

Finsbury Growth & Income Trust PLC

(Company Number: SCO13958)

Accounts for the year ended 30 September 2018



Income Statement

for the year ended 30 September 2018

	Note	Revenue £'000	2018 Capital £'000	Total £'000	Revenue £'000	2017 Capital £'000	Total £'000
Gains on investments at fair value through profit or loss		-	133,822	133,822	-	116,495	116,495
Currency translations		-	(209)	(209)	-	(122)	(122)
Income	2	31,794	-	31,794	27,731	-	27,731
AIFM and Portfolio management fees	3	(2,525)	(5,127)	(7,652)	(2,097)	(4,257)	(6,354)
Other expenses		(1,018)	-	(1,018)	(1,063)	(32)	(1,095)
Return on ordinary activities before finance charges and taxation		28,251	128,486	156,737	24,571	112,084	136,655
Finance charges		(240)	(488)	(728)	(228)	(462)	(690)
Return on ordinary activities before taxation		28,011	127,998	156,009	24,343	111,622	135,965
Taxation on ordinary activities		(557)	-	(557)	(397)	-	(397)
Return on ordinary activities after taxation		27,454	127,998	155,452	23,946	111,622	135,568
Basic and diluted return per share	4	16.5p	77.1p	93.6p	15.8p	73.8p	89.6p

The "Total" column of this statement represents the Company's income statement.

The "Revenue" and "Capital" columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies (AIC).

All items in the above statement derive from continuing operations.

The Company had no recognised gains or losses other than those declared in the Income Statement; therefore no separate statement of Total Comprehensive Income has been presented.

There is no material difference between the net return on ordinary activities before taxation and the net return on ordinary activities after taxation stated above and their historical cost equivalents.

Statement of Changes in Equity

for the year ended 30 September 2018

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total Shareholders' funds £'000
At 1 October 2017	39,724	572,791	3,453	12,424	515,039	20,990	1,164,421
Net return from ordinary activities	-	-	-	-	127,998	27,454	155,452
Second interim dividend (7.4p per share) for the year ended 30 September 2017*	-	-	-	-	-	(11,786)	(11,786)
First interim dividend (7.2p per share) for the year ended 30 September 2018*	-	-	-	-	-	(11,931)	(11,931)
Issue of shares	3,699	111,935	-	-	-	-	115,634
Transfer of special reserve to revenue reserve	-	-	-	(12,424)	-	12,424	-
At 30 September 2018	43,423	684,726	3,453	-	643,037	37,151	1,411,790

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total Shareholders' funds £'000
At 1 October 2016	35,579	463,833	3,453	12,424	403,417	17,316	936,022
Net return from ordinary activities	-	-	-	-	111,622	23,946	135,568
Second interim dividend (7.0p per share) for the year ended 30 September 2016*	-	-	-	-	-	(9,982)	(9,982)
First interim dividend (6.8p per share) for the year ended 30 September 2017*	-	-	-	-	-	(10,290)	(10,290)
Issue of shares	4,145	109,047	-	-	-	-	113,192
Cost of share issuance	-	(89)	-	-	-	-	(89)
At 30 September 2017	39,724	572,791	3,453	12,424	515,039	20,990	1,164,421

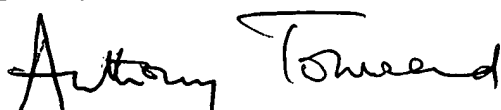
*All dividends paid during the year have been funded from the Revenue reserve.

Statement of Financial Position

as at 30 September 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Investments designated at fair value through profit or loss		1,431,672	1,186,911
Current assets			
Debtors		4,886	3,936
Cash and cash equivalents		13,175	11,482
		18,061	15,418
Current liabilities			
Creditors: amounts falling due within one year		(1,243)	(1,208)
		(1,243)	(1,208)
Net current assets		16,818	14,210
Total assets less current liabilities		1,448,490	1,201,121
Creditors: amount falling due after more than one year			
Bank loan		(36,700)	(36,700)
Net assets		1,411,790	1,164,421
Capital and reserves			
Called up share capital		43,423	39,724
Share premium account		684,726	572,791
Capital redemption reserve		3,453	3,453
Special reserve		-	12,424
Capital reserve		643,037	515,039
Revenue reserve		37,151	20,990
Total shareholders' funds		1,411,790	1,164,421
Net asset value per share - basic and diluted	5	812.8p	732.8p

Signed by:



Anthony Townsend
Chairman

6 November 2018

Company Registration Number SC013958 (Registered in Scotland)

Statement of Cash Flows

for the year ended 30 September 2018

	2018 £'000	2017 £'000
Net cash inflow from operating activities before interest	21,712	18,741
Interest paid	(568)	(690)
Net cash inflow from operating activities	21,144	18,051
Investing activities		
Purchase of investments	(199,082)	(125,470)
Sale of investments	87,923	11,205
Net cash outflow from investing activities	(111,159)	(114,265)
Financing activities		
Dividends paid	(23,717)	(20,272)
Shares issued	115,634	113,781
Drawdown of loans	-	2,200
Cost of share issuance	-	(89)
Net cash inflow from financing activities	91,917	95,620
Increase/(decrease) in cash and cash equivalents	1,902	(594)
Currency translations	(209)	(122)
Cash and cash equivalents at 1 October	11,482	12,198
Cash and cash equivalents at 30 September	13,175	11,482

Notes to the Financial Statements

1. Accounting Policies

The Company is a public limited company (PLC) incorporated in England and Wales, with registered office of 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ.

The principal accounting policies, all of which have been applied consistently throughout the year in the preparation of these Financial Statements, are set out below:

(a) Basis of preparation

The Financial Statements have been prepared under UK Company Law, FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland' and under the historical cost convention, except for the measurement at fair value of investments, and in accordance with UK Generally Accepted Accounting Practice (GAAP) and the Statement of Recommended Practice (SORP) for "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies and dated November 2014, updated in January 2017 and February 2018 with consequential amendments, and the Companies Act 2006.

Presentation of the Income Statement

In order to reflect better the activities of an investment trust company and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The net revenue return is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Sections 1158 and 1159 of the Corporation Tax Act 2010.

Judgements and key sources of estimation and uncertainty

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. In the process of applying the Company's accounting policies, the Directors have made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

- The unquoted investment in Frostrow Capital LLP has been valued by the Directors at twice Frostrow's annual recurring revenues with a 10% liquidity discount applied.

(b) Investments held at fair value through profit or loss

As the Company's business is investing in financial assets with a view to profiting from their total return in the form of dividends, interest or increases in fair value, investments are held at fair value through profit or loss and are initially recognised at fair value. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the investments is provided internally on this basis to the Board. Fair value for quoted investments is deemed to be bid market prices, or last traded price, depending on the convention of the stock exchange on which they are quoted.

Changes in the fair value of investments held at fair value through profit or loss, and gains and losses on disposal are recognised in the Income Statement as a capital item.

All purchases and sales of investments are accounted for on the trade date basis.

The Company's policy is to expense transaction costs on acquisition through the gains on investment at fair value through profit or loss.

Notes to the Financial Statements

1. Accounting Policies continued

(c) Income

Dividends receivable from equity shares are recognised in Revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is Capital in nature, in which case it is included in Capital. Overseas dividends are stated gross of any withholding tax.

When the Company has elected to receive scrip dividends in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised in Revenue.

Fixed returns on non-equity shares are recognised on a time apportionment basis.

Special dividends: In deciding whether a dividend should be regarded as a Capital or Revenue receipt, the Company reviews all relevant information as to the reasons for and sources of the dividend on a case by case basis depending upon the nature of the receipt.

The limited liability partnership (LLP) profit share is recognised in the financial statements when the entitlement to the income is established.

Deposit interest receivable is taken to revenue on an accruals basis.

(d) Dividend Payments

Dividends paid by the Company on its shares are recognised in the financial statements in the period in which they are paid and are shown in the Statement of Changes in Equity.

(e) Expenditure and Finance Charges

All the expense and finance costs are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement except as follows:

- (1) expenses which are incidental to the acquisition or disposal of an investment are treated as part of the cost or proceeds of that investment (as explained in 1(b) above);
- (2) expenses are taken to the Capital reserve via the capital column of the Income Statement, where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In line with the Board's expected long term split of returns, in the form of capital gains and income from the Company's portfolio, 67% of the portfolio management fee, AIFM fee and finance costs are taken to the Capital reserve and the balance to the Revenue reserve.

(f) Taxation

Current tax is provided at the amounts expected to be paid or recovered.

Deferred taxation is provided on all timing differences that have originated but not been reversed by the Statement of Financial Position date other than those differences regarded as permanent. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the reversal of timing differences can be deducted. Any liability to deferred tax is provided for at the rate of tax enacted or substantially enacted.

Any tax relief obtained in respect of AIFM and portfolio management fees, finance costs and other capital expenses charged or allocated to the capital column of the Income Statement is reflected in the capital reserve and a corresponding amount is charged against the revenue column of the Income Statement. The tax relief is the amount by which corporation tax payable is reduced as a result of these capital expenses.

(g) Foreign currency

Transactions recorded in overseas currencies during the year are translated into Sterling at the exchange rates ruling at the date of the transaction. Assets and liabilities denominated in overseas currencies at the Statement of Financial Position date are translated into sterling at the exchange rate ruling at that date. Profits or losses on the translation of foreign currency balances, whether realised or unrealised, are credited or debited to the Income Statement.

(h) Cash and Cash Equivalents

Cash and cash equivalents are defined as cash and demand deposits readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Notes to the Financial Statements

1. Accounting Policies continued

(i) Nature and purpose of reserves

Special reserve

The special reserve arose following Court approval in July 2002 to transfer £13.16 million from the share premium account. This reserve is distributable and has historically been used to fund any share buy-backs by the Company. During the year the balance of the special reserve, being £12,424,000 was transferred to the revenue reserve account.

Capital redemption reserve

This reserve arose when ordinary shares were redeemed by the Company and subsequently cancelled, at which point the amount equal to the par value of the ordinary share capital was transferred from the ordinary share capital to the capital redemption reserve.

Capital reserve

This reserve reflects any:

- gains or losses on the disposal of investments;
- exchange differences of a capital nature;
- the increases and decreases in the fair value of investments which have been recognised in the capital column of the Income Statement;
- expenses which are capital in nature as disclosed in note I(e); and
- following amendments to the Company's Articles of Association in 2015, this reserve can be used to distribute realised capital profits by way of dividend.

Revenue reserve

This reserve reflects all income and expenditure which are recognised in the revenue column of the income statement and is distributable by way of dividend. During the year an amount of £12,424,000 was transferred from the special reserve account to this account.

2. Income

	2018 £'000	2017 £'000
Income from investments		
Franked investment income		
– dividends	26,887	23,358
Unfranked investment income		
– overseas dividends	4,475	4,032
– limited liability partnership – profit share & priority profit share on AIFM capital contribution	431	338
Other operating income	1	3
Total income	31,794	27,731

3. AIFM and Portfolio Management Fees

	Revenue £'000	Capital £'000	2018 Total £'000	Revenue £'000	Capital £'000	2017 Total £'000
AIFM fee	631	1,282	1,913	542	1,100	1,642
Portfolio management fee	1,894	3,845	5,739	1,555	3,157	4,712
Total fees	2,525	5,127	7,652	2,097	4,257	6,354

Notes to the Financial Statements

4. Return per Share

	Revenue pence	Capital pence	2018 Total pence	Revenue pence	Capital pence	2017 Total pence
Return per share	16.5	77.1	93.6	15.8	73.8	89.6

The total return per share is based on the total return attributable to equity shareholders of £155,452,000 (2017: £135,568,000), and on 166,079,612 (2017: 151,191,262) shares, being the weighted average number of shares in issue during the year.

Revenue return per share is based on the revenue returns on ordinary activities after taxation of £27,454,000 (2017: £23,946,000).

Capital return per share is based on the capital return on ordinary activities after taxation of £127,998,000 (2017: £111,622,000).

5. Net Asset Value per Share

The net asset value per share of 812.8p (2017: 732.8p) is based on net assets of £1,411,790,000 (2017: £1,164,421,000) and on 173,691,712 (2017: 158,896,712) shares in issue at the year end.