwide.	Oil & Gas Producers	10,234	3.2	4,178
Rio Tinto Rio Tinto is an international mining company with interests in mining for aluminium, borax, coal, copper, gold, iron ore, lead, silver, tin, zinc and diamonds.	Mining	9,426	2.9	2,385
Royal Bank of Scotland Royal Bank of Scotland provides a wide range of banking, insurance and finance related services. The company's operating subsidiaries include the Royal Bank of Scotland, National Westminster Bank, Ulster Bank, Citizens Bank and Direct Line Insurance.	Banks	7,920	2.4	5,319
Anglo American Anglo American is a global mining and natural resources company with interests in platinum, gold, diamonds, coal, ferrous metals and industrial minerals.	Mining	7,229	2.2	3,156
BG Group BG specialises in the exploration, production, transmission and distribution of gas, oil and liquefied natural gas. The Company also develops and owns and operates gas-fired power generation plants.	Oil & Gas Producers	6,858	2.1	1,999
Ten largest investments		123,732	38.1	

Investment Portfolio – Other Investments

As at 31 December 2007

Company	Sector	Valuation 2007 £'000	Total Assets %	Valuation 2006 £'000
Tesco	Food & Drug Retailers	6,649	2.0	2,677
BHP Billiton	Mining	6,244	1.9	1,946
Barclays	Banks	5,837	1.8	3,976
AstraZeneca	Pharmaceuticals & Biotechnology	5,679	1.7	3,602
British American Tobacco	Tobacco	5,325	1.6	1,872
Diageo	Beverages	5,003	1.5	2,347
HBOS	Banks	4,858	1.5	3,621
Lloyds TSB	Banks	4,687	1.5	2,683
Xstrata	Mining	4,562	1.4	1,506
Standard Chartered	Banks	4,550	1.4	1,666
Twenty largest investments		177,126	54.4	
Unilever	Food Producers	4,375	1.3	1,593
BT Group	Fixed Line Telecommunications	3,896	1.2	2,131
National Grid	Gas, Water and Multiutilities	3,842	1.2	1,702
Reckitt Benckiser	Household Goods	3,677	1.1	1,439
Imperial Tobacco Group	Tobacco	3,238	1.0	1,191
Prudential	Life Insurance	3,088	0.9	1,444
BAE Systems	Aerospace & Defence	3,080	0.9	1,164
Aviva	Life Insurance	3,079	0.9	1,764
SABMiller	Beverages	2,809	0.9	1,123
Scottish & Southern	Electricity	2,478	0.8	1,133
Thirty largest investments		210,688	64.6	
Centrica	Gas, Water and Multiutilities	2,322	0.7	1,089
Cadbury Schweppes	Food Producers	2,294	0.7	967
Gartmore Growth Opportunities^A	Equity Investment Instruments	2,000	0.6	2,646
Rolls Royce	Aerospace & Defence	1,755	0.5	670
Man Group	General Financial	1,735	0.5	824
Marks & Spencer	General Retailers	1,676	0.5	1,014
Old Mutual	Life Insurance	1,630	0.5	794
Reed Elsevier	Media	1,537	0.5	589
Morrison (W)	Food & Drug Retailers	1,516	0.5	559
Legal & General	Life Insurance	1,504	0.5	844
Forty largest investments		228,657	70.1	
British Sky Broadcasting	Media	1,438	0.4	585
Reuters	Media	1,412	0.4	491
WPP	Media	1,398	0.4	721
Imperial Chemical Industries	Chemicals	1,384	0.4	445
Sainsbury (J)	Food & Drug Retailers	1,297	0.4	597
Land Securities	Real Estate	1,248	0.4	890
Scottish & Newcastle	Beverages	1,232	0.4	450
International Power	Electricity	1,203	0.4	493
United Utilities	Gas, Water and Multiutilities	1,172	0.4	558
Shire	Pharmaceuticals & Biotechnology	1,115	0.3	446
Fifty largest investments		241,556	74.0	
Other investments		82,170	25.2	
Total investments		323,726	99.2	
Net current assets		2,709	0.8	
Total assets		326,435	100.0	

^A Equity Index Loan Stock

All investments are equity holdings with the exception of the holding in Gartmore Growth Opportunities.

Sector Analysis

Sector	Portfolio %	FTSE All-Share Index Distribution %
Oil & Gas Producers	16.8	16.9
Oil Equipment & Services	0.5	0.5
Chemicals	0.8	0.3
Forestry & Paper	0.1	0.1
Industrial Metals	0.1	0.0
Mining	9.5	9.6
Construction & Materials	0.3	0.3
Aerospace & Defence	2.0	2.0
General Industrials	0.6	0.6
Electronic & Electrical Equipment	0.4	0.4
Industrial Engineering	0.5	0.6
Industrial Transportation	0.2	0.2
Support Services	2.8	2.8
Automobiles & Parts	0.1	0.1
Beverages	2.8	2.9
Food Producers	2.6	2.6
Household Goods	1.7	1.8
Personal Goods	0.2	0.2
Tobacco	2.6	2.7
Health Care Equipment & Services	0.5	0.5
Pharmaceuticals & Biotechnology	6.1	6.1
Food & Drug Retailers	3.0	3.0
General Retailers	1.9	1.9
Media	3.2	3.2
Travel & Leisure	2.7	2.7
Fixed Line Telecommunications	1.5	1.5
Mobile Telecommunications	5.5	5.6
Electricity	1.6	1.6
Gas, Water & Multiutilities	2.8	2.8
Banks	14.3	14.4
Non-life Insurance	0.7	0.8
Life Insurance	3.7	3.7
Real Estate	1.7	1.8
General Financial	2.2	2.3
Equity Investment Instruments	3.1	2.6
Software & Computer Services	0.7	0.7
Technology Hardware & Equipment	0.2	0.2
	100.0	100.0

Directors' Report

Business Review

The Board has prepared this Business Review in accordance with the requirements of Section 234ZZB to the Companies Act 1985. A review of the Company's activities is given in the Corporate Summary on pages 2 and 3 and the Chairman's Statement on pages 6 and 7. This includes a review of the business of the Company and its principal activities, likely future developments of the business, recommended dividend and details of acquisition of its own shares by the Company. The Board has adopted a matrix of the key risks that affect its business. The major risks are detailed on pages 34 to 35 in Note 18 to the Financial Statements. Other risks include:

- (i) Performance risk: The performance of the portfolio relative to the Benchmark (FTSE All-Share Index) is monitored closely by the Board.
- (ii) Discount volatility: The Company's shares can trade at a discount to its underlying net asset value. The Company operates a share buyback programme, which is reviewed on an ongoing basis.
- (iii) Regulatory risk: The Company operates in a complex regulatory environment and faces a number of regulatory risks. Breaches of regulations, such as Section 842 of the Income and Corporation Taxes Act 1988, the UKLA Listing Rules and the Companies Act, could lead to a number of detrimental outcomes and reputational damage. The Audit Committee monitors compliance with regulations by reviewing internal control reports from the Manager.

At each Board Meeting, the Directors consider a number of performance measures to assess the Company's success to achieving its objectives. The key performance indicators which have been identified by the Board for determining the progress of the Company are:

- capital and total return of the NAV relative to the index
- discount/premium of the share price to the NAV
- total expense ratio

and the relevant figures for the period are shown on page 9.

Additionally, each Director confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. Additionally, there are no important events since the year end. Messrs Mathewson, Ross and Tucker were the only Directors who served during the whole year. Mr Hager and Mr Purvis were appointed to the Board on 23 February 2007 and on 19 September 2007 respectively.

The Company makes no political donations or expenditures or donations for charitable purposes and, in common with most investment trusts, has no employees.

Results and Dividends

The Directors recommend that a final dividend of 1.83p (2006 – 5.05p) is paid on 23 April 2008 to shareholders on the register on 28 March 2008. The ex-dividend date is 26 March 2008.

Principal Activity

The business of the Company is that of an investment trust and the Directors do not envisage any change in this activity in the foreseeable future.

Status

The Company is registered as a public limited company and is an investment company as defined by Section 266 of the Companies Act 1985.

The Company has been approved by the Inland Revenue as an investment trust for the purposes of Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 31 December 2006. The Directors are of the opinion, under advice, that the Company has conducted its affairs for the year ended 31 December 2007 so as to be able to continue to obtain approval as an investment trust under Section 842 of the Income and Corporation Taxes Act 1988 for that year, although approval for that year would be subject to review were there to be any enquiry under the Corporate Tax Self Assessment regime.

The affairs of the Company were conducted in such a way as to comply with the qualifying equity rule as defined in the Personal Equity Plan Regulations. The Company has also conducted its affairs so as to satisfy the requirements as a qualifying security for Individual Savings Accounts. The Directors intend that the Company will continue to conduct its affairs in this manner in the future.

Directors

Details of the current Directors of the Company are shown on pages 4 and 5.

In accordance with the Articles of Association, Mr Mathewson will retire from the Board by rotation and, being eligible, will offer himself for re-election at the Annual General Meeting. The Chairman has reviewed the skills and experience of Mr Mathewson and has no hesitation in recommending to shareholders his re-election at the Annual General Meeting. As stated in the Chairman's Statement on page 7, Mr Tucker retires as a Director at the conclusion of the Annual General Meeting and does not seek re-election. Following the acquisition of Tribune UK Tracker PLC, Mr

Purvis was appointed to the Board on 19 September 2007 and in accordance with the Articles of Association, offers himself for election to the Board at the Annual General Meeting. Details of Mr Purvis' experience can be found in Your Board of Directors on page 5 and in the Chairman's Statement on page 7.

The Directors at 31 December 2007 and 1 January 2007 had no interest other than those interests, all of which are beneficial interests, shown below in the share capital of the Company. None of the Directors had any non-beneficial interests in the share capital of the Company at 31 December 2007 or 1 January 2007.

	31 December 2007	1 January 2007
T M Ross	10,000	10,000
D P Hager	7,730	-
D C Mathewson	-	-
C T B Purvis	14,709	-
D L Tucker	5,000	5,000

The above interests were unchanged as at the date of this report. No contract or arrangement subsisted during the period in which any of the Directors was materially interested. No Director had a service contract with the Company.

Directors' & Officers' Liability Insurance

The Company maintains insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Company.

Share Capital

During the year ended 31 December 2007, the Company purchased for cancellation 1,826,948 ordinary shares at prices ranging from 264p to 293.5p at a discount to the prevailing net asset value per share. The total consideration for these purchases was £5.2 million inclusive of stamp duty.

Corporate Governance

The Statement of Corporate Governance is shown on pages 17 to 19.

Going Concern

In accordance with the Company's Articles of Association, shareholders have the right to vote annually at the Annual General Meeting on whether to continue the Company. After enquiry, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts and are of the opinion that the Company will continue in operational existence for the foreseeable future.

Auditors

The Company's auditors, KPMG Audit Plc, are willing to continue in office and resolutions will be proposed at the Annual General Meeting to reappoint them and to authorise the Directors to fix their remuneration.

Substantial Interests

At 5 March 2008, being the nearest practicable date to the signing of this Report, the following were registered or had notified the Company as being interested in 3% or more of the Company's ordinary share capital:

Name of Shareholder	Number of ordinary shares held	% of ordinary shares held
AXA Investment Managers UK Ltd	25,271,926	23.14
Tattersall Advisory Group	8,387,623	7.97
Aberdeen Investment Trust Savings Plans*	7,987,142	7.32
Barclays PLC	7,869,362	7.20
Legal & General Investment Management	5,121,597	4.69
Rensburg Sheppards Investment Management	3,708,491	3.40

* Non-beneficial interest

Creditor Payment Policy

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. All other expenses are paid on a timely basis in the ordinary course of business. In certain circumstances, settlement terms are agreed prior to business taking place.

Annual General Meeting

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting:-

(i) Continuation of the Company

Resolution 8— An ordinary resolution will be proposed Pursuant to Article 147 (1) of the Company's Articles of Association, to continue the Company.

(ii) Limited disapplication of Pre-emption Provisions

Resolution 9 – A special resolution to give the Directors power to allot unissued ordinary share capital and to sell ordinary shares held in treasury (see below) for cash up to a maximum of £3,597,813 in aggregate (equivalent to 35,978,129 ordinary shares of 10p each) without first being required to offer such shares to existing shareholders but this authority is limited to:-

- a) the allotment of ordinary shares and sale of treasury shares avoiding legal or practical problems should there be an offer of shares or other securities to shareholders pro rata in the future; and
- b) the allotment and sale of up to 10,902,463 ordinary shares and treasury shares for cash (for any purpose) representing 10% of the issued ordinary share capital of the Company at the date of the Directors' Report.

This power will last until the conclusion of the Annual General Meeting of the Company to be held in 2009 (unless previously revoked, varied or extended by the Company in general meeting).

Under the Treasury Shares Regulations, the Company may hold such shares "in treasury" and then sell them at a later date for cash rather than simply cancelling them. The Treasury Shares Regulations require such sale to be on a pre-emptive, pro rata, basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued ordinary share capital on a non pre-emptive basis, resolution 9 will also give the Directors power to sell ordinary shares held in treasury on a non pre-emptive basis, subject always in both cases to the limitations noted above. Pursuant to this power, ordinary shares would only be issued for cash and treasury shares would only be sold for cash at a price not less than the net asset value per share. (Treasury shares are explained in more detail under the heading "Market purchase of the Company's own ordinary shares" below).

(iii) Market purchase of the Company's own ordinary shares

Resolution 10 – A special resolution will be proposed to authorise the Company to make market purchases of its own Ordinary shares. Under the Treasury Shares Regulations, the Company may do either of the following in respect of its own ordinary shares which it buys back and does not immediately cancel but, instead, holds "in treasury":–

- a) sell such shares (or any of them) for cash (or its equivalent under the Treasury Shares Regulations);
or
- b) ultimately cancel the shares (or any of them).

The Directors may use the Treasury Shares Regulations in either of the ways noted above and intend to continue to take advantage of this flexibility. No dividends will be paid on treasury shares and no voting rights attach to them. The maximum aggregate number of ordinary shares which may be purchased pursuant to the authority shall be 14.99% of the issued ordinary

share capital of the Company as at the date of the passing of the resolution (approximately 16.4 million ordinary shares). The minimum price which may be paid for an ordinary share shall be 10p (exclusive of expenses). The maximum price (exclusive of expenses) which may be paid for the shares shall be the higher of

- a) 5% above the average of the market value of the ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase; and

- b) the higher of the price of the last independent trade and the highest current independent bid on the main market for the ordinary shares. This authority, if conferred, will only be exercised if to do so would result in an increase in net asset value per ordinary share for the remaining shareholders and if it is in the best interests of shareholders generally. This authority will last until the conclusion of the Annual General Meeting of the Company to be held in 2009 (unless previously revoked, varied or renewed by the Company in general meeting).

The Directors recommend that shareholders vote in favour of the above resolutions.

By order of the Board
Aberdeen Asset Management PLC
Secretary, Edinburgh
5 March 2008

Statement of Corporate Governance

Introduction

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company applies the principles identified in the Combined Code (appended to the Financial Services Authority Listing Rules). The Board confirms that the Company has complied throughout the accounting period with the relevant provisions contained within the Code unless otherwise indicated below.

Directors

The Board consists of a non-executive Chairman and four non-executive Directors. All Directors are considered by the Board to be independent of the Company and the Manager and free of any material relationship with the Manager. Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper stewardship of the Company. The Board considers that the post of chief executive officer is not relevant for an investment trust as this role has in effect been delegated to the Manager under the terms of the investment management agreement. Following the acquisition of Tribune UK Tracker PLC, Mr Mathewson was appointed to the role of Senior Independent Director. The Board takes the view that independence is not necessarily compromised by length of tenure on the Board and that experience can add significantly to the Board's strength.

The Board meets at least four times each year and more frequently when business needs require. The Board has a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated directly to the senior staff of the Manager. Such matters include strategy, borrowings, treasury and dividend policy. Full and timely information is provided to the Board to enable the Directors to function effectively and to discharge their responsibilities. The Board also reviews the financial statements, performance and revenue budgets.

The Board conducts, on an annual basis, an appraisal of the Chairman of the Board as well as a performance evaluation of the Board as a whole. The Board has also reviewed the Chairman's and Directors' other commitments and is satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company.

During the year ended 31 December 2007 the Board met four times in the normal course of business. The Audit Committee and the Nomination Committee met twice and once respectively. In addition, eight meetings were held in respect of the acquisition of Tribune UK Tracker PLC. Details of the attendance of each Director are shown on pages 4 and 5.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access which every Director has to the advice and services of the Company Secretary, Aberdeen Asset Management PLC, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Nomination Committee

The Nomination Committee consists of the whole Board. Terms of reference are in place, which include reviewing the Board, appointments, appraisal, succession planning and training. The terms of reference are available on request from the Company and on the Company's website. Possible new Directors are identified against the requirements of the Company's business and the need to have a balanced Board. External search consultants may be used to ensure that a wide range of candidates can be considered. Every Director is entitled to receive appropriate training as deemed necessary. A Director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek election by shareholders at the next Annual General Meeting. The Articles also require that one third of the Directors retire by rotation each year and seek re-election at the Annual General Meeting. In addition, all Directors are required to submit themselves for re-election at least every three years.

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Annual Report and Accounts are widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Company's website, the Manager's information service and the Company responds to letters from shareholders on a wide range of issues.

The Notice of the Annual General Meeting included within the Annual Report and Accounts is sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions at the Company's Annual General Meeting.

Proxy Voting as an Institutional Shareholder

Responsibility for actively monitoring the activities of investee companies has been delegated by the Board to the Manager. The Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the investee company. The Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the

Company's voting rights. The Manager's policy is to vote on all shares held by the Company.

Socially Responsible Investment Policy

The Board is aware of its duty to act in the interests of the Company. The Directors, through the Company's Manager, encourage companies in which investments are made to adhere to best practice in the area of Corporate Governance. They believe that this can best be achieved by entering into a dialogue, where practicable, with company management to encourage them, where necessary, to improve their policies in this area. The Company's ultimate objective, however, is to track the performance of the benchmark.

Internal Controls

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. Following the Financial Reporting Council's publication of 'Internal Control: Revised Guidance for Directors on the Combined Code' (the FRC guidance), the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and Accounts, and is regularly reviewed by the Board and accords with the FRC guidance. The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed. The significant risks faced by the Company are as follows:

- financial;
- operational; and
- compliance.

The key components designed to provide effective internal control are outlined below:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- the Board and Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate;
- as a matter of course the Manager's compliance department continually reviews the Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers;

- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place within the Manager, has decided to place reliance on the Manager's systems and internal audit procedures; and
- at its February 2008 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 December 2007 by considering documentation from the Manager, including the internal audit and compliance functions and taking account of events since 31 December 2007. The results of the assessment were then reported to the Board at the next Board Meeting.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

Accountability and Audit

The respective responsibilities of the Directors and the auditors in connection with the financial statements appear on pages 20 and 22.

The Directors have appointed an Audit Committee consisting of the whole Board chaired by David Mathewson. The Audit Committee reviews audit matters within clearly defined written terms of reference (copies of which are available upon request from the Company and on the Company's website). In summary, the Audit Committee's main audit review functions are:

- to review and monitor the internal control systems and risk management systems on which the Company is reliant;
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager and Administrator;
- to meet, if required, with the auditors to review their proposed audit programme of work and the findings of the auditors. The Committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the auditors to supply non-audit services;
- to review an annual statement from the Manager detailing the arrangements in place within Aberdeen whereby Aberdeen staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters ("whistleblowing");
- to make recommendations in relation to the appointment of the auditors and to approve the remuneration and terms of engagement of the auditors; and,

-
- to monitor and review annually the auditors' independence, objectivity, effectiveness, resources and qualification.

Matters typically reserved for the Management Engagement Committee are the responsibility of the entire Board. The Board reviews the performance of the Manager and its compliance with the terms of the investment management agreement.

The terms and conditions of the Manager's appointment, including an evaluation of performance and fees, are

reviewed by the Board on an annual basis. The Board believes that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole. The Company benefits from the expertise of the Manager's team of investment professionals. The Board also undertakes a review of the management fees in comparison with other index tracking funds and believes that the Company's current level of management fees is competitive. The Investment Management Agreement is terminable on not less than three months' notice.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Accounts 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 the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

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.

Directors' Remuneration Report

The Board has prepared this report, in accordance with the requirements of Schedule 7A to the Companies Act 1985. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting. The law requires your Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on page 22.

Remuneration Committee

The Company has five non-executive Directors as listed on pages 4 and 5. The Board as a whole fulfils the function of a Remuneration Committee.

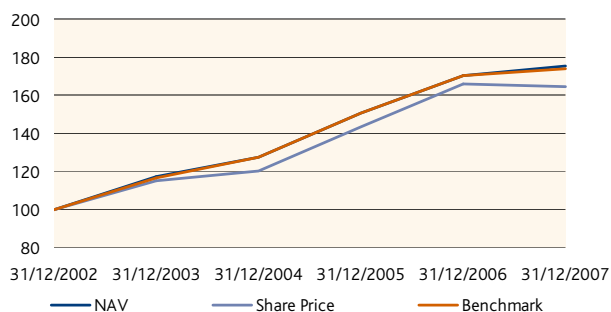
Remuneration Policy

The Company's Articles of Association limit the aggregate fees payable to the Board of Directors to a total of £75,000 per annum. Subject to the overall limit, the Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective. It is intended that this policy will continue for the year to 31 December 2008 and subsequent years. The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association, and they are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits. During the year ended 31 December 2007, the Chairman and the other Directors received basic fees of £10,000 and £7,500 per annum respectively (2006 – £8,500 and £6,400 respectively). In addition, an attendance fee of £825 per meeting was payable (2006 – £800). See note 4 to the financial statements.

During the period, the Board carried out a review of the level of Directors' fees. Given that the fees were somewhat behind their peers, it was agreed to increase the fees gradually over the next couple of years. Effective 1 January 2008, the new fees would be £20,000 and £12,500 for the Chairman and Directors respectively. It was agreed that no attendance fee would be paid with effect from 1 January 2008.

No Director has a service contract with the Company. The terms of their appointment provide that a Director shall retire and be subject to election at the first Annual General Meeting after their appointment, and at least every three years after that. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office. No Director was interested in contracts with the Company during the period or subsequently.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors. The graph below compares the total shareholder return to the total return from the FTSE All-Share Index. This index was chosen for comparison purposes, as it is the benchmark used for investment performance measurement purposes.



Audited Information

Directors' Emoluments

The Directors who served in the year received the following fees which exclude employers' NI and any VAT payable:

	2007 £	2006 £
T M Ross	14,950	11,700
D H Brydon (retired 17 February 2006)	-	2,457
D P Hager (appointed 23 February 2007)	11,334	n/a
D C Mathewson	12,450	9,600
J C Platt (resigned 31 August 2006)	-	6,667
C T B Purvis (appointed 19 September 2007)	2,950	n/a
D L Tucker	12,450	9,600
	54,134	40,024

Sums paid to Third Parties

Of the fees disclosed above for year ended 31 December 2006, £1,867 was payable to third parties in respect of making available the services of Directors. These fees were assigned to Dalveen Limited (D C Mathewson) up to and including 28 February 2006. From that date no fees have been paid to third parties.

Approval

The Directors' Remuneration Report on page 21 was approved by the Board of Directors on 5 March 2008 and signed on its behalf by:

By order of the Board
Aberdeen Asset Management PLC
 Secretary, Edinburgh
 5 March 2008

Independent Auditors' Report to the Members of Edinburgh UK Tracker Trust plc

We have audited the financial statements of Edinburgh UK Tracker Trust plc for the year ended 31 December 2007 which comprise the Income Statement, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 20.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Financial Highlights, Corporate Summary, Chairman's Statement and the Manager's Review that is cross referenced from the business review section of the Directors' Report. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 FRC Combined Code specified for our review by

the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its total return for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

Chartered Accountants

Registered Auditor

Edinburgh

5 March 2008

Income Statement

	Notes	Year ended 31 December 2007			Year ended 31 December 2006		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments		–	3,713	3,713	–	18,480	18,480
Income	2	6,516	–	6,516	4,983	–	4,983
Investment management fee	3	(388)	–	(388)	(362)	–	(362)
Administrative expenses	4	(329)	–	(329)	(249)	–	(249)
Net return on ordinary activities before taxation		5,799	3,713	9,512	4,372	18,480	22,852
Taxation	5	(44)	–	(44)	(34)	–	(34)
Net return on ordinary activities after taxation		5,755	3,713	9,468	4,338	18,480	22,818
Return per Ordinary share (pence):	7	8.14	5.25	13.39	7.66	32.63	40.29

The total column of this statement represents the profit and loss account of the Company.

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

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement.

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

Balance Sheet

	Notes	As at 31 December 2007 £'000	As at 31 December 2006 £'000
Fixed assets			
Investments at fair value through profit or loss	8	323,726	159,037
Current assets			
Debtors and prepayments	10	1,101	650
AAA rated money market funds		2,100	2,650
Cash and short term deposits		207	234
Creditors: amounts falling due within one year	11	(699)	(152)
Net current assets		2,709	3,382
Net assets		326,435	162,419
Capital and reserves			
Called-up share capital	12	10,953	5,523
Capital redemption reserve		751	568
Share premium account		229,800	69,173
Capital reserve	13	82,175	83,626
Revenue reserve		2,756	3,529
Equity shareholders' funds		326,435	162,419
Net asset value per share (pence):	15	298.03	294.06
Net asset value per share (excluding revenue reserve) (pence):	15	295.51	287.67

The financial statements were approved and authorised for issue by the Board of Directors on 5 March 2008 and were signed on its behalf by:

T M Ross

Chairman

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

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 December 2007

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2006	5,523	568	69,173	83,626	3,529	162,419
Issue of shares (see note 12)	5,613	–	160,627	–	–	166,240
Return on ordinary activities after taxation	–	–	–	3,713	5,755	9,468
Dividends paid (see note 6)	–	–	–	–	(6,528)	(6,528)
Purchase of own shares for cancellation	(183)	183	–	(5,164)	–	(5,164)
Balance at 31 December 2007	10,953	751	229,800	82,175	2,756	326,435

For the year ended 31 December 2006

	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2005 ^A	5,790	301	69,173	72,170	3,002	150,436
Return on ordinary activities after taxation	–	–	–	18,480	4,338	22,818
Dividends paid (see note 6)	–	–	–	–	(3,811)	(3,811)
Purchase of own shares for cancellation	(267)	267	–	(7,024)	–	(7,024)
Balance at 31 December 2006	5,523	568	69,173	83,626	3,529	162,419

^A Prior year comparatives have been reclassified to conform with the current year's presentation.

The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

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

Cash Flow Statement

	Notes	Year ended		Year ended	
		31 December 2007	31 December 2006	31 December 2006	31 December 2006
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	16		5,265		4,320
Taxation					
Net overseas tax paid			(48)		(57)
Financial investment					
Purchases of investments		(7,712)		(4,949)	
Sales of investments		12,135		11,451	
Net cash inflow from financial investment			4,423		6,502
Acquisitions					
Cash acquired on acquisition			1,475		–
Equity dividends paid	6		(6,528)		(3,811)
Management of liquid resources					
Net sale of AAA rated money market funds			550		150
Net cash inflow before financing			5,137		7,104
Financing					
Buy back of Ordinary shares			(5,164)		(7,024)
(Decrease)/increase in cash			(27)		80
Reconciliation of net cash flow to movement in net funds					
(Decrease)/increase in cash as above			(27)		80
Net change in liquid resources			(550)		(150)
Movement in net funds in the year			(577)		(70)
Net funds at 1 January			2,884		2,954
Net funds at 31 December	17		2,307		2,884

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

1. Accounting policies

- (a) Basis of preparation and going concern – The financial statements have been prepared under the historical cost convention as modified to include the revaluation of investments and in accordance with applicable UK Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (issued January 2003 and revised in December 2005). They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements have been prepared on a going concern basis. The Directors believe this is appropriate for the reasons outlined in the Directors' Report on page 15.

The financial statements, and the net asset value per share figures, have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP).

- (b) The results of the Company's two subsidiaries are not consolidated as they are not material to the group.
- (c) Revenue, expenses and interest payable – Income from investments (other than special dividends), including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex dividend. Special dividends are credited to capital or revenue, according to the circumstances. Short term deposits, expenses and interest payable are treated on an accruals basis. All expenses are charged to revenue except where they directly relate to the acquisition or disposal of an investment, in which case, they are added to the cost of the investment or deducted from the sale proceeds.
- (d) Investments – Investments have been designated upon initial recognition as fair value through profit or loss. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned, and are initially measured as fair value. Subsequent to initial recognition, investments are valued at fair value. For listed investments, this is deemed to be bid market prices or closing prices for SETS stocks sourced from the London Stock Exchange. SETS is the London Stock Exchange's electronic trading service for UK securities including all the FTSE All-Share Index constituents.
- (e) Dividends payable – Interim and final dividends are recognised in the period in which they are paid.
- (f) Capital reserve – Gains and losses on realisation of investments and changes in fair values of investments which are readily convertible to cash, without accepting adverse terms, are transferred to the capital reserve.
- (g) Deferred taxation – Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in future have occurred at the Balance Sheet date measured on an undiscounted basis and based on enacted tax rates. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying temporary differences can be deducted. Temporary differences are differences arising between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods.

Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

- (h) Foreign currency – The Company receives a small proportion of its investment income in foreign currency. These amounts are translated at the rate ruling on the date of receipt. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the Balance Sheet date.

	2007	2006
	£'000	£'000
2. Income		
Income from investments held at fair value through profit and loss		
UK listed – franked	5,872	4,553
UK listed – unfranked	463	296
Stock dividends	14	–
	6,349	4,849
Other income		
Interest from AAA rated money market funds	144	118
Deposit interest	23	16
	167	134
Total income	6,516	4,983
3. Investment management fee		
Investment management fee	360	308
Irrecoverable VAT thereon (where applicable)	28	54
	388	362

Following the acquisition of Tribune UK Tracker PLC on 19 September 2007, the management fee paid to Aberdeen Asset Managers Limited ("Aberdeen") is 0.0625% per quarter of the total assets of the Company after deducting current liabilities and excluding commonly managed funds. The management fee is reduced to 0.025% per quarter on the value of total assets in excess of £100 million. The management fee is further reduced to 0.0225% per quarter on the value of total assets in excess of £250 million.

Prior to 19 September 2007, the management fee was 0.0625% per quarter of the total assets of the Company after deducting current liabilities and excluding commonly managed funds. The management fee was reduced to 0.025% per quarter on the value of total assets in excess of £100 million.

The fee, plus any applicable VAT, is wholly chargeable to revenue. The total value of commonly managed funds at the year end was £524,000 (2006 – £207,000).

The management agreement between the Company and Aberdeen is terminable by either party on three months' notice. In the event of termination on less than the agreed notice period, compensation is payable in lieu of the unexpired notice period.

4. Administrative expenses	2007	2006
	£'000	£'000
Directors' fees (excluding irrecoverable VAT)	33	26
Directors' attendance fees (excluding irrecoverable VAT)	21	14
Auditors' remuneration (excluding irrecoverable VAT):		
– Fees payable to the Company's auditor for the audit of the Company's annual accounts	14	11
– Fees payable to the Company's auditor and its associates for other services:		
– other fees in relation to the acquisition	3	–
Custody fees and bank charges	12	12
Registrar's fees	70	52
Contributions to the Investment Trust Initiative	74	49
Subscriptions, Stock Exchange and license fees	29	26
Printing and stationery	37	25
Other expenses	36	34
	329	249

With the exception of the Directors' fees and Auditors' remuneration, irrecoverable VAT has been included under the relevant expense line above. Irrecoverable VAT on Directors' fees and Auditors' remuneration is included within other expenses.

During the year an additional amount of £50,408 was paid to KPMG Transaction Services for services relating to the acquisition of Tribune UK Tracker PLC ("Tribune"). This figure is reflected within the share premium account.

A contribution of £74,000 (2006 – £49,000) was paid to the Manager in respect of marketing and promotion of the Company through their Investment Trust Initiative.

5. Taxation	2007	2006
	£'000	£'000
Overseas withholding tax	44	34

At the year end, the Company has, for taxation purposes only, surplus management expenses of £3,343,714 (2006 – £3,209,132). These have been generated because such a large part of the Company's income is derived from dividends from UK companies. Such dividend income does not fall to be taxed within the corporation tax regime and the Company therefore has very little income against which to deduct its expenses. The Company also has eligible unrelieved foreign tax of £78,195 (2006 – £42,570). These are not recognised as a deferred tax asset because the Company is not expected to generate taxable income in a future period in excess of deductible expenses for that period and, accordingly, is unlikely to be able to reduce future tax liabilities by offsetting these losses.

A reconciliation of the current tax charge is set out as follows:

Notes to the Financial Statements continued

	2007	2006
	£'000	£'000
Net revenue on ordinary activities before taxation	5,799	4,372
Taxation on net revenue on ordinary activities at the UK standard tax rate of corporation tax (30%)	1,740	1,312
Effects of:		
Franked investment income taxed at source	(1,762)	(1,366)
Excess management expenses	40	91
Non-taxable income	(18)	–
Disallowed expenses	–	(37)
Irrecoverable overseas withholding tax	44	34
Current revenue tax charge for the year	44	34

6. Dividends	2007	2006
	£'000	£'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for 2006 – 5.05p (2005 – 4.10p)	2,789	2,361
First interim dividend for 2007 – 2.85p (2006 – 2.60p)	1,565	1,458
Second interim dividend for 2007 – 3.97p (2006 – nil)	2,179	–
Unclaimed dividends written back	(5)	(8)
	6,528	3,811

The proposed final dividend, for the current year, is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Section 842 of the Income and Corporation Taxes Act 1988 are considered. The revenue available for distribution by way of dividend for the year is £5,755,000 (2006 – £4,338,000).

First interim dividend for 2007 – 2.85p (2006 – 2.60p)	1,565	1,458
Second interim dividend for 2007 – 3.97p (2006 – nil)	2,179	–
Proposed final dividend for 2007 – 1.83p (2006 – 5.05p)	1,995	2,789
Unclaimed dividends written back	(5)	(8)
	5,734	4,239

Since the year end the Company has bought back 506,500 shares, therefore the proposed final dividend for 2007 is based on 109,024,633 Ordinary shares in issue.

7. Return per Ordinary share

The return per Ordinary share is based on the following figures:

	2007	2007	2006	2006
	p	£'000	p	£'000
Revenue return	8.14	5,755	7.66	4,338
Capital return	5.25	3,713	32.63	18,480
Total return	13.39	9,468	40.29	22,818

Weighted average number of Ordinary shares in issue	70,692,123	56,632,959
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8. Investments	2007 £'000	2006 £'000
Fair value through profit or loss:		
Opening fair value	159,037	147,105
Opening unrealised appreciation	(66,071)	(51,709)
Opening book cost	92,966	95,396
Transferred on acquisition	164,851	–
Purchases at cost	8,125	4,949
Sales – proceeds	(12,000)	(11,497)
– realised gains on sales	1,486	4,118
Closing book cost	255,428	92,966
Closing unrealised appreciation	68,298	66,071
Closing fair value	323,726	159,037

All investments are listed on the London Stock Exchange.

Transaction costs

During the year expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Income Statement. The total costs were as follows:

	2007 £'000	2006 £'000
Purchases	39	23
Sales	2	3
	41	26

9. Subsidiaries

In the opinion of the Directors the subsidiaries are not material and as a result consolidated financial statements have not been prepared.

Name	Shares held	Country of incorporation	Principal activity
Edinburgh Tribune Acquisitions Limited ('ETA')	Ordinary	Scotland	Asset holding
Tribune UK Tracker PLC ('Tribune')	Ordinary Deferred	England	Investment company

The Company owns 100% of ETA and ETA owns 100% of Tribune. Tribune was placed into members' voluntary liquidation on 29 February 2008.

Acquisition of Tribune UK Tracker PLC

On 19 September 2007, under the terms of a scheme of arrangement, the Company acquired Tribune.

Under the terms of the arrangement, Tribune shares were issued to Edinburgh Tribune Acquisitions Limited, a wholly owned subsidiary of the Company, and the Company issued 56,125,609 Ordinary shares to Tribune shareholders based on the respective formula asset values. The assets of Tribune were transferred to the Company. The transaction has been accounted for by the purchase method of accounting.

Notes to the Financial Statements continued

	Book value at acquisition £'000	Fair value adjustments £'000	Fair value £'000
Net assets acquired			
Fixed assets: investments	164,851	–	164,851
Current assets: debtors and bank	1,611	–	1,611
Current liabilities: creditors and deferred income	(222)	–	(222)
Net assets acquired	166,240	–	166,240
Satisfied by: shares issued			166,240

It is not practicable to determine the net return since the date of acquisition attributable to Tribune. For this reason, the amount of the acquiree's net return since the acquisition date included in the Income Statement, has not been disclosed.

For the period from 1 January to 18 September 2007, Tribune's net return after taxation was £5,726,000. In the year to 31 December 2006, Tribune's net return after taxation was £17,815,000.

Tribune's summarised Income Statement for the period from 1 January 2007 to 18 September 2007 was as follows:

	Revenue £'000	Capital £'000	Total £'000
Gains on investments	–	722	722
Income	5,673	–	5,673
Expenses	(669)	–	(669)
Net return before and after taxation	5,004	722	5,726

In the period 29 November 2005 to 31 December 2006 Tribune's net return before and after taxation was £17,815,000.

	2007 £'000	2006 £'000
10. Debtors: amounts falling due within one year		
Dividends and interest receivable	1,048	467
Amount due from brokers	–	135
Other debtors and prepayments	53	48
	1,101	650

	2007 £'000	2006 £'000
11. Creditors: amounts falling due within one year		
Investment management fee payable (including irrecoverable VAT where applicable)	117	92
Amount due to brokers	413	–
Other creditors	169	60
	699	152

Following the ruling described in note 19, investment management fees are no longer subject to VAT.

	2007 £'000	2006 £'000
12. Called-up share capital		
<i>Authorised</i>		
1,400,000,000 (2006 – 1,400,000,000) Ordinary shares of 10p	140,000	140,000
<i>Allotted, called-up and fully paid</i>		
109,531,133 (2006 – 55,232,472) Ordinary shares of 10p	10,953	5,523

Following the acquisition of Tribune UK Tracker PLC ("Tribune") on 19 September 2007, 56,125,609 Ordinary shares of 10p each were issued to Tribune shareholders based on the respective formula asset values. During the year, 1,826,948 (2006 – 2,668,958) Ordinary shares of 10p each (representing 1.67% of the issued Ordinary share capital at 31 December 2007) were bought back at a total cost of £5,163,912 (2006 – £7,024,078) including expenses.

	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Total capital reserve £'000
13. Capital reserve			
Year ended 31 December 2007			
At 1 January 2007	17,555	66,071	83,626
Movement in unrealised fair value gains	–	2,227	2,227
Gains on realisation of investments at fair value	1,486	–	1,486
Purchase of own shares for cancellation	(5,164)	–	(5,164)
At 31 December 2007	13,877	68,298	82,175
Year ended 31 December 2006			
At 1 January 2006	20,461	51,709	72,170
Movement in unrealised fair value gains	–	14,362	14,362
Gains on realisation of investments at fair value	4,118	–	4,118
Purchase of own shares for cancellation	(7,024)	–	(7,024)
At 31 December 2006	17,555	66,071	83,626

The above split in capital reserve is shown in accordance with provisions of the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies'.

The total capital reserve is available to be utilised to fund share buy-backs.

14. Commitments and contingencies

There were no uncalled or outstanding contingent liabilities at either year end.

	2007	2006
15. Net asset value per share		
The net assets attributable to the Ordinary shares were as follows:		
Net assets attributable	£326,435,000	£162,419,000
Number of Ordinary shares in issue	109,531,133	55,232,472
Net asset value per share	298.03p	294.06p

16. Reconciliation of net return before taxation to net cash inflow from operating activities	2007	2006
	£'000	£'000
Net return on ordinary activities before taxation	9,512	22,852
Adjustments for:		
Gains on investments	(3,713)	(18,480)
Increase in accrued income	(581)	(49)
Increase in other debtors	(1)	–
Increase/(decrease) in other creditors	48	(3)
Net cash inflow from operating activities	5,265	4,320

17. Analysis of changes in net funds	At 1 January 2007	Cash flow	At 31 December 2007
	£'000	£'000	£'000
Cash and short term deposits	234	(27)	207
AAA rated money market funds	2,650	(550)	2,100
Net funds	2,884	(577)	2,307

18. Financial instruments

The Company's financial instruments comprise securities and other investments, cash balances and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company also has the ability to enter into derivative transactions in the form of futures and options, for the purpose of managing market risks arising from the Company's activities though there has been no exposure to such instruments during the year.

The main risks that the Company faces from its financial instruments are liquidity risk, market price risk (comprising interest rate risk and other price risk) and credit risk.

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is not considered to be significant as the Company's assets mainly comprise readily realisable securities which can be sold to meet funding requirements if necessary. Market price risk and credit risk have been considered in more detail within this note

The Board regularly reviews and agrees policies for managing each of these risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures exclude short-term debtors and creditors.

Market price risk

The fair value of or future cash flows from a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises two elements – interest rate risk and other price risk.

Interest rate risk

Interest rate movements may affect :

- the fair value of investments in fixed interest rate securities;
- the level of income receivable on cash deposits.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions.

The assets and liabilities of the Company are primarily non interest bearing with the exception of the following financial floating rate assets:

	2007 £'000	2006 £'000
AAA rated money market funds	2,100	2,650
Cash and short-term deposits	207	234
	2,307	2,884

Movements in interest rate would not significantly affect net assets attributable to the Company's shareholders and total profit.

Other price risk

Other price risks (i.e. changes in market prices other than those arising from interest rate risk) may affect the value of the quoted investments. The Company's stated objective is to track the FTSE All-Share Index in the main through full replication of the FTSE 350 Index. As a result the Company is exposed to movements in the underlying Index.

As the Company tracks its benchmark index it will hold an appropriate spread of investments in the portfolio. This will reduce the risk arising from factors specific to a particular sector. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on the London Stock Exchange.

Other price risk sensitivity

If market prices at the year end had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders at the year ended 31 December 2007 would have increased/decreased by £32,373,000 (31 December 2006 – increase/decrease of £15,904,000) and equity reserves would have increased/decreased by the same amount. The calculations are based on the portfolio valuations, as at the respective Balance Sheet dates, and are not representative of the year as a whole.

Credit risk

This is the risk that a counter party to a transaction fails to discharge its obligations under that transaction, resulting in a loss to the Company.

The risk is not significant, and is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker;
- cash is held only with reputable banks with high quality external credit enhancements. The money market funds held have a AAA rating, which reduces the risk of default.

None of the Company's financial assets is secured by collateral or other credit enhancements.

	2007 £'000	2006 £'000
Debtors and prepayments	1,101	650
AAA rated money market funds	2,100	2,650
Cash and short-term deposits	207	234
	3,408	3,534

Amounts in the above table are based on the carrying value of all balances.

19. Contingent assets

On 5 November 2007, the European Court of Justice ruled that management fees should be exempt from VAT. HMRC has announced its intention not to appeal against this case to the UK VAT Tribunal and therefore protective claims which have been made in relation to the Company will be processed in due course. The Board is currently in the process of quantifying the potential repayment that should be due. However, the amount the Company will receive, the period to which it will refer, and the timescale for receipt are all uncertain and hence the Company has made no provision in these financial statements for any such repayment.

Marketing Strategy

Edinburgh UK Tracker Trust plc contributes to the marketing programme run by Aberdeen Asset Managers Limited ("AAM") on behalf of a number of investment trusts under its management. Under this agreement the Company's contribution is matched by AAM. This contribution is reviewed annually.

The purpose of the Programme is to communicate effectively with existing shareholders and attract new shareholders, thus improving liquidity and thereby enhancing the value and rating of the Company's shares.

These aims can be met in several ways:

Investor relations programme

AAM runs an investor relations programme to existing and prospective institutional investors in investment trusts. Each month institutional investors and prospects receive a Manager's report on your Company that includes detailed performance analysis.

Newsletter

The 'Bulletin' newsletter, an informed commentary on markets and investment trusts managed by the Aberdeen Group is distributed free of charge.

Public relations

AAM undertakes to brief journalists, write regularly through placed articles and ensure Company results and any corporate activity are brought to public attention.

Shareholder services

AAM runs an investment help desk for retail enquirers and investors. Enquirers or investors will be sent any relevant literature on request and have queries answered immediately.

The Marketing Programme is under the direction of AAM's Head of Investor Relations for Investment Trusts, who has considerable experience in the marketing and communications of investment products. He is supported by a team of marketing professionals.

Internet

The AAM Investment Trust website contains details of closed funds and investment companies managed or advised by the Aberdeen Group.

Edinburgh UK Tracker Trust plc has its own dedicated website at: www.edinburghuktracker.co.uk. This allows web users to access information on the Company's share price performance, capital structure, stock exchange announcements and monthly reports. The site is continuously being evaluated for improvement.

It is intended that ongoing Programme activities in these various fields, both proactive and supportive, will assist the Company to increase and maintain its Shareholder base, improve liquidity and sustain ratings.

The Company is committed to the close monitoring of the Programme. The Head of Investor Relations for Investment Trusts reports to the Board and provides a written summary quarterly.

If you have any questions about your Company, the Manager or performance, please telephone the AAM Customer Services Department (direct private investors) on 0500 00 00 40 or our broker desk on 0800 592 487 (Institutions and IFAs). Alternatively, internet users may e-mail us at inv.trusts@aberdeen-asset.com or write to us at Aberdeen Investment Trusts, Block C, Western House, Lynchwood Business Park, Peterborough PE2 6BP

How to Invest in Edinburgh UK Tracker Trust

Direct

Investors can buy and sell shares in Edinburgh UK Tracker Trust plc directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser.

Alternatively shares can be bought directly through Aberdeen's Investment Plan for Children, the Aberdeen Investment Trust Share Plan, Investment Trust ISA and Investment Trust Pension.

Aberdeen Investment Plan for Children

Aberdeen Asset Managers (AAM) runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including Edinburgh UK Tracker Trust plc. Anyone can invest in the Plan, including parents, grandparents and family friends. All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts.

Aberdeen Investment Trust Share Plan

AAM runs a Share Plan (the "Plan") through which shares in Edinburgh UK Tracker Trust plc can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Stocks and Shares ISA

An investment of up to £7,200 in Edinburgh UK Tracker Trust plc can be made in the tax year 2008/2009.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated six monthly and deducted from income. Under

current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

You can choose to transfer previous tax year investments to us which can be invested in Edinburgh UK Tracker Trust plc while retaining your ISA wrapper. The minimum lump sum for a ISA transfer is £1,000 and is subject to a minimum per trust of £250.

Investment Trust Pension

The Investment Trust Pension enables investors to save for retirement by investing in Edinburgh UK Tracker Trust plc. The Investment Trust Pension offers a Personal Pension Plan. Contributions can be made regularly or by lump sums, and there are low minimum investment amounts.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

Trust Information

If investors would like details of Edinburgh UK Tracker Trust plc or information on the Children's Plan, Share Plan, ISA or Pension please telephone 0500 00 00 40 or write to Aberdeen Investment Trusts, Block C, Western House, Lynchwood Business Park, Peterborough PE2 6BP or e-mail at inv.trusts@aberdeen-asset.com. Details are also available on www.invtrusts.co.uk.

Keeping you Informed

The Company's share price appears under the heading 'Investment Companies' in the Financial Times, and other national newspapers.

For internet users, detailed data on Edinburgh UK Tracker Trust plc, including price, performance information and a monthly fact sheet is available from the Trust's website (www.edinburghuktracker.co.uk) and the TrustNet website (www.trustnet.co.uk). Alternatively you can call 0500 00 00 40 for trust information.

For information concerning your shareholding, please contact:

Registrar

Equiniti Limited

Aspect House

Spencer Road, Lancing

West Sussex BN99 6DA

Telephone: 0871 384 2441

Textphone: 0871 384 2255

Website: www.shareview.co.uk

Calls to these numbers are charged at 8p per minute from a BT landline. Other telephony providers' costs may vary.

Website: www.shareview.co.uk

Literature Request Service

For literature and application forms for the Manager's investment trust products, please contact:

Telephone: 0500 00 40 00

Email: aam@lit-request.com

For information on the Investment Plan for Children, Share Plan, ISA or ISA Transfer, please contact:

Aberdeen Investment Trust Administration

Block C, Western House

Lynchwood Business Park

Peterborough, PE2 6BP

Telephone: 0500 00 00 40

For information on the Pension Plan, please contact:

Edinburgh Pension Centre

Capita SIP Services

141 Castle Street

Salisbury

Wiltshire SP1 3TB

Telephone: 0800 13 7 0 79

The above information has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 by Aberdeen Asset Management Limited which is authorised and regulated by the Financial Services Authority.

Glossary of Terms and Definitions

Discount

The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Dividend Cover

Earnings per share divided by dividends per share expressed as a ratio.

Dividend Yield

The annual dividend expressed as a percentage of the share price.

Net Asset Value

The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

Premium

The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

Price/Earnings Ratio

The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.

Total Assets

Total Assets less current liabilities.

Total Expense Ratio

Ratio of expenses as percentage of average shareholders' funds calculated as per the industry standard Lipper Fitzrovia method.

Total Return

Total Return involves reinvesting the net dividend in the month that the share price goes xd. The NAV Total Return involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned, eg quarter end, half year or year end date.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Edinburgh UK Tracker Trust plc will be held at One Bow Churchyard, Cheapside, London EC4M 9HH on Friday 18 April 2008 at 11.00 a.m., for the following purposes:

To consider and, if thought fit, pass the following resolutions, of which Resolutions 1 to 8 inclusive will be proposed as Ordinary Resolutions and Resolutions 9 and 10 will be proposed as Special Resolutions:

Ordinary Business

1. To receive the reports of the Directors and auditors and the financial statements for the year ended 31 December 2007.
2. To approve the Directors' remuneration report for the year ended 31 December 2007.
3. To propose a final dividend of 1.83p on the Ordinary shares.
4. To elect Mr Purvis as a Director of the Company.
5. To re-elect Mr Mathewson as a Director of the Company.
6. To re-appoint KPMG Audit Plc as auditors of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company.
7. To authorise the Directors to fix the remuneration of the auditors for the year to 31 December 2008.

Special Business

8. That, pursuant to Article 147(1) of the Company's Articles of Association, the Company continue.
9. That, in substitution for any existing power under Section 95 of the Companies Act 1985 (the "Act"), 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 empowered, pursuant to Section 95(1) of the Act, to:
 - (a) allot equity securities (as defined in Section 94(2) of the Act) for cash at a price not below the net asset value per share pursuant to the authority under Section 80 of the Act conferred on the Directors of the Company and contained in resolution 8 of the Company passed at the Company's Annual General Meeting held on 28 April 2003 as if Section 89(1) of the Act did not apply to any such allotment; and
 - (b) sell relevant shares (as defined in Section 94(5) of the Act) in the Company at a price not below the net asset value per share if, immediately before the sale, such shares are held by the Company as treasury shares (as defined in Section 162A(3) of the Act) ("treasury shares") for cash (as defined in Section 162D(2) of the Act), as if Section 89(1) of the Act did not apply to any such sale, up to an aggregate nominal amount of £3,597,813 such power to expire at the conclusion of the Annual General Meeting of the Company to be held in 2009, unless previously revoked, varied or extended by the Company in general meeting, provided that such power shall be limited to the allotment of equity securities and the sale of treasury shares:
 - i) in connection with an offer of equity securities open for acceptance for a period fixed by the Directors of the Company to the holders of ordinary shares in the share capital of the Company on a fixed record date in proportion (as nearly as practicable) to their respective holdings of such ordinary shares (but subject to such exclusions or other arrangements as the Directors of the Company may consider necessary or expedient to deal with legal problems under or resulting from the application or apparent application of the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or in connection with fractional entitlements or otherwise howsoever); and
 - ii) other than pursuant to sub-paragraph (i) of this resolution, up to an aggregate nominal amount of £1,090,246 save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or treasury shares to be sold after the expiry of such power and the Directors of the Company may allot equity securities or sell treasury shares in pursuance of such an offer or agreement as if such power had not expired.
10. That, in substitution for any existing authority under Section 166 of the Companies Act 1985 (the "Act"), the Company be and is hereby generally and unconditionally authorised, in accordance with Section 166 of the Act, to make market purchases (within the meaning of Section 163(3) of the Act) of fully paid ordinary shares of 10p each in the capital of the Company ("ordinary shares"), provided that:
 - (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased shall be 14.99% of the issued ordinary share capital of the Company as at the date of the passing of this resolution;
 - (b) the minimum price which may be paid for an ordinary share shall be 10p (exclusive of expenses);

Notice of Annual General Meeting continued

- (c) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall be the higher of:
 - i) 5% above the average of the market values of the ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the ordinary shares for the five business days immediately preceding the date of purchase; and
 - ii) the higher of the price of the last independent trade in ordinary shares and the highest current independent bid for ordinary shares on the London Stock Exchange; and
- (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2009, save that the Company may, at any time prior to such expiry, enter into a contract or contracts 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 or contracts.

By order of the Board

Aberdeen Asset Management PLC

Secretary

18 March 2008

Registered office: One Bow Churchyard

Cheapside, London EC4M 9HH

Notes:

- (i) A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote on his/her behalf. A proxy need not be a member of the Company.
- (ii) A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to shares. A member may not appoint more than one proxy to exercise rights attached to any one share.
- (iii) A form of proxy for use by shareholders is enclosed with these accounts. Completion and return of the form of proxy will not prevent any shareholder from attending the meeting and voting in person. To be valid, the form of proxy should be lodged, together with any Power of Attorney or other authority (if any) under which it is signed or an extract from the Books of Council and Session or a notarially certified copy of such power or authority at the address stated thereon, so as to be received not less than 48 hours before the time of the meeting or any adjourned meeting.
- (iv) In accordance with Section 325 of the Companies Act 2006, the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Act. Persons nominated to receive information rights under section 146 of the Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with Section 149 (2) of the Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.
- (v) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders entered on the register of members of the Company as at 6.00pm on 16 April 2008 or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes to the entries on the register of members after 6.00pm on 16 April 2008 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting, notwithstanding any provisions in any enactment, the Articles of Association of the Company or other instrument to the contrary.
- (vi) As at 5 March 2008 the Company's issued share capital comprised 109,024,633 ordinary shares of 25p each. Each ordinary share carries the right to vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5 March 2008 is 109,024,633.
- (vii) There are special arrangements for holders of shares through the Share Plan, Investment Trust PEP/ISA and Investment Trust Pension. These are explained in the 'Letter of Direction' which such holders will have received with this report

Corporate Information

Directors

Tom Ross
David Hager
David Mathewson
Christopher Purvis
David Tucker

Registered Office

One Bow Churchyard
Cheapside
London EC4M 9HH

Manager

Aberdeen Asset Managers Limited
40 Princes Street
Edinburgh EH2 2BY
Telephone: 0131 528 4000
Authorised and regulated by the Financial Services Authority

Company Registration Number

2476057

Company Broker

JPMorgan Cazenove

Registrar

Equiniti Limited
Aspect House
Spencer Road, Lancing
West Sussex BN99 6DA
Telephone: 0871 384 2020
Textphone: 0871 384 2255
Call to these numbers are charged at 8p per minute from a
BT landline
Website: www.shareview.co.uk

Auditors

KPMG Audit Plc
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Bankers and Custodian Bankers

Bank of New York

Website

www.edinburghuktracker.co.uk

Your Company's History

The Company was incorporated on 1 March 1990

Issued Share Capital at 31 December 2007

109,531,133 ordinary 10p shares

Issued Share Capital at 5 March 2008

109,024,633 ordinary 10p shares

Capital History

Since 31 December 2007	506,500 ordinary shares purchased for cancellation
Year to 31 December 2007	56,125,609 ordinary shares were issued to Tribune UK Tracker PLC shareholders following its acquisition 1,826,948 ordinary shares purchased for cancellation at prices ranging from 263p to 293.5p
Year to 31 December 2006	2,668,958 ordinary shares purchased for cancellation at prices ranging from 256.8p to 286.9p
Year to 31 December 2005	2,585,000 ordinary shares purchased for cancellation at prices ranging from 200.5p to 234.0p
Year to 31 December 2004	420,000 ordinary shares purchased for cancellation at prices ranging from 180.0p to 186.5p
Year to 31 December 2003	1,000,000 ordinary shares issued at 159.0p
Year to 31 December 2002	2,439,727 ordinary shares issued at prices ranging from 162.5p to 235.0p
Year to 31 December 2001	2,307,720 ordinary shares issued at prices ranging from 205.5p to 267.5p
Year to 31 December 2000	1,654,210 ordinary shares issued at prices ranging from 266.4p to 294.0p
Year to 31 December 1999	2,525,000 ordinary shares issued at prices ranging from 258.0p to 287.5p
Year to 31 December 1998	150,000 ordinary shares issued at prices ranging from 214.0p to 218p
Year to 31 December 1997	Name Changed to Edinburgh UK Tracker Trust plc from Malvern UK Index Trust PLC on 25 April 1997

