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THE LINDSELL TRAIN INVESTMENT TRUST PLC

Report and Accounts
For the year ended 31 March 2008

THE LINDSELL TRAIN INVESTMENT TRUST PLC

Contents

Highlights for the Year

Performance comparisons 1 April 2007 – 31 March 2008

Middle market share price per Ordinary Share #	+3 6%
Net Asset Value per Ordinary Share ^	+1 9%
Benchmark *	+4 6%
MSCI World Index (Sterling)	–5 9%
UK RPI Inflation (all items)	+3 8%

Calculated on a total return basis

^ The Net Asset Value at 31 March 2008 has been adjusted to include the dividend of £1 75 per Ordinary Share paid on 25 July 2007

* The index of the annual average yield on the 2 5% Consolidated Loan Stock between the relevant dates

Objective of the Company

The objective of the Company is to maximise long-term total returns subject to the avoidance of loss of absolute value and with a minimum objective to maintain the real purchasing power of Sterling capital, as measured by the annual average yield on the 2 5% Consolidated Loan Stock

Investment Policy

The Investment Policy of the Company is to invest

- in a wide range of financial assets including equities, unquoted equities, bonds, funds, cash and other financial investments globally with no limitations on the markets and sectors in which investment may be made, although there may be bias towards Sterling assets, consistent with a Sterling-dominated investment objective The Directors expect the flexibility implicit in these powers to assist in the achievement of the absolute returns the investment objective requires
- in Lindsell Train managed fund products, subject to board approval, up to 25% of its assets (before deducting borrowings)
- to retain a holding, currently 25%, in Lindsell Train Limited in order to benefit from the growth of the business of the Company's Investment Manager

Diversification
The allocation to equities will be approximately 80% and the normal number of equity investments will be approximately 15 The Company will not make investments for the purpose of exercising control or management and will not invest in securities of or lend to any one company (or other members of its group) other than another investment trust more than 15% by value of its assets (before deducting borrowings) The Company will not invest more than 15% of gross assets in other closed-ended investment funds

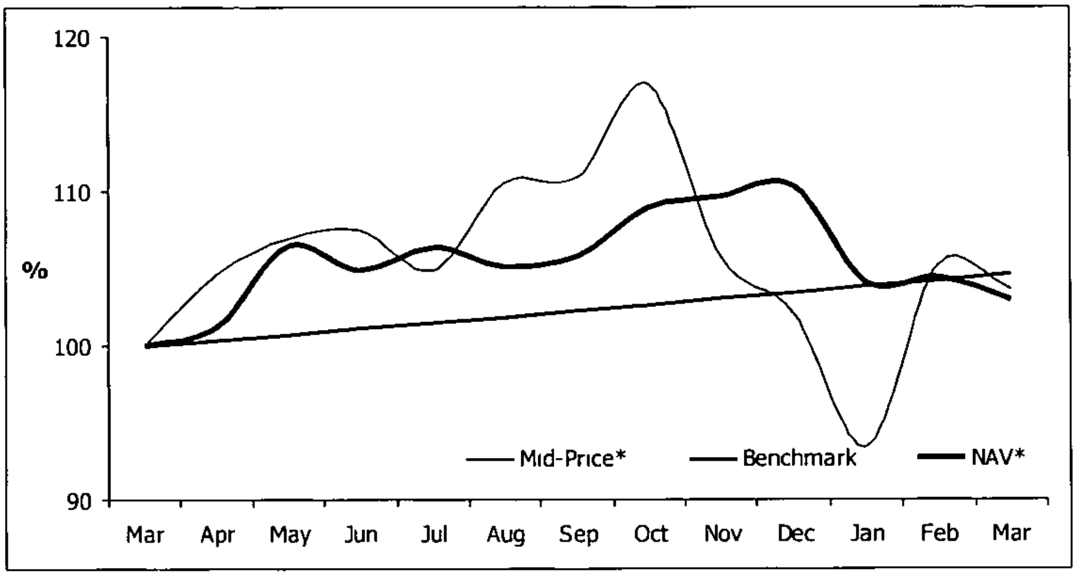
Gearing
The Directors' policy is to permit borrowings up to 50% of the net asset value of the Company (before borrowings) in order to enhance returns where and to the extent that this is considered appropriate

Dividends
The Directors' policy is to pay annual dividends consistent with retaining the maximum permitted earnings in accordance with investment trust regulations

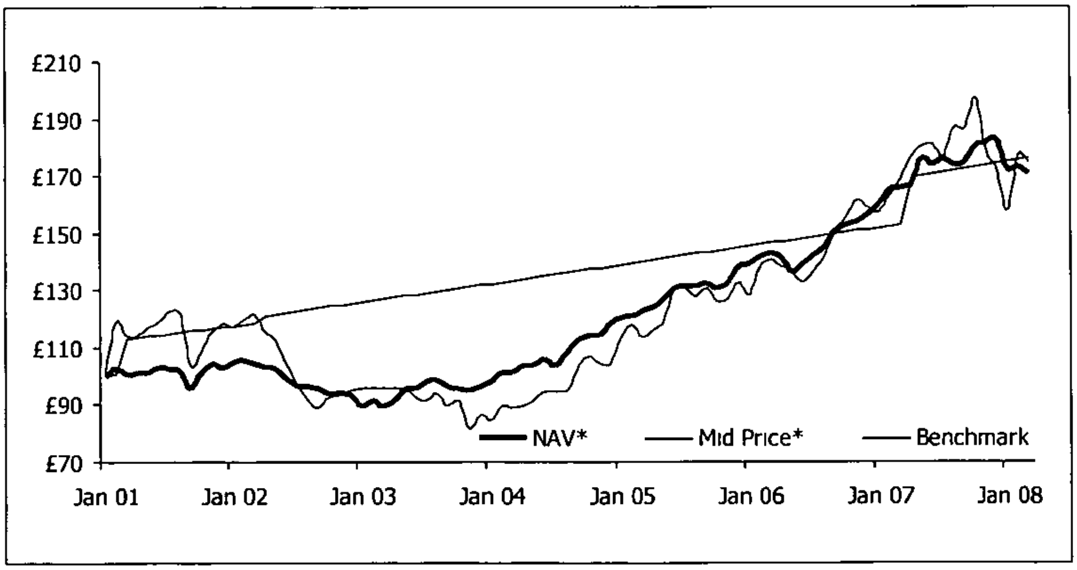
The current composition of the portfolio, which may be changed at any time at the discretion of the Investment Manager within the confines of the policy stated above, is shown on pages 6 and 7

Performance

Share price performance relative to the Net Asset Value and benchmark for the year ended 31 March 2008



Share price performance relative to the Net Asset Value and benchmark since inception on 22 January 2001 to 31 March 2008



Source Bloomberg and Lindsell Train Limited

** Adjusted to include dividends*

Chairman's Statement

The Company's Net Asset Value ('NAV') eked out a small gain of just 1 9% (including the dividend) over the year to the end of March 2008 in what proved to be difficult markets for investors exemplified by the performance of world equities (the MSCI index in Sterling), which fell by 5 9% over the same period The Company's absolute return benchmark continued to compound at a 4 6% rate and thus offered a better return than that generated by the Company for last year, ending the four consecutive years of outperformance of the Company's NAV versus its benchmark Since the Company was established in January 2001 the total return of the NAV was 7 7% per annum and the total return of the share price was 7 5% per annum, both exceeding the benchmark annualised return of 4 5% per annum which in turn exceeded annualised inflation (RPI Index) of 3% per annum Thus over the seven years of its existence the Company has set out what it achieved to do at a minimum to preserve and preferably to enhance the real value of Shareholders capital

It has done this by amassing long-term holdings in a select number of companies buttressed by income earning investments These are accompanied by fixed interest bonds, preference shares and holdings in Lindsell Train managed funds designed to exploit specific themes All have contributed to the overall return of the Company in different ways at different times Last year it was the turn of the Lindsell Train long/short funds to generate handsome returns with the Lindsell Train Japan fund rising in value by 35 7% and the Lindsell Train Global Media fund by 14 3% Most equity positions were to some extent affected by the poor market sentiment but for the second year running Nintendo delivered the biggest positive contribution rising by 53 8% The success of its strategy to broaden the appeal of its video games to the wider population from the narrow markets of boys and teenage males has created a large temporary monopoly for its products (there is, as yet, no competition) which continues to exceed the expectations of Nintendo itself and investors in general creating huge returns for Shareholders in a relatively short time As an illustration of its extraordinarily profitable business model Nintendo still employs 3,000 staff, the same number that generated just a third of its current sales three years ago Nintendo is now the Company's largest holding at 13% of NAV and 17% on a look-through basis

An important contributor to both the NAV returns last year and since inception was the performance of Lindsell Train Limited ('LTL'), the management company contracted to run the Company's investments in which the Company currently owns a 25% shareholding In a difficult year for markets LTL expanded funds under management by 6 1% to £486m whilst its track records in its specialist areas of UK and Japan equities continue to gain credibility with its clients and potential clients alike LTL further improved its profitability and raised its annual dividend payment by 69 4% to a level 3 times that of the original cost of the investment to the Company In reflection of such positive progress the value of the investment has been revised upwards by 20 9% over the year using the methodology modified by the board in October 2007 (see September 2007 interim report)

As with all the Company's investments the potential to pay dividends, whether the cash is retained for future investment or paid out, remains a key measure of the success of the strategy This year has proved a bonanza for dividends led by LTL, Nintendo (up by 82 6%) and even the Lindsell Train Japan Fund As the Company's expenses have only grown marginally, the bulk of which is the interest expense on borrowings, the cost of which peaked in mid-year and thus is

Chairman's Statement continued

little higher than in 2006, net profits are up by 56% and the proposed dividend is up by 20% at £2 10 per share I am glad to report that the dividend has risen at a respectable annualised rate of 10 4% in the five years since its inaugural dividend paid in 2003

At the Annual General Meeting this year you will be asked to vote on the continuation of the Company as an investment trust Your Investment Manager, my fellow Directors and I, who in aggregate represent 18 6% of total voting rights, intend voting for continuation and would encourage you to vote in favour of the Resolution Despite the current difficult market conditions, we see no reason why the successful investment record achieved to date will not continue for the Company in future and thus enable Shareholders to participate in the financial rewards generated by that success

R M Swire
Chairman
10 June 2008

Directors

Rhoderick Swire FCA *^†, Chairman, aged 57, is chairman of Pantheon Holdings Limited He is the chairman of Lewmar Marine plc and a director of the China Navigation Company Limited and Pantheon International Participations plc In 1981 he joined GT Management PLC to oversee and manage venture capital investments Before joining GT Management PLC he was an executive at John Swire & Sons Limited for four years, working in Hong Kong, Sydney and London He obtained a BSc in Engineering and Economics from Birmingham University and qualified as a Chartered Accountant with Peat Marwick

Donald Adamson^†, aged 49, has over 20 years' experience of fund management, corporate finance and private equity in Edinburgh, London and Jersey He is the principal of Research and Consulting Associates Limited, a specialist off-shore consulting business He serves as director or chairman of a number of listed and privately-held investment companies including funds managed by the Pantheon Group, the Lindsell Train Japan Fund and the Lindsell Train Global Media Fund He was awarded an M A in economics and history from University College, Oxford, carried out post-graduate research at Nuffield College, Oxford, and is a member of the Securities & Investment Institute

Dominic Caldecott*^, aged 51, worked at Morgan Stanley Investment Management Limited, London, from 1986 to 2006, specialising in the management of overseas equity portfolios for U S institutions He was a managing director of Morgan Stanley from 1992 until 2006 Prior to Morgan Stanley he worked for GT Management in Hong Kong and Tokyo as an analyst and portfolio manager of Japanese equities He has an M A in law from New College, Oxford

Michael Lindsell, aged 48, joined the investment department of Lazard Brothers in 1982 after obtaining a BSc (Hons) degree in zoology from Bristol University In 1985 he moved to Scimitar Asset Management in Hong Kong where he ran Pacific and Japanese mandates before specialising in Japan, then Warburg Asset Management in London in 1989 where he was a director and head of Mercury Asset Management's Japanese fund management division In 1992 he joined GT Management's Tokyo office where he held the post of chief investment officer with responsibility for GT's Japanese funds, and global funds sourced out of Japan He returned to the UK in 1997 and following the acquisition of GT by INVESCO in 1998, he was appointed head of the combined global product team He left INVESCO to set up Lindsell Train Limited in 1999

Michael Mackenzie*^†, aged 51, is a specialist in private equity investments focusing primarily on the wine industry His career in financial services started in 1978 with Kleinwort Benson Limited in London and then in Hong Kong In 1986 he joined James Capel (Far East) Limited as a director before becoming executive director of Wardley James Capel (Far East) Limited in 1991 In 1994 he was appointed a director of Jefferies Pacific Limited, a position that he held for three years He has an M A in Modern Languages from New College, Oxford

All Directors are non-executive

* Independent

^ Audit Committee member

† Management Engagement Committee member

R Swire, D Adamson and M Mackenzie were appointed on 29 November 2000, D Caldecott was appointed on 23 May 2006 and M Lindsell was appointed on 13 July 2006

Investment Manager

Lindsell Train Limited acts as discretionary Investment Manager of the Company's assets

Administrator and Secretary

Phoenix Administration Services Limited acts as Administrator and Secretary to the Company

Portfolio Holdings at 31 March 2008

(All Ordinary Shares unless otherwise stated)

Holding	Security	Fair value £'000	% of total assets	*Look-through basis* % of total assets* †
16,000	Nintendo	4,125	12 98	*17 28*
42,374	Lindsell Train Global Media (Distributor) Inc	3,909	12 30	*5 91*
269,457	Barr (AG)	3,031	9 53	*9 53*
490,000	Cadbury	2,710	8 53	*8 53*
2,383,700	HBOS 9 25% Non-Cumulative Preferred	2,574	8 10	*8 10*
666	Lindsell Train Limited*	2,440	7 68	*7 68*
232,000	Diageo	2,357	7 41	*7 41*
36,211	Lindsell Train Japan (Distributor) Inc	2,217	6 97	*5 75*
£3,350,000	2 5% Consolidated Loan Stock	1,853	5 83	*5 83*
US$2,500,000	US Treasury 6 25% 15/05/2030	1,610	5 06	*5 06*
£2,500,000	Treasury 2 5%	1,408	4 43	*4 43*
240,000	Reuters Group	1,392	4 38	*5 94*
200,402	Reed Elsevier	1,284	4 04	*4 04*
508,472	Marston's	1,044	3 28	*3 28*
420,000	Finsbury Growth & Income Trust	1,012	3 18	*3 18*
36,900	Heineken	937	2 95	*2 95*
131,500	Pearson	896	2 82	*3 93*
15,750	Clarins	539	1 70	*1 70*
29,250	eBay	439	1 38	*2 02*
	Total Investments	35,777	112 55	*112 55*
	Net current liabilities	(3,990)	(12 55)	*(12 55)*
	Total assets less current liabilities	31,787	100 00	*100 00*

* Unlisted investment

† Look-through basis This adjusts the percentages held in each security also held by Lindsell Train Funds It provides Shareholders with a measure of stock specific risk by amalgamating the direct holdings of the Company with the indirect holdings held within the Lindsell Train Funds

Leverage

As well as direct borrowings of the Company, Funds managed by Lindsell Train Limited also have powers to leverage We detail below the balance sheet positions of these Funds at 31 March 2008

Fund	Gross exposure	Net exposure
Lindsell Train Japan Fund	159 2%	1 2%
Lindsell Train Global Media Fund	169 9%	92 7%
Finsbury Growth & Income Trust	110 3%	110 3%

Gross exposure long equity positions plus short equity positions
Net exposure long equity positions minus short equity positions

Investment Portfolio at 31 March 2008

Breakdown by industry sector

	2008		2007	
Long-term fixed interest				
Bonds	15 32%		15 04%	
Preference stock*	8 10%		11 46%	
		23 42%		26 50%
Equities				
Media	24 22%		19 69%	
Beverages	19 89%		21 02%	
Lindsell Train Funds	19 27%		15 91%	
Consumer products	8 53%		9 26%	
Investment management	7 68%		6 39%	
Breweries	3 28%		7 10%	
Investment companies	3 18%		4 39%	
Personal care	1 70%		1 85%	
Software & Computer services	1 38%		1 57%	
		89 13%		87 18%
Cash		(12 55)%		(13 68)%
		100 00%		100 00%

Breakdown by geography

	2008		2007	
Long-term fixed interest				
UK*	18 36%		21 71%	
USA	5 06%		4 79%	
		23 42%		26 50%
Equities				
UK	50 85%		56 49%	
Japan	19 95%		12 96%	
World-wide	16 95%		15 16%	
USA	1 38%		2 57%	
		89.13%		87 18%
Cash				
USA	7 05%		4 93%	
Japan	(0 79)%		(2 32)%	
Europe	(3 04)%		(2 18)%	
UK	(15 77)%		(14 11)%	
		(12 55)%		(13 68)%
		100.00%		100 00%

Breakdown by currency

	2008	2007
£	53 44%	64 09%
US$	32.76%	28 20%
Yen	12 19%	5 55%
Euro	1 61%	2 16%
	100 00%	100 00%

* Includes HBOS 9 25% Non-Cumulative Preferred although, strictly speaking, this is an equity investment

Investment Manager's Report

We regard the announcement of the merger between Mars and Wrigley, after the close of your Company's financial year, as an important affirmation of our investment strategy and, as such, worthy of discussion

The fact that this deal is even possible between two such independently-minded, family-owned entities signifies how intense the pressure is for them and others to find business combinations – combinations that gather globally resonant brands under one wing and permit the costs of further developing those brands be amortised across a wider distribution footprint Mars has paid a high price for the privilege of adding Wrigley's ubiquitous gum to its product portfolio – 4 0x its annual revenues and c18 0x EBITDA – but strategically the deal looks impeccable There will be more

Twenty years ago, as we often remind investors in presentations, Wrigley's share price was $3 and today Mars is offering $80 for control We suspect that very few equities in any geography deliver their owners 26-fold appreciation over twenty years, because very few companies have the assets or competitive advantages to enable them to generate the necessary returns above their cost of capital for decades or longer In hindsight, it is apparent how Wrigley (which regrettably we do not own) has done it The company is inherently cash generative – because the cost of manufacture of each stick of gum is a fraction of its retail price, while Wrigley's formidable brand strength deters new entrants – and has thereby succeeded in parlaying its strong national position into a genuinely global presence

We are keen to build your portfolio around companies with Wrigley-type characteristics, although they are rare – hoping for comparable long term investment returns Current holdings include Barr, Cadbury, Clarins, Diageo, Heineken and Marstons (held in part for its collection of regional beer brands), amounting to 33% of net assets, not including the additional exposure to branded goods owners through the Lindsell Train funds such as Unilever and Youngs Brewery in Finsbury Growth and Income Trust (FGIT) and Ito-En and Kao in Japan We have no doubt that all these companies have built real brand equity, enjoy growth opportunities and, certainly, are far more modestly valued than not only Wrigley, but also compared to other recent transactions involving consumer branded goods owners Pernod Ricard's offer for Absolut Vodka, at 5 0x annual revenues, highlights the strategic undervaluation of Diageo, while stock market investors ascribe only half the value to Cadbury that Mars has to Wrigley We are excited about the prospects for returns from this part of the portfolio

Elsewhere, we count ourselves fortunate not to have suffered more in the current bear market for financial companies We say fortunate because, as a general principle, we like parts of that industry, in particular asset managers and "consumer-facing" banks It was only our conviction that even greater value lay elsewhere that saved us from a premature commitment and, as a result, we hold no bank or other financial company ordinary equity Nonetheless, we must acknowledge that UK financial stocks have impaired the performance of FGIT over the past 12 months and that the one direct exposure in your portfolio to financial paper has not been a success This last is the sizable and longstanding holding in HBOS 9 25% preference shares The position has lost 16% of its value over the last 12 months, mitigated by the continuing net dividend return, at today's price, of 7 5%pa This performance, compared to most financial stocks, is a triumph, but we are disappointed, because we expected the paper to prove "defensive" and, perhaps even to go up during periods of economic uncertainty and profit contraction In fact, the recently announced HBOS rights issue is unalloyed good news for our

Investment Manager's Report continued

preferred holding, because no additional capital is called for from us, while the security of the preference dividends is further enhanced

With this enhancement we think the preference shares can recover further – as can AAA-rated government bonds Our holdings in long dated US treasuries and irredeemable gilts offer a valuable insurance policy against a deflationary outcome to today's economic uncertainties as evidence mounts of declining consumer confidence in the Anglo-Saxon nations

However, we are not inclined to pessimism, expecting the world to muddle through Accordingly, we signal to Shareholders what we see as two additional and significant opportunities in equity markets, each of which is represented by the portfolio's investment in the two Lindsell Train funds – Japan and Media Both of these should offer participation in what we expect to be new bull markets developing over the next few years (implausible though that may seem today) Japan and the Media sector are deeply out of favour Yet we see not only undervaluation in the fund portfolios (and of the related assets to which we have direct exposure in LTIT), but also increasing evidence of fundamental change, which is creating value for equity owners In Japan this is evidenced by a sea-change in corporate dividend policy, particularly by the companies we own, lifting payout ratios and the dividend yield of the portfolio Meanwhile, for owners of unique Media "content", the Internet is creating new business opportunities The extraordinary sales growth delivered by Nintendo last year and, we expect, for years to come, combined with its progressive dividend policy capture both these themes and, as a result the company remains our biggest holding and best return prospect

N Train
Investment Manager
Lindsell Train Limited
10 June 2008

Report of the Directors

The Directors present their report together with the audited financial statements of the Company for the year ended 31 March 2008

Activities and Status

The principal activity of the Company is to carry on the business of an investment trust company The Company is an investment company as defined in section 833 of the Companies Act 2006

The Directors have conducted, and intend to continue to conduct, the affairs of the Company with a view to maintaining approval as an investment trust for the purposes of section 842 of the Income and Corporation Taxes Act 1988 ("section 842") in order to obtain exemption from United Kingdom taxation on capital gains However, such approval is only given retrospectively in respect of each accounting period of the Company HM Revenue and Customs (HMRC) approval has been given for the year ended 31 March 2007 but this does not preclude HMRC from opening a subsequent enquiry into the Company's tax return

Duration of the Company

The Company does not have a fixed life but at the forthcoming Annual General Meeting an ordinary resolution will be proposed that the Company should continue as an investment trust Under the Company's Articles of Association this resolution must be carried out by a poll The Directors, who, together with the Investment Manager, in aggregate represent 18 6% of the issued capital, intend to vote for continuation and recommend that Shareholders vote in favour of this resolution The Company has adequate resources to continue in existence for the foreseeable future and notwithstanding the continuation vote, the Board believes that it is appropriate for the accounts to be prepared on a going concern basis

In the event that this resolution is not passed, the Directors will formulate proposals for the future of the Company for consideration by Shareholders

Business Review

The review of the year and commentary on the future outlook are presented in the Chairman's Statement on pages 3 and 4 and the Investment Manager's Report on pages 8 and 9 Total return and Net Asset Value are measured against the benchmark and provide the key performance indicators for assessing the development and performance of the business These are also discussed in the Chairman's Statement and in the Investment Manager's Report

The principal financial risks and how these are managed are discussed in note 18 to the financial statements on pages 39 to 42

Non-financial risks which the Company is exposed to include market, economic and regulatory factors, and loss of services by third party suppliers These are considered at each Board meeting and the Investment Manager closely monitors them Should any factor pose a potential risk to the Company, the Board would be alerted so that it could consider what action (if any) should be taken

The price of shares is subject to the interaction of supply and demand, market and economic influences, Net Asset Value per share and the general perceptions of investors The share price will accordingly fluctuate and the Company cannot guarantee that it will appreciate in value The Company's activities are conducted within operational and regulatory environments and could be materially impacted by a failure of systems at third party service providers, a loss of key member(s) of the investment management team, breach of section 842 or breach of the UKLA Listing Rules

Report of the Directors continued

Results and Dividend

The revenue return for the financial year ended 31 March 2008 after taxation amounted to £606,000 (2007 £389,000) A dividend of 210p per Ordinary Share (2007 175 00p) is proposed in respect of the year ended 31 March 2008 The dividend will be paid on 8 August 2008 to Shareholders whose names appear on the register at close of business on 18 July 2008 (ex-dividend 16 July 2008)

Directors

Details of the Directors of the Company who served during the year are set out on page 5 Particulars of their remuneration are given on pages 21 and 22

The powers of the Directors are set out in the Articles of Association, which are publicly available, and comprise the usual managerial powers ordinarily given to Directors There are no specific rules relating to the exercise of those powers

Rhoderick Swire retires by rotation Michael Lindsell and Donald Adamson retire in accordance with the UKLA Listing Rules Being eligible they offer themselves for re-election Without the aforementioned Directors being present the other members of the Board evaluated their performances as Directors and consider that the Company has benefited significantly from their services and contribution to the Board's deliberations The Board accordingly recommends that Shareholders vote in favour of their re-election

Investment Manager

The Investment Manager, Lindsell Train Limited, is engaged under the terms of a contract dated 21 December 2000, details of which are given in note 6 to the financial statements, and is terminable by 12 months' notice Subsequent to the year end the Directors reviewed the performance of the Investment Manager and consider that the continued engagement of the Investment Manager under the existing terms is in the best interests of the Company and Shareholders Being an employee and shareholder of the Investment Manager, Michael Lindsell did not participate in the review

In addition to the day to day management of investments, the Investment Manager advises the Board on liquidity and borrowings, and liaises with major Shareholders

Administration and Secretarial Agreement

Accounting, company secretarial and administrative services are provided by Phoenix Administration Services Limited pursuant to an agreement dated 21 December 2000 The agreement is terminable by either party on not less than three months' notice

Directors' Interests

The interests of the Directors in the Ordinary Shares of the Company on the dates indicated were as follows

	Ordinary Shares of 75p 1 April 2007	**Ordinary Shares of 75p 31 March 2008**
R Swire	1,000	**1,000**
D Adamson	2,750	**2,750**
D Caldecott	8,250	**8,250**
M Lindsell	7,080	**6,995**
M Lindsell*	3,600	**3,600**
M Mackenzie	250	**250**
M Mackenzie*	3,575	**3,575**

* Non beneficial interests

Report of the Directors continued

No changes in the above interests occurred between 31 March 2008 and the date of this report None of the Directors have been granted or exercised any rights to subscribe for Ordinary Shares of the Company

Disclosure of Interests

Michael Lindsell is a director of the Investment Manager, Lindsell Train Limited, of which he also holds 37% of the issued share capital The terms of the Investment Management Agreement are set out in note 6 to the financial statements Mr Lindsell is a shareholder of Lindsell Train Japan (Distributor) Inc and Lindsell Train Global Media (Distributor) Inc and is also connected with the daily management of these funds

Donald Adamson is non-executive Chairman of the Lindsell Train Japan Fund and the Lindsell Train Global Media Fund, both Lindsell Train fund products in which the Company invests Mr Adamson is also a shareholder of Lindsell Train Japan (Accumulator) Inc and Lindsell Train Global Media (Accumulator) Inc

All of the Directors are non-executive and no Director had a contract of service with the Company at any time during the year

Save as disclosed above and in note 6 to the financial statements, no Director was a party to, or had an interest in, any contract or arrangement with the Company

Waiver of Emoluments

Because of his connection with the Investment Manager, Michael Lindsell has waived his entitlement to fees and performance related bonus

Substantial Shareholdings

At 31 March 2008 and 2 June 2008 the Company had been notified and/or become aware of the following holdings representing 3% or greater of the Ordinary Share capital of the Company

	No of Shares at 31 March 2008	*No of Shares at 2 June 2008*	*% of issued capital*
Brewin Dolphin Securities Limited	27,412	27,164	13 6
Rathbone Investment Management	12,900	13,085	6 5
Mr Nicholas Train	10,829	10,829	5 4
Finsbury Growth & Income Trust	10,000	10,000	5 0
Newton Investment Management	6,986	8,361	4 2
Mr Dominic Caldecott	8,250	8,250	4 1
Mr Michael Lindsell	7,080	7,080	3 5
Les Fils Dreyfus & Cie SA	6,880	6,880	3 4
Troy Asset Management	6,475	6,475	3 2

Report of the Directors continued

Ordinary Share Capital

At 31 March 2008 (31 March 2007 and up to the date of this report) the Company had an authorised and issued share capital comprising 200,000 Ordinary Shares of 75p nominal each At 31 March 2008 the Ordinary Share price was £163 50 (31 March 2007 £159 50)

Income entitlement
The Company's revenue earnings are distributed to holders of Ordinary Shares by way of dividends (if any) as may from time to time be declared by the Directors

Capital entitlement
On a winding up of the Company, after settling all liabilities of the Company holders of Ordinary Shares are entitled to a distribution of any surplus assets in proportion to the respective amounts paid up or credited as paid up on their shares

Voting entitlement
Holders of Ordinary Shares are entitled to one vote on a show of hands, and on a poll to one vote for each Ordinary Share held Notices of Meetings and Proxy Forms set out the deadlines for the valid exercise of voting rights and, other than with regard to Directors not being permitted to vote on matters upon which they have an interest, there are no restrictions on the voting rights of Ordinary Shareholders

Transfers
There are no restrictions on transfers of Ordinary Shares except a) dealings by Directors, Persons Discharging Managerial Responsibilities and their connected persons which may constitute insider dealing or are otherwise prohibited by the rules of the UKLA, b) transfers to more than 4 joint holders, c) transfers to US persons other than as specifically permitted by the Directors, d) if, in the Director's opinion, the assets of the Company might become "plan assets" for the purposes of US ERISA 1974, and e) transfers which in the opinion of the Directors would cause material legal, regulatory, financial or tax disadvantage to the Company

The Company is not aware of any agreements with or between Shareholders which restrict the transfer of Ordinary shares, or which would take effect or alter or terminate in the event of a change of control of the Company

Creditors' Payment Policy

It is the Company's policy to obtain the best terms for all business including purchases of investments, and to abide by those terms At 31 March 2008 the Company had no trade creditors (2007 nil)

Director's Indemnity

Articles 165 and 166 of the Company's Articles of Association provide that insofar as permitted by law, every Director shall be indemnified by the Company against all costs, charges, expenses, losses or liabilities incurred in the execution and discharge of the Directors duties, power or office The Company has arranged appropriate insurance cover in respect of legal action against its Directors

Statement of Directors' Responsibilities for the Annual Report

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the return of the Company for that period In preparing these financial statements, which have been prepared in accordance with UK Generally Accepted Accounting Practice, the Directors have

Report of the Directors continued

- selected suitable accounting policies and applied them consistently,
- made judgements and estimates that are reasonable and prudent,
- followed applicable United Kingdom law and United Kingdom accounting standards, and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors are responsible for ensuring that the Report of the Directors and other information included in the annual report is prepared in accordance with company law in the United Kingdom They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Services Authority

Directors' Confirmation Statement

The non-executive Directors listed on page 5, as the persons responsible within the Company, hereby confirm to the best of their knowledge

a) that the financial statements within this Annual Report of which this Statement forms part have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and

b) the Management Report, which comprises the Chairman's Statement, Investment Manager's Report, Business Review and associated notes, includes a fair review of the development and performance of the business and position of the Company, together with the principal risks and uncertainties which the Company faces

Audit information

Each Director has taken all steps that he ought to have taken in order to

- make himself aware of any information relevant to the audit,
- establish that the Company's auditors are aware of that information, and
- that, as far as the Director is aware, there is no information relevant to the audit of which the Company's auditors are unaware

Auditor

With effect from 2 July 2007 RSM Robson Rhodes LLP ("RSM") merged its audit practice with that of Grant Thornton UK LLP, with the successor firm being Grant Thornton UK LLP ("Grant Thornton") RSM accordingly resigned as auditors on 30 July 2007, creating a casual vacancy which the Directors filled by appointing Grant Thornton Special Notice having been received by the Company, a resolution to appoint Grant Thornton as auditor to the Company, and to authorise the Directors to determine the auditor's remuneration, will be proposed at the forthcoming Annual General Meeting

Report of the Directors continued

Special Business at the Annual General Meeting
New Articles of Association

Resolution 9 is proposed as a Special Resolution to adopt new Articles of Association ("Articles") As many parts of the Companies Act 2006 ("Act") are already in force, this will bring the constitution of the Company into line with the requirements of the Act. The new Articles may be viewed on the Company's website at www lindselltrain com and a hard copy will be available for inspection prior to and during the Annual General Meeting The principal changes from the existing Articles are given on page 46

Share buy back authority

Resolution 10 is proposed as a Special Resolution and would, if passed, renew the authority to permit the Company to buy back through the stock market up to a maximum of 29,999 Ordinary Shares of 75p each (equivalent to 14 99% of the Ordinary Shares in issue at the date of this report) Purchases will only be made through the market for cash at prices below the prevailing Net Asset Value per Ordinary Share, thereby resulting in an increased net asset value per share

Under the rules of the UK Listing Authority, the price which may be paid for Ordinary Shares pursuant to the share buy back policy must not be more than 5% above the average of the market values of the Ordinary Shares for the five business days before the purchase is made

Current legislation allows companies to purchase their own shares and hold them in treasury rather than being cancelled Up to 10% of the issued capital may be held in treasury, which are then eligible for subsequent resale or cancellation Treasury shares would not be resold at a price below that at which they had been bought back No voting rights or entitlement to distribution (either dividend or on a winding up) can apply to shares held in treasury

The Board recommends that Shareholders vote in favour of these resolutions

On behalf of the Board

Phoenix Administration Services Limited
Secretary
10 June 2008

Corporate Governance Statement

The Board supports the high standards of corporate governance contained within the Code of Corporate Governance as issued by the Financial Reporting Council (FRC) in June 2006, and the principles published in May 2007 by the Association of Investment Companies ("the AIC Principles") The Board confirms that it complies with these subject to those aspects explained below where the Company has not complied or does not feel it appropriate for a Company of this size to do so As the Company has no executive Directors the provisions of the Code in respect of directors' remuneration do not apply to the Company

The Terms of Reference of all Committees of the Board are available from the Registered Office of the Company

Internal Control

The Board confirms that there is an ongoing process for identifying, evaluating and managing those risks which are significant for the Company and that this process reflects the guidance provided by the FRC in June 2006 This process has been in place for the year ended 31 March 2008 and up to the date of approval of the annual report and financial statements and, is regularly reviewed by the Board The review covers all material controls, including financial, operational and compliance controls and risk management systems

The Board has ultimate responsibility for the system of internal control and for reviewing its effectiveness The key elements of the system are the appointment of an independent custodian with responsibility for safeguarding the Company's assets and clearly defined responsibilities between the Board, the Custodian and the Investment Manager, which has detailed operating procedures in place The controls operated by the Board include the authorisation of the investment strategy and regular reviews of the investment performance and financial results The system is designed to manage rather than eliminate the risk of being unable to meet business objectives and can provide reasonable but not absolute assurance against material misstatements or loss, as explained by the FRC The Board has reviewed the operation and effectiveness of the Company's system of internal controls during the period through its ongoing identification, assessment and management of the Company's key risks, including an annual review

The Board has contractually delegated the management of the investment portfolio to the Investment Manager, Lindsell Train Limited, the day to day administration and the company secretarial requirements to Phoenix Administration Services Limited and the custodial services, which include the safeguarding of the assets, to Morgan Stanley & Co International Plc These contracts have been entered into after full consideration by the Board of the services undertaken The Investment Manager, Administrator and the Custodian of the Company's assets all maintain their own systems of internal and financial controls

The Investment Manager has established an internal control framework to provide reasonable assurance on the effectiveness of internal controls operated on behalf of its clients The Investment Manager's compliance officer assesses and reports to the Board on the effectiveness of the internal controls and the business risk exposure of the Investment Manager

Their approach to managing internal control and risk conforms to the recommendations of the FRC's Internal Control Guidance for Directors The Board confirms that in this manner it has reviewed the effectiveness of the Company's internal controls for the period under review, taking into account matters arising up to the date of this report

Corporate Governance Statement continued

Since the Company's investment management, accounting and custodial activities are carried out by third party service providers, the Board does not consider it necessary to have a separate internal audit function or whistleblowing procedures The Audit Committee reviews annually the whistleblowing procedures of the Investment Manager

Board Independence

The Board recognises that its prime purpose is to direct the business so as to maximise shareholder value within a framework of proper controls It is predominantly an independent Board The Board comprises five members, all of whom are non-executive and three of whom are fully independent of the Investment Manager Mr Adamson is a non-executive chairman of two of the Investment Manager's funds and receives remuneration for each of those positions Accordingly, Mr Adamson is sufficiently linked to the Investment Manager to require that he stand for re-election annually Mr Lindsell is a director and shareholder of Lindsell Train Limited which is the Investment Manager of the Company He is therefore deemed not to be independent The Board does not consider it necessary to appoint a Senior Independent Director, as the majority of the Directors, including the Chairman, are independent

Board Structure

There is clear division of responsibility between the Chairman, the Board, the Manager and other third party service providers No single Director has unfettered powers of decision The Chairman leads the Board ensuring its effectiveness and ensures that the Directors receive accurate, timely and clear information The Board leads on matters concerning the Company's investment objective, gearing, capital structure, governance, the appointment of service providers and keeps in touch with Shareholders It is the sole responsibility of the Investment Manager to take decisions on the purchase and sale of individual investments Representatives of the Investment Manager, the Company Secretary and Administrator attend each Board meeting The Board, the Investment Manager and Company Secretary operate in a supportive and cooperative manner

Directors

The Directors normally meet as a Board on a quarterly basis The Board lays down guidelines within which the Investment Manager implements investment policy and has a schedule of matters reserved for the resolution of the Directors All Board members have access to the advice and services of the Company Secretary, the removal or replacement of whom is a matter for the Board as a whole The Directors are also able to take independent professional advice at the Company's expense

A full report on the investment holdings and performance is received from the Investment Manager at Board meetings The Investment Manager also reports regularly to the Board on the Company's financial position

The Company's Articles of Association require newly appointed Directors to submit themselves for election by Shareholders at the next Annual General Meeting Thereafter, in compliance with Principle A 7 1 of the Combined Code, all Directors are required to submit themselves for re-election at least every three years

Corporate Governance Statement continued

None of the Directors consider longevity of service as an impairment of independence or judgement but were this to become the case the relevant Director(s) would stand down

The number of meetings of the Board and Committees for the year under review is given below, together with individual Director's attendance at those meetings

	Board		Audit	Management
Number of meetings	**Regular (4)**	**Telephone (1)**	**Committee (2)**	**Engagement (3)**
Rhoderick Swire	4	1	2	3
Donald Adamson	4	1	2	3
Dominic Caldecott	3	1	2	3
Michael Lindsell	4	–	n/a	n/a
Michael Mackenzie	4	–	2	3

The Board continually evaluates the performance of the Board, Committees, individual Directors and third party service providers using regular informal evaluations The Board is satisfied from the results of these that the Board, its Committees and its third party providers function effectively, collectively and individually, and that the Board contains an appropriate balance of skills and experience for the effective management of the Company

The Nomination Committee

The Board as a whole fulfils the function of a Nomination Committee The Directors have many years' experience within the industry between them and a broad knowledge of individuals who would have the necessary skills to promote and develop the Company Accordingly the Nomination Committee does not consider it necessary to engage the services of third party search consultants unless no such suitably skilled individuals can be identified

Accountability and Audit

The Company's Audit Committee comprises Michael Mackenzie (Chairman), Dominic Caldecott and Rhoderick Swire, who are independent, and Donald Adamson Mr Adamson was formerly Chairman of the Audit Committee and the Board considers it desirable that both he and Mr Swire continue as members of the Committee The Committee meets at least twice each year Proceedings are formally minuted and reported to the Board by the Audit Committee Chairman The Company's external auditor attends the Committee at its request at least once a year and reports on its work, the quality and effectiveness of the Company's accounting procedures, and its findings in relation to the Company's statutory audit The Audit Committee reviews the internal controls of the Company's service providers, accounting policies, financial statements, the independence of the external auditor, the auditor's appointment and remuneration, cost effectiveness of services and the fair value of unquoted investments

The Audit Committee keeps under review non-audit services supplied by the external auditor having consideration of cost effectiveness of the services and the independence and objectivity of the auditor The external auditor currently provides tax compliance services to the Company The scope of any additional non-audit services has to be reviewed and agreed by the Audit Committee in advance of engagement

Corporate Governance Statement continued

The Company satisfies itself about the effectiveness of internal controls by requiring service providers to report and give assurance on their internal controls to the Audit Committee Although the Directors can thereby provide reasonable assurance against material misstatement or loss, they acknowledge that risk cannot be eliminated altogether

The Directors are satisfied that all members of the Audit Committee have recent and relevant experience The Company Secretary is Secretary to the Audit Committee

Management Engagement Committee

Rhoderick Swire (as Chairman), Donald Adamson and Michael Mackenzie comprise the Management Engagement Committee Terms, fees and other remuneration payable to Lindsell Train Limited and Phoenix Administration Services Limited, set out in notes 3, 4 and 6 to the financial statements, are kept under review It also reviews the performance of the Investment Manager at least annually

Social, Economic and Environmental Matters

As an investment trust the Company has no direct impact on social, economic and environmental issues The Company's investments being predominantly in blue-chip companies, the Board is of the opinion that investee companies are likely to have considerable regard both for the welfare of their employees and on environmental matters in relation to areas where their operations are located

Voting Policy

The Company has authorised the Investment Manager to vote at its discretion but with a view to preserving the best interests of the Company on ordinary business proposed by investee companies, but is required to consult with the Chairman before voting on special business

Shareholder Relations

The Company, through the Investment Manager, has regular contact with its institutional Shareholders The Board supports the principle that the Annual General Meeting be used to communicate with private investors It has implemented the provisions of the Combined Code in this report for the forthcoming Annual General Meeting and recommends that Shareholders attend the meeting where the Directors present will be able to answer any questions Shareholders may have in relation to the Company and its activities

Shareholders may contact the Board through either the Investment Manager or the office of the Company Secretary, contact details for whom are given on the inside back cover

Going Concern

After considering the Company's current financial resources and, as the majority of the net assets of the Company are securities which are traded on recognised stock exchanges, the Directors are satisfied that its resources are adequate for continuing in business for the foreseeable future and that it is appropriate to prepare the financial statements on a going concern basis

Corporate Governance Statement continued

The Company does not have a fixed life but the Board stated in the Prospectus for the Company dated 21 December 2000 that it considered it desirable that Shareholders should have the opportunity to review the future of the Company in 2008 Accordingly Resolution 7 will be put as an ordinary resolution, at the forthcoming Annual General Meeting to continue the Company as an investment trust In accordance with the Articles of Association the resolution shall be taken by a poll In the event that the continuation resolution is not passed the Directors will consider proposals for the future of the Company

Annual General Meeting

The Annual General Meeting of the Company will be held on Wednesday 30 July 2008 and all Shareholders are encouraged to attend In accordance with the Combined Code, the Notice of Meeting is circulated more than 20 working days before the meeting

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of the Companies Act 1985 An ordinary resolution for the approval of this report will be put to Shareholders at the forthcoming Annual General Meeting

The law requires your Company's auditor to audit certain of the disclosures provided Where disclosures have been audited, they are indicated as such The auditors' opinion is included in its report on pages 23 and 24

Remuneration Committee

The Company has no executive Directors and the Board as a whole fulfils the function of a Remuneration Committee

The Committee conducted a review of the fees paid to Directors and concluded that the amounts should remain unchanged for the present

Policy on Directors' Fees

The Board's policy is that the remuneration of non-executive Directors should be based on fixed fees lower or equal to that of other investment trusts that are similar in size, together with the potential for a bonus, based on the achievement of the investment objective of the Company, to foster a strong alignment of interest between Directors and Shareholders It is intended that this policy will continue for the year ending 31 March 2009 and subsequent years The Company does not have any employees

The maximum aggregate Directors' fees (see note 5 to the financial statements) pursuant to the Company's Articles of Association is £220,000 per financial year The remuneration terms are reviewed annually by the independent Directors No Director may vote on his own remuneration Directors are entitled to a bonus at the rate of 1%, calculated on the same basis as for the Investment Manager's performance fee (as described in note 6 to the financial statements) subject to a cap of £100,000 for all Directors in each performance period No performance bonus is payable to the Directors for the year ended 31 March 2008 As the Directors are non-executive directors they are not eligible for pension benefits, share options, long-term incentive schemes or other benefits

Directors' Service Contracts

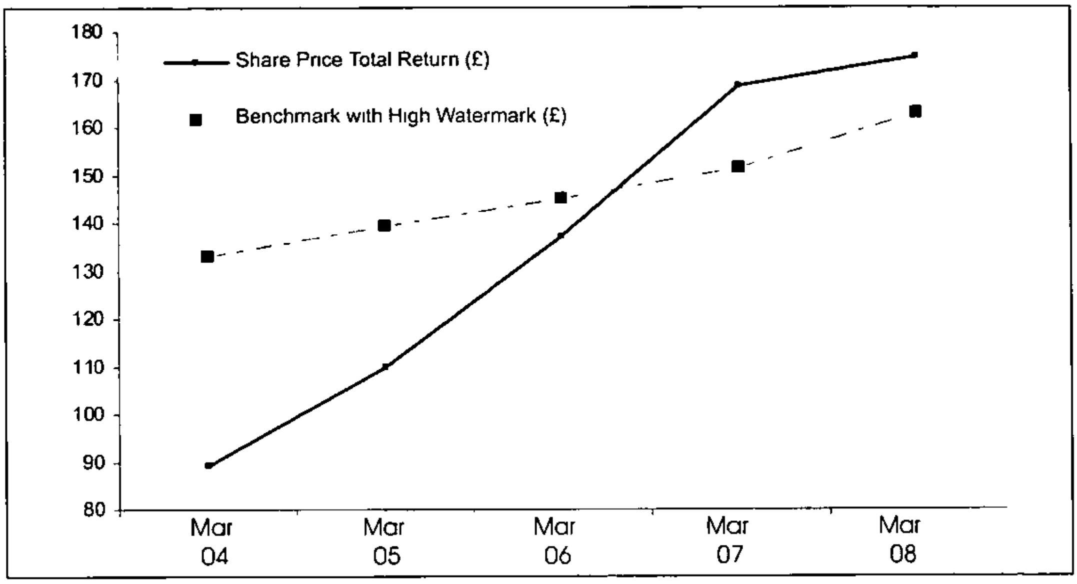
It is the Board's policy that none of the Directors has a service contract In accordance with the Articles of Association the terms of their appointment provide that a Director shall retire and be subject to re-election at the first Annual General Meeting after their appointment, and at least every three years after that Michael Lindsell and Donald Adamson stand for re-election each year because of their connection with the Investment Manager The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office

Your Company's Performance

The graph on page 22 compares the total return (assuming all dividends are reinvested) to Ordinary Shareholders compared to the annual average yield on the 2.5% Consolidated Loan Stock This index was chosen for comparison as it is the benchmark for performance purposes

Directors' Remuneration Report continued

Share price performance vs Benchmark for the five years to 31 March 2008



Directors' emoluments and benefits for the year ended 31 March 2008 (audited)

	2008 Fees £	2008 Bonus £	2008 Total £	2007 Fees £	2007 Bonus £	2007 Total £
Rhoderick Swire (Chairman of the Board)	10,000	-	10,000	10,000	2,840	12,840
Dominic Caldecott (from 23 May 2006)	7,500	-	7,500	6,500	1,893	8,393
Michael Lindsell (from 13 July 2006)	n/a	n/a	n/a	n/a	n/a	n/a
Michael Mackenzie (Audit Committee Chairman)	7,500	-	7,500	7,500	1,893	9,393
	25,000	-	25,000	24,000	6,626	30,626

Because of his connection with the Investment Manager, Michael Lindsell has waived his entitlement to fees totalling £7,500 per annum as a Director of the Company

Sum paid to Third Party for Director's Services (audited)

In addition to the above, the following sum was paid to the third party stated for the services of Donald Adamson to act as a Director of the Company

Name of Director	Name of Company	Fee	Amount paid 2008 £	Amount paid 2007 £
Donald Adamson	Research & Consulting Associates Ltd	Director's	7,500	7,500
Donald Adamson	Research & Consulting Associates Ltd	Bonus	-	1,893

On behalf of the Board

pp **Phoenix Administration Services Limited**
Secretary
10 June 2008

Report of the Independent Auditors

To the members of The Lindsell Train Investment Trust Plc

We have audited the financial statements (the "financial statements") of The Lindsell Train Investment Trust Plc for the year ended 31 March 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Movements in Shareholders Funds and notes 1 to 22 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 auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

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 Report of the Directors is consistent with the financial statements The information given in the Report of the Directors includes that specific information presented in the Chairman's Statement and Investment Manager's Report that is cross referred from the Business Review section of the Report of the Directors

In addition we 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 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements The other information comprises only the Report of the Directors, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement, Investment Manager's Report, the Investment Policy, the Investment Portfolio and the Portfolio

Report of the Independent Auditors continued

Holdings 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 Company's 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 Company's 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 Company's 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 Company's 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 United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2008 and of its profit 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 Report of the Directors is consistent with the financial statements

Grant Thornton UK LLP

Grant Thornton UK LLP
Registered Auditor & Chartered Accountants
London
10 June 2008

Income Statement for the years ended 31 March

	Notes	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000	2007 Revenue £'000	2007 Capital £'000	2007 Total £'000
Gains on investments	11	–	**175**	**175**	–	3,954	3,954
Exchange differences		–	**(197)**	**(197)**	–	(159)	(159)
Gains on forward currency contracts		–	**2**	**2**	–	116	116
Income	2	**1,373**	–	**1,373**	1,108	–	1,108
Investment management fees	3	**(194)**	–	**(194)**	(265)	–	(265)
Other expenses	4	**(184)**	**(1)**	**(185)**	(154)	(1)	(155)
Net return/(loss) before finance costs and tax		**995**	**(21)**	**974**	689	3,910	4,599
Interest payable and similar charges	7	**(375)**	–	**(375)**	(292)	–	(292)
Return/(loss) on ordinary activities before tax		**620**	**(21)**	**599**	397	3,910	4,307
Tax on ordinary activities	8	**(14)**	–	**(14)**	(8)	–	(8)
Return/(loss) on ordinary activities after tax for the financial year		**606**	**(21)**	**585**	389	3,910	4,299
Return/(loss) per Ordinary Share	10	**£3 03**	**£(0 10)**	**£2 93**	£1 95	£19 55	£21 50

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

The total columns of this statement represent the profit and loss accounts of the Company The revenue and capital return columns are supplementary to this and are prepared under the guidance published by the Association of Investment Companies

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

No operations were acquired or discontinued during the year

The notes on pages 29 to 43 form part of these financial statements

Reconciliation of Movements in Shareholders' Funds

for the years ended 31 March 2007 and 31 March 2008

	Share capital £'000	Special reserve £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Revenue reserve £'000	Total £'000
For the year ended 31 March 2008						
At 31 March 2007	150	19,850	1,175	9,457	920	31,552
Return on ordinary activities after tax for the financial year	–	–	(9)	(12)	606	585
Dividends paid (see note 9)	–	–	–	–	(350)	(350)
At 31 March 2008	**150**	**19,850**	**1,166**	**9,445**	**1,176**	**31,787**

	Share capital £'000	Special reserve £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Revenue reserve £'000	Total £'000
For the year ended 31 March 2007						
At 31 March 2006	150	19,850	1,226	5,496	881	27,603
Return on ordinary activities after tax for the financial year	–	–	(51)	3,961	389	4,299
Dividends paid (see note 9)	–	–	–	–	(350)	(350)
At 31 March 2007	150	19,850	1,175	9,457	920	31,552

The notes on pages 29 to 43 form part of these financial statements

Balance Sheet as at 31 March

	Notes	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Fixed assets					
Investments held at fair value through profit and loss	11		**35,777**		35,869
Current assets					
Debtors	12	**420**		1,000	
Cash at bank		**2,235**		1,520	
		2,655		2,520	
Creditors amounts falling due within one year	13	**(6,645)**		(6,837)	
Net current liabilities			**(3,990)**		(4,317)
Net assets			**31,787**		31,552
Capital and reserves					
Called up share capital	14		**150**		150
Special reserve			**19,850**		19,850
			20,000		20,000
Capital reserve – realised	15		**1,166**		1,175
Capital reserve – unrealised	15		**9,445**		9,457
Revenue reserve			**1,176**		920
Equity Shareholders' funds	16		**31,787**		31,552
Net asset value per Ordinary Share	16		**£158 94**		£157 76

The financial statements on pages 25 to 43 were approved by the Board on 10 June 2008 and were signed on its behalf by

R M Swire
Chairman

The notes on pages 29 to 43 form part of these financial statements

Cash Flow Statement for the years ended 31 March

	Notes	2008 £'000	2007 £'000
Net cash inflow from operating activities	17a	**816**	849
Servicing of finance		**(372)**	(286)
Taxation		**(11)**	(8)
Financial investment	17b	**251**	(482)
Net cash inflow before financing		**684**	73
Equity dividends paid		**(350)**	(350)
Increase/(decrease) in cash in the year		**334**	(277)

Reconciliation of net cash flow to movement in net debt

	Notes	2008 £'000	2007 £'000
Increase/(decrease) in cash in the year		**334**	(277)
Exchange movements		**(197)**	(159)
Opening net debt		**(4,473)**	(4,037)
Closing net debt	17c	**(4,336)**	(4,473)

The notes on pages 29 to 43 form part of these financial statements

Notes to the Financial Statements

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year is set out below

(a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting, except for the measurement at fair value of investments The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and with the AIC Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' dated January 2003 revised December 2005 All of the Company's operations are of a continuing nature

(b) Reporting currency

The financial statements are presented in Sterling which is the functional currency and presentational currency of the Company Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates

(c) Dividends

Dividends paid by the Company are recognised in the financial statements in respect of the period in which they are paid

(d) Valuation of fixed asset investments

When a purchase or sale is made under a contract, the terms of which require delivery within the time frame of the relevant market, the investments concerned are recognised or derecognised on the trade date

Investments have been designated by the Board as held at fair value through profit or loss and accordingly are valued at fair value, deemed to be bid or last market prices depending on the convention of the exchange on which they are listed As the entity's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, investments are designated as fair value through profit or loss on initial recognition The entity manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the Company is provided internally on this basis to the Board

Where performance fees earned by the Manager in respect of the Company's investment in a Lindsell Train Fund product are reinvested in shares of the relevant fund, those additional shares are recorded at nil cost in the Company's records and then restated on the basis as disclosed above

Unquoted investments are valued by the Directors at fair value using market valuation techniques

Investments are held as part of the investment portfolio, even those over which the Company has significant influence or control because their value to the Company is through their marketable value as part of a basket of investments rather than as a media through which the Company carries out its business

The investment in Lindsell Train Limited (representing 25% of the Manager) is held as part of the investment portfolio Accordingly, the shares are accounted for and disclosed in the same way as other investments in the portfolio The valuation of the investment is calculated at the end of each quarter on the basis of fair value as determined by the Directors of the Company The valuation process is based upon a revised formula that takes into account inter alia, the value of the funds under Lindsell Train Limited's management and the moving average of its monthly earnings

The investment in Lindsell Train Global Media (Distributor) and Japan (Distributor) represent seed capital and have not been consolidated in the Company's financial statements because these shareholdings do not constitute dominant influences

Notes to the Financial Statements continued

(e) Income

Dividends are credited to the revenue column of the Income Statement on an ex-dividend basis or as soon as entitlement has been established, if later The fixed return on a debt security is recognised on a time apportionment basis so as to reflect the effective yield rate on the debt security

Bank and deposit interest is accounted for on an accruals basis

(f) Expenses

All investment management fees are charged to revenue within the Income Statement

All expenses are accounted for on an accruals basis Expenses are recognised through the Income Statement as revenue items except as follows

- expenses which are incidental to the purchase of an investment are taken to the capital reserves – realised via the capital column of the Income Statement where material, or included in the cost of investment if not material and disclosed in note 11
- expenses which are incidental to the sale of an investment are deducted from the proceeds of the sale of investment
- any other expenses incurred in connection with the acquisition or disposal of an investment are allocated to capital reserve - realised within the Income Statement
- finance costs are accounted for on an accruals basis All finance costs are charged to revenue within the income statement

(g) Taxation

Deferred taxation is provided on all differences which have originated but not reversed by the balance sheet date, calculated at the rate at which it is anticipated the timing differences will reverse Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset Deferred tax assets and liabilities are not discounted to reflect the time value of money

(h) Foreign currency

Transactions and investment income denominated in foreign currencies are recorded in Sterling at actual exchange rates at the date of the transaction or receipt Monetary assets and liabilities denominated in foreign currencies at the year end are recorded in Sterling at the rates of exchange prevailing at the year end Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve The value of investments in foreign currencies is expressed in Sterling at the rates of exchange prevailing at the year end Surpluses and deficits arising from conversion at this rate of exchange are taken directly to capital reserves

(i) Distributable reserves

Following recent guidance from the ICAEW both the revenue reserve and capital reserves, including the capital reserve – unrealised to the extent that it is related to investments readily convertible to cash, are considered distributable reserves In accordance with the Company's status as a UK investment company under Section 833 of the Companies Act 2006, the capital reserves may not be distributed by way of dividend, but may be utilised for the purposes of share buybacks

Notes to the Financial Statements continued

2 Income

	2008 £'000	2007 £'000
Income from investments		
Overseas dividends	**144**	62
Overseas stock dividends	**42**	–
Overseas fixed interest income	**73**	87
UK dividends	**873**	726
UK fixed interest income	**164**	160
	1,296	1,035
Other income		
Deposit interest	**77**	73
Total income comprises		
Dividends	**1,059**	788
Interest	**314**	320
	1,373	1,108

3 Investment management fees

	2008 £'000	2007 £'000
Investment management fee	**218**	184
Managers performance fee	**–**	85
Rebate of investment management fee (see below)	**(24)**	(4)
	194	265

For the avoidance of double charging management fees, the Investment Manager has agreed to rebate any periodic management fee that it receives from the Company by the amount of fees receivable by it from Lindsell Train fund products and other fund products where Lindsell Train Limited is the investment manager in respect of the Company's investments in those funds The Investment Manager has agreed that any performance fees that it earns from a Lindsell Train fund product in respect of the Company's investment in that fund will be reinvested in the shares of that fund and the shares rebated to the Company

As at 31 March 2008 the Company had investments in the following Lindsell Train products

36,211 shares in Lindsell Train Japan (Distributor) Inc at a total cost of £2,422,464,
42,374 shares in Lindsell Train Global Media (Distributor) Inc at a total cost of £2,545,249

The amounts rebated on the Investment Management fee are shown above, of which £7,945 (2007 £nil) relates to the Company's investment in the Lindsell Train Japan Fund, £4,404 (2007 £4,078) relates to the Company's investment in the Finsbury Growth & Income Trust and £11,528 (2007 £nil) relates to the Company's investment in the Lindsell Train Global Media Fund

In November 2007 Lindsell Train Limited re-instated its management fees on Lindsell Train Global Media Fund and Lindsell Train Japan Fund subject to total expense ratio caps These fees had previously been waived by Lindsell Train Limited

The performance fee earned by the Investment Manager in relation to the Company's investment in Lindsell Train Global Media (Distributor) Inc has been reinvested in that company's shares and the 2,407 shares issued have been rebated to the Company

The performance fee earned by the Investment Manager in relation to the Company's investment in Lindsell Train Japan (Distributor) Inc has been reinvested in that Company's shares and the 289 shares issued have been rebated to the Company A further 828 shares were received by the Company from a dividend re-investment option

Details of the Investment Management Agreement are disclosed in note 6 on page 32

Notes to the Financial Statements continued

4 Other expenses

	2008 £'000	2007 £'000
Administration fee	**65**	60
Directors' emoluments (see note 5)	**33**	40
Auditor's remuneration for		
– audit of the financial statements of the Company	**19**	15
– other services relating to taxation	**4**	4
Other*	**63**	35
	184	154
Capital charges	**1**	1
	185	155

* Includes registrars fees, printing fees, London Stock Exchange/FSA fees and Directors' liability insurance

In accordance with an administration agreement dated 21 December 2000 between the Company and Phoenix Administration Services Limited ("Phoenix"), Phoenix has been appointed to provide administration and company secretarial services to the Company for which Phoenix receives an annual fee of £65,000

5 Directors' emoluments

One Director received emoluments by way of consultancy fees totalling £7,500 (2007 £9,393 – one Director including a performance bonus of £1,893) The consultancy fees are reflected in the table below

	2008 £'000	2007 £'000
Directors' fees	**33**	31
Directors' bonus	**–**	9
	33	40

The Chairman and Directors receive emoluments of £10,000 and £7,500 per annum respectively Directors' fees totalling £7,500 have been waived in full by Mr Michael Lindsell as a Director of the Company

A Directors' bonus is payable to Directors at a rate of 1% and calculated on the same basis as for the Investment Manager's performance fee (as described in note 6 below) subject to a cap of £100,000 for all Directors in each performance period

There were no pension contributions paid or payable

The Company has no employees

6 Disclosure of interests (see page 11 also)

In accordance with an Investment Management Agreement dated 21 December 2000, between the Company and Lindsell Train Limited, Lindsell Train Limited has been appointed to provide investment management services to the Company Lindsell Train Limited receives an annual fee of 0 65% of the Adjusted Market Capitalisation of the Company calculated on the last Business Day of each calendar month and payable in arrears in respect of each calendar month The amount charged during the year is shown in note 3 and £14,324 (2007 £16,857) of the fee for the year was outstanding as at the balance sheet date

Notes to the Financial Statements continued

6 **Disclosure of interests** continued

A performance fee is payable at the rate of 10% of the amount by which the growth in the Adjusted Market Capitalisation per Ordinary Share of the Company in each performance period exceeds a specified performance hurdle calculated with reference to the annual average gross running yield on the 2 5% Consolidated Loan Stock over the period The Company has twelve month performance periods, ending on 31 March in each year The performance fee is payable in arrears in respect of each performance period

No performance fee is payable for the year to 31 March 2008 (2007 £85,200)

Lindsell Train Limited's appointment as Investment Manager is subject to termination by either party on 12 months' notice

7 **Interest payable and similar charges**

	2008 £'000	2007 £'000
On overdrafts	**375**	292

8 **Taxation**

The tax charge on the profit on ordinary activities for the year was as follows

	2008 £'000	2007 £'000
Irrecoverable overseas tax	**14**	8

The current taxation charge for the year is different from the standard rate of corporation tax in the UK 30% (2007 30%) The differences are explained below

	2008 £'000	2007 £'000
Revenue on ordinary activities before taxation	**620**	397
Theoretical tax at UK corporation tax rate of 30% (2007 30%)	**186**	119
Effects of		
– UK dividends which are not taxable	**(262)**	(218)
– Current year excess expenses	**76**	99
– Unrelieved overseas tax suffered	**14**	8
Actual current tax charge	**14**	8

The Company is an investment trust and whilst it obtains exemption under section 842 of the Income and Corporation Taxes Act 1988 is not subject to UK taxation on capital gains

In the opinion of the Directors, the Company has complied with the requirements of section 842 of the Income and Corporation Taxes Act 1988

Notes to the Financial Statements continued

8 Taxation continued

Factors that may affect future tax charges

The Company has a deferred tax asset of £228,000 (2007 £170,000) in respect of timing differences on unutilised management expenses which has not been recognised as it will be recoverable only to the extent that the Company has sufficient future taxable revenue

9 Dividends and other appropriations

The Directors have proposed the payment of a final dividend for the year ended 31 March 2008 of 210p per Ordinary Share, subject to shareholder approval, payable on 8 August 2008 to Shareholders registered on 18 July 2008 (ex-dividend 16 July 2008) The Dividend paid during the year totalled £350,000 at 175p per Ordinary Share for the year ended 31 March 2007 (2007 £350,000 at 175p per Ordinary Share for the year ended 31 March 2006)

10 Return per Ordinary Share

	2008	2007
Total return per Ordinary Share		
Total return	**£585,000**	£4,299,000
Weighted average number of Ordinary Shares in issue during the year	**200,000**	200,000
Total return per Ordinary Share	**£2.93**	£21 50

The total return per Ordinary Share detailed above can be further analysed between revenue and capital, as below

	2008	2007
Revenue return per Ordinary Share		
Revenue return	**£606,000**	£389,000
Weighted average number of Ordinary Shares in issue during the year	**200,000**	200,000
Revenue return per Ordinary Share	**£3 03**	£1 95
Capital return per Ordinary Share		
Capital return	**£(21,000)**	£3,910,000
Weighted average number of Ordinary Shares in issue during the year	**200,000**	200,000
Capital return per Ordinary Share	**£(0 10)**	£19 55

Notes to the Financial Statements continued

11 Investments held at fair value through profit and loss

	2008 £'000	2007 £'000
Investments listed on a recognised investment exchange	**33,337**	33,852
Unlisted investments	**2,440**	2,017
Valuation at year end	**35,777**	35,869
Opening book cost	**26,448**	25,959
Opening unrealised appreciation	**9,421**	5,483
Opening valuation	**35,869**	31,442
Movements in the year		
Purchases at cost	**713**	1,785
Sales – proceeds	**(980)**	(1,312)
– realised gains on sales	**151**	16
Increase in unrealised appreciation for the year	**24**	3,938
Closing valuation	**35,777**	35,869
Closing book cost	**26,332**	26,448
Closing unrealised appreciation	**9,445**	9,421
	35,777	35,869
Sale proceeds	**980**	1,312
Investments at cost	**(829)**	(1,296)
Realised gains on sales based on historical cost	**151**	16
Less losses/(gains) recognised as unrealised in previous year	**251**	(77)
Realised gains/(losses) on sales based on carrying value at previous year's balance sheet date	**402**	(61)
Unrealised (depreciation)/appreciation for the year	**(227)**	4,015
Net gains on investments	**175**	3,954

Investment transaction costs on purchases and sales of investments during the year to 31 March 2008 amounted to £5,000 and £1,000 respectively (2007 £9,000 and £nil respectively)

Notes to the Financial Statements continued

11 Investments continued

Significant holdings

Included in the above are the following investments in which the Company has an interest exceeding 10% of the nominal value of the shares of that class in the investee company as at 31 March 2008

Investments	Country of registration or incorporation	Class of capital	% of class held
Lindsell Train Limited*	England	Ordinary Shares of £100	24 98
Lindsell Train Japan (Distributor) Inc**†	Cayman Islands	Red Vtg Prf Shares US$0 001	52 15
Lindsell Train Global Media (Distributor) Inc **#	Cayman Islands	Red Vtg Prf Shares US$0 001	86 30

*As at 31 January 2008, the latest year end for Lindsell Train Limited, the unaudited aggregate capital and reserves amounted to £1,479,107 (2007 £1,071,024) and the profit for that year ended amounted to £994,603 (2007 £614,032) The total amount of dividends paid during the year was £586,520, equating to a dividend of £220 per share The earnings per share was £382 72 and the dividend was covered 1 70 times The cost of the investment in Lindsell Train Limited was £66,600

A further interim dividend of £546,530 was paid on 8 April 2008

**Country of listing – Republic of Ireland

† The unaudited aggregate capital and reserves of Lindsell Train Japan Fund (Distributor) Inc as at 31 March 2008 was US$8,449,376 (2007 US$9,891,729) and the loss for the year amounted to US$107,199^ (2007 US$ nil)

The unaudited aggregate capital and reserves of Lindsell Train Global Media (Distributor) Inc as at 31 March 2008 were US$9,001,622 (2007 US$7,718,961) and the loss for the year amounted to (US$165)^ (2007 US$68,974)

^ The only assets of Lindsell Train Japan (Distributor) Inc ('Japan Distributor') and Lindsell Train Global Media (Distributor) Inc ('Media Distributor') comprised investments as limited partner of the Lindsell Train Japan L P and the Lindsell Train Global Media L P Investment gains/losses and income/operating expenses incurred are charged at the respective fund level which are reflected in the net asset value of the respective funds Performance fees attributable to Japan Distributor and Media Distributor are only charged at the Limited Partnership level

These companies have been accounted for as investments in accordance with the accounting policy in note 1 (d)

The Company has arrangements in place with the Investment Manager to avoid double charging of fees and expenses on investments made in other Lindsell Train fund products (see note 3)

Notes to the Financial Statements continued

12 Debtors

	2008 £'000	2007 £'000
Amounts due from brokers re open forward currency contracts	–	705
VAT recoverable	55	41
Prepayments and accrued income	365	254
	420	1,000

13 Creditors amounts falling due within one year

	2008 £'000	2007 £'000
Bank overdraft	6,571	5,993
Amounts due to brokers re outstanding purchases	–	16
Amounts due to brokers re open forward currency contracts	–	669
Accruals and deferred income	74	159
	6,645	6,837

14 Called up share capital

	2008		2007	
	No of shares 000's	£'000	No of shares 000's	£'000
Authorised				
Ordinary Shares of 75p each	200	150	200	150
Allotted, called up and fully paid				
Ordinary Shares of 75p each	200	150	200	150

There has been no change in the capital structure during the year to 31 March 2008

15 Capital reserve

	2008 Realised £'000	2008 Unrealised £'000	2008 Total £'000
Balance at beginning of year	1,175	9,457	10,632
Net realised profit on investments	402	–	402
Unrealised appreciation arising in year	–	(227)	(227)
Transfer on disposal of investments	(251)	251	–
Net realised profits on forward currency contracts	2	–	2
Unrealised profits on forward currency contracts	–		
Transfer on closure of forward currency contracts	36	(36)	–
Foreign currency exchange differences	(197)	–	(197)
Capital charges	(1)	–	(1)
Balance at end of year	1,166	9,445	10,611

Notes to the Financial Statements continued

16 Net asset value per share

The net asset value per Ordinary Share and the net asset value at the year end calculated in accordance with the Articles of Association were as follows

	Net asset value per share attributable		Net asset value attributable	
	2008	2007	2008	2007
	£	£	£'000	£'000
	158 94	157 76	31,787	31,552

The movements during the year of the assets attributable to each Ordinary Share were as follows

	Ordinary Shares £'000
Total net assets attributable at beginning of year	31,552
Total recognised gains for the year	585
Dividends paid during the year	(350)
Total net assets attributable at end of year	31,787

The net asset value per Ordinary Share is based on net assets of £31,787,000 (2007 £31,552,000) and on 200,000 Ordinary Shares (2007 200,000), being the number of Ordinary Shares in issue at the year end

17 Cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2008 £'000	2007 £'000
Net return before finance costs and taxation	974	4,599
Gains on investments held at fair value	(175)	(3,954)
Losses on exchange movements	197	159
Decrease in other debtors	690	49
Increase in accrued income	(113)	(18)
(Decrease)/increase in creditors	(757)	14
Net cash inflow from operating activities	816	849

Notes to the Financial Statements continued

17 **Cash flow statement** continued

(b) Analysis of cash flows for headings netted in the cash flow statement

	2008 £'000	2007 £'000
Financial investment		
Purchase of investments	(729)	(1,794)
Sale of investments	980	1,312
Net cash inflow/(outflow) from financial investment	251	(482)

(c) Analysis of debt	At 1 April 2007 £'000	Cash flow £'000	Exchange movement £'000	At 31 March 2008 £'000
Cash at bank	1,520	723	(8)	2,235
Bank overdraft	(5,993)	(389)	(189)	(6,571)
Total	(4,473)	334	(197)	(4,336)

18 **Financial instruments and capital disclosures**

Risk management policies and procedures

The investment objective of the Company is to maximise long-term total returns subject to the avoidance of loss of absolute value and with a minimum objective to maintain the real purchasing power of Sterling capital, as measured by the annual average yield on the 2 5% Consolidated Loan stock In pursuit of this objective, the Company may be exposed to various forms of risk, as described below

When judged appropriate by the Investment Manager, the Company may use the overdraft facility with Morgan Stanley & Co International plc in order to gear the portfolio The Investment Manager will use this facility only when investments, or specific investment opportunities are identified where the Investment Manager judges that the likely return will exceed the cost of the borrowed capital In practice, this means that the Investment Manager looks for sustainable high income, dividend yields or special situations, typically takeovers, where it is expected to arbitrage a meaningful annualised return

The Board sets out its investment policies and its policy on gearing (bank borrowing), diversification and dividends at the front of this report and as part of the Business Review on page 10

The Board and its Investment Managers consider and review the number of risks inherent with managing the Company's assets which are detailed below

Notes to the Financial Statements continued

18 Financial instruments and capital disclosures continued

Foreign currency exposure as at 31 March 2008

	Sterling £'000	US$ £'000	Euro £'000	JPY £'000	Total £'000
Investments held at fair value through profit or loss that are monetary items	3,261	1,610	–	–	4,871
Short-term debtors	306	35	–	79	420
Cash at bank	28	2,207	–	–	2,235
Short-term creditors	(70)	–	(4)	–	(74)
Overdraft facility at Morgan Stanley	(5,277)	–	(963)	(331)	(6,571)
Foreign currency exposure on net monetary items	(1,752)	3,852	(967)	(252)	881
Investments held at fair value through profit or loss that are equities	18,740	6,565	1,476	4,125	30,906
Total net foreign currency exposure	16,988	10,417	509	3,873	31,787

Foreign currency exposure as at 31 March 2007

	Sterling £'000	US$ £'000	Euro £'000	JPY £'000	Total £'000
Investments held at fair value through profit or loss that are monetary items	3,234	1,511	–	–	4,745
Forward currency contracts held at fair value through profit or loss	705	–	–	(669)	36
Short-term debtors	231	37	–	27	295
Cash at bank	–	1,520	–	–	1,520
Short-term creditors	(172)	–	(3)	–	(175)
Overdraft facility at Morgan Stanley	(5,218)	–	(730)	(45)	(5,993)
Foreign currency exposure on net monetary items	(1,220)	3,068	(733)	(687)	428
Investments held at fair value through profit or loss that are equities	21,442	5,829	1,413	2,440	31,124
Total net foreign currency exposure	20,222	8,897	680	1,753	31,552

Notes to the Financial Statements continued

18 Financial instruments and capital disclosures continued

Over the year Sterling strengthened against the US Dollar by 1 33% (2007 strengthened 13 08%) but weakened against the Company's other principal investing currencies the Euro 14 88% (2007 strengthened 2 80%) and Japanese Yen 14 58% (2007 strengthened 13 16%)

A 5% rise or decline of Sterling against foreign currency denominated (i e non Sterling) assets held at the year end would have increased/decreased the Net Asset Value by £740,000 or 2 33% of Net Asset Value (2007 £566,000 or 1 80% of Net Asset Value) The impact on the profit and loss account is impossible to estimate since the profit and loss is the net result of all the transactions in the portfolio throughout the year

Interest rate risk

The Company is only exposed to significant interest rate risk through its overdraft facility with Morgan Stanley Borrowing varied throughout the year as part of a Board endorsed policy Borrowings at the year end consisted of £5,277,000, €1,208,000 and ¥65,552,000 with a total Sterling equivalent of £6,571,000 If that level of borrowing were maintained for a year a 1% change in LIBOR (up or down) would increase or decrease net revenue by £65,700 or 32 85p per Ordinary Share (2007 £59,900 or 29 96p per Ordinary Share)

The Company's fixed rate financial assets are disclosed on page 6 and details of the split between equities and fixed interest securities are disclosed on page 7 The weighted average interest rate for the fixed rate financial assets is 5 23% (2007 5 28%) and the weighted average period for which rates are fixed is indefinite for the UK investments and 22 years for the US investment (2007 indefinite and 23 years)

Other price risk

If the fair value of the Company's investments (see portfolio holdings on page 6) at the year end increased/decreased by 10% then it could have the effect of £3,578,000 or £17 89 per Ordinary Share (2007 £3,587,000 or £17 93 per Ordinary Share) on the capital return

Liquidity risk

Liquidity risk is not significant in normal market conditions as the majority of the Company's investments are listed on recognised stock exchanges and for the most part readily realisable securities which can be easily sold to meet funding commitments if necessary Short-term flexibility is achieved by the use of overdrafts as required

Credit risk

Credit risk is mitigated by diversifying the counterparties through whom the Investment Manager conducts investment transactions The credit-standing of all counterparties is reviewed periodically with limits set on amounts due from any one broker

The net borrowings and other creditors of the Company at the year end as shown on the Balance Sheet was £2,655,000 (2007 £2,520,000)

Capital management policies and procedures

The Company's capital management objectives are

- to ensure that it will be able to continue as a going concern, and

- to maximise long-term total returns subject to the avoidance of loss of absolute value

through an appropriate balance of equity capital and debt The policy is that borrowings should amount to no more than 50% of the net asset value (including borrowings) of the Company

Notes to the Financial Statements continued

The Board, with the assistance of the Investment Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis This review includes

- the level of gearing, which is only used to finance investment in specific assets held by the Company, takes into account the Investment Manager's view on the market,

The Company's objectives, policies and processes for managing capital are unchanged from last year

The Company is subject to externally imposed capital requirements

- as a public company, the Company has a minimum share capital of £50,000, and
- in order to be able to pay dividends out of profits available for distribution, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law

These requirements are unchanged since last year and the Company has complied with them at all times

The Company intends to renew its authority to repurchase shares at a discount to Net Asset Value in order to enhance value for Shareholders

19 Guarantees, financial commitments and contingent liabilities

In June 2007 the European Court of Justice ruled that investment management fees should be exempt from VAT, and in early November HM Revenue & Customs decided not to contest that ruling The Board had ensured that appropriate steps were taken to reclaim Back VAT and, following the decision by HM Revenue & Customs, will be quantifying those claims and their impact on the management contract with Lindsell Train Limited Any Back VAT reclaimed is unlikely to have a material impact on the Net Asset Value and as the time frame for recovery is still uncertain, no Back VAT has been recognised in these financial statements

There were no financial commitments or contingent liabilities outstanding at the year end (2007 None)

Notes to the Financial Statements continued

20 **Total expense ratio %**

	2008		2007	
	£'000	**%**	£'000	%
Total operating expenses	**402**	**1 22**	423	1 47
Total operating expenses (excluding performance fee/Directors bonus)	**402**	**1 22**	329	1 14

Total operating expenses excludes £24,000 (2007 £4,000) in respect of management fee waiver (see note 3) The fees of the principal clearing broker and custodian, Morgan Stanley & Co International Plc, are not included in these figures These fees are currently a margin of 0 1% on deposits and 0 55% on borrowings and a fixed charge on all investment transactions not executed by Morgan Stanley & Co International Plc

The above total expense ratios are based on the average total assets/Shareholders' funds of £33,057,000 (2007 £28,705,000) calculated at the end of each month during the year

It should be noted that administrative expenses borne by the Lindsell Train funds are excluded from the above

21 **Related party disclosure**

Lindsell Train Limited acts as Manager of the Company The amounts paid to the Manager are disclosed in note 3 and further details of the relationship between the Company and the Manager are set out in note 6 Full details of Directors' interests are set out in the Report of the Directors on page 11

22 **Going concern**

In accordance with the Company's Prospectus issued on 21 December 2000, the Company requires Shareholders to vote on the continuation of the Company this year Resolution 7 will be put to Shareholders at the forthcoming Annual General Meeting on Wednesday, 30 July 2008 to the effect that the Company shall continue as an investment trust The Directors are recommending that Shareholders vote in favour of this resolution The Company also has adequate resources to continue in existence for the foreseeable future For these reasons the Board believes that it is appropriate for the accounts to be prepared on a going concern basis

Notice of Annual General Meeting

Notice is hereby given that the seventh Annual General Meeting of The Lindsell Train Investment Trust plc will be held at the Washington Mayfair Hotel, 5 Curzon Street, London W1J 5HE on Wednesday 30 July 2008 at 4 00 pm for the following purposes

Ordinary business

1 To receive the accounts and the reports of the Directors and the auditor for the year ended 31 March 2008,

2 To approve the Directors' Remuneration Report for the year ended 31 March 2008,

3 To declare a dividend of 210p per Ordinary Share,

4 To re-elect Mr Rhoderick Swire as a Director of the Company,

5 To re-elect Mr Michael Lindsell as a Director of the Company,

6 To re-elect Mr Donald Adamson as a Director of the Company,

7 To appoint Grant Thornton UK LLP as auditor to the Company and authorise the Directors to determine the auditor's remuneration,

Special business

8 To continue the Company as an investment trust (to be taken by a poll)

To consider and, if thought fit, pass the following resolutions as Special Resolutions

9 To adopt new Articles of Association as laid before the meeting

10 THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 166 of the Companies Act 1985 (the "Act") to make market purchases (within the meaning of Section 163 of the Act) of Ordinary Shares of 75p each ("Ordinary Shares") in the capital of the Company provided that

a the maximum number of Ordinary Shares hereby authorised to be purchased shall be 29,999,

b the minimum price which may be paid for an Ordinary Share shall be 75p,

c the maximum price (excluding expenses) which may be paid for an Ordinary Share shall be 5% above the average of the mid market values for the Ordinary Shares in the Stock Exchange Daily Official List for the five business days immediately preceding the date of the purchase,

d any purchase of shares will be made in the market for cash at prices below the prevailing Net Asset Value per Ordinary Share,

e any shares so purchased shall be cancelled unless the Directors otherwise determine, subject to the provisions of the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003, that they are to be treated as Treasury Shares, and

Notice of Annual General Meeting continued

f unless renewed, such authority hereby conferred shall expire at the Annual General Meeting of the Company to be held in 2009, or if earlier, the date 15 months from the passing of the resolution, save that the Company may, prior to such expiry, enter into contract(s) to purchase shares which will or may be completed or executed wholly or partly after such expiry

Dated this 10 day of June 2008

By order of the Board

Phoenix Administration Services Limited
Secretary

Notes

(i) In accordance with regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members not later than 6 00pm on Monday 28 July 2008 or, if the meeting is adjourned, Shareholders entered on the Company's register of members 48 hours before the date fixed for the adjourned meeting, shall be entitled to attend and vote at the meeting

(ii) A shareholder entitled to attend and vote is entitled to appoint a proxy or proxies to attend in their place and vote instead of that shareholder Proxies need not be Shareholders of the Company Shareholders who appoint proxies can nevertheless still attend the meeting and vote in person (in which case their proxies' vote will be invalidated)

(iii) Shareholders are invited to complete and return the reply paid form of proxy which accompanies this report Lodgement of the form of proxy will not prevent a shareholder from attending and voting at the meeting if they subsequently so decide

(iv) To be effective, the form of proxy and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority) must be completed and returned to the offices of the Company's registrars, Capita Registrars Proxy Department, PO Box 25, Beckenham, Kent BR3 4BR, as soon as possible and, in any event, so as to be received by not later than 48 hours before the time for holding the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used You may also deliver the form of proxy by hand to The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU during usual business hours

(v) Entitlement to attend and vote at the Annual General Meeting or any adjournment thereof, and the number of votes which may be cast thereat, will be determined by reference to the register of Shareholders of the Company at 6 00pm on Monday 28 July 2008 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting (as the case may be) Changes to the register of Shareholders after such time will be disregarded

(vi) To appoint proxies or give/amend an instruction to a proxy via the CREST system, the CREST message must be received by the issuer's agent (ID RA10) by 4 00 pm on 28 July 2008 Regulation 35 of the Uncertificated Securities Regulations 2001 will apply to all proxy appointments sent by CREST For information on CREST procedures and system timings, please refer to the CREST Manual or your appointed sponsor or voting service provider

(vii) Corporate members who propose appointing more than one person to represent them are strongly recommended to appoint multiple proxies and not multiple corporate representatives since, as currently drafted, the votes of multiple corporate representatives contain a risk of nullification under the Companies Act 2006 Corporate members are referred to the guidance available on the website of the Institute of Chartered Secretaries & Administrators at www icsa org uk

(viii) No Director has a service contract with the Company

(ix) The following documents will be available for inspection at the Registered Office of the Company during usual business hours on any weekday (except Public Holidays) until the day of the meeting, and at the place of the meeting until 15 minutes prior to the commencement of the Annual General Meeting

- Register of Directors' Interests
- The Directors' letters of appointment
- The Memorandum and Articles of Association

Principal changes to the Company's Articles of Association

General
Generally the Current Articles, and the definitions in them, are being amended to reflect the Companies Act 2006 ("CA06")

Share Transfers
In the event that the Company refuses to register a transfer of shares, it will need to give the transferee notice of the refusal and explain the reasons for it

References to Extraordinary Resolutions and Meetings
CA06 eliminates the concept of "extraordinary" meetings/resolutions These now become general meetings and Ordinary or Special Resolutions, as appropriate

Variation of Class Rights
CA06 contains detailed requirements for meetings convened to vary class rights and these provisions have therefore been removed from the New Articles

Convening General Meetings
The minimum notice period to convene general meetings becomes 14 days, other than in respect of an annual general meeting, which will still require 21 days' notice

Votes of Members
Under CA06 proxies become entitled to speak and vote on a show of hands, whereas the Current Articles only permit voting on a poll Multiple proxies may also be appointed, provided each exercises the rights attaching to separate shares

Age of Directors on Appointment
The current provision requiring a director's age to be disclosed in a notice of a meeting proposing his election or re-election if he has reached the age of 70, has been removed

Conflicts of Interest
CA06 sets out directors' general duties, which largely codify the existing law but with some changes From 1 October 2008 directors must avoid situations where they have or can have a direct or indirect interest that conflicts or may conflict with the Company's interests However, CA06 permits the non-conflicted directors of a public company to authorise conflicts and potential conflicts and the New Articles will give the directors this authority In exercising the authority the directors must act in a way they consider, in good faith, will be most likely to promote the company's success and may impose limits or conditions (eg access to confidential information) where appropriate

Records to be kept
The provision in the Current Articles requiring the Board to keep accounting records has been removed as this requirement is contained in CA06

Distribution of assets otherwise in cash
The provisions in the Current Articles dealing with the distribution of assets in kind in the event of a liquidation have been removed as these now fall under insolvency law

Electronic and web communications
Enabling provisions for communication with members by electronic means and/or website

Directors' indemnities and loans to fund expenditure
CA06 has widened company's powers to indemnify directors and to fund expenditure incurred in connection with actions against directors and the New Articles reflect this

Dispute resolution
The Board feels it appropriate to provide dispute resolution procedures and governing law

Company Information

Directors
Rhoderick Swire (Chairman)
Donald Adamson
Dominic Caldecott
Michael Lindsell
Michael Mackenzie

Investment Manager
Lindsell Train Limited
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2 Queen Anne's Gate Buildings
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Tel 020 7227 8200

Company Secretary and registered office
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Registrars
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EC4V 4QQ

Registered auditor
Grant Thornton UK LLP
30 Finsbury Square
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EC2P 2YU

Brokers
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20 Moorgate
London
EC2R 6DA

Custodian
Morgan Stanley & Co International Plc
25 Cabot Square
London
E14 4QA

Shareholder relations
The Company's share price for Ordinary Shares is listed daily in the Financial Times

For further information visit www lindselltrain com and follow the links

Individual Savings Account ('ISA')
The Company's shares are eligible to be held in an ISA account subject to HM Revenue & Custom's limits

Registered in England 4119429

Company Secretary and Registered Office

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The Lindsell Train Investment Trust plc
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