

GLASGOW INCOME TRUST PLC

Company Number SC111955

**Unaudited Interim Accounts for the period
1 October 2006 to 30 September 2007**

**Prepared under Section 272
Companies Act 1985**

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COMPANIES HOUSE

GLASGOW INCOME TRUST PLC

Income Statement for the period 1 October 2006 to 30 September 2007

	Notes	Revenue £	Capital £	Total £
GAINS				
Gains on investments	6		2,645,163	2,645,163
REVENUE				
Dividend income	2	4,817,977		4,817,977
Fixed interest income	2	2,167,828		2,167,828
Deposit interest	2	119,271		119,271
Traded Option premiums	2	689,630		689,630
Other Income	2	1,126		1,126
		<u>7,795,832</u>	<u>2,645,163</u>	<u>10,440,995</u>
EXPENSES				
Investment management fee	3	(519,285)	(519,285)	(1,038,570)
Other administrative expenses	4	(226,741)		(226,741)
Finance cost of borrowings	5	(78,889)	(78,889)	(157,778)
Zero coupon finance costs	7		(2,455,175)	(2,455,175)
		<u>(824,915)</u>	<u>(3,053,349)</u>	<u>(3,878,264)</u>
PROFIT BEFORE TAX		6,970,917	(408,186)	6,562,731
Taxation		(631,134)	179,452	(451,682)
PROFIT FOR THE PERIOD		<u><u>6,339,783</u></u>	<u><u>(228,734)</u></u>	<u><u>6,111,049</u></u>

The total column of this statement represents the Company's Income Statement, prepared in accordance with International Financial Reporting Standards. The revenue and capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The accompanying notes are an integral part of this statement.
All items in the above statement derive from continuing operations.
No operations were acquired or discontinued in the period.

GLASGOW INCOME TRUST PLC

Balance Sheet as at 30 September 2007

	Notes	£	£
NON CURRENT ASSETS			
Listed investments	6		171,414,866
Zero coupon finance call options	7		23,831,800
Zero coupon finance put options	7		8,030,550
Investment in subsidiary undertaking	8		5,000
			<u>203,282,216</u>
CURRENT ASSETS			
Trade and other receivables	9	2,681,491	
Cash and cash equivalents		137,953	
		<u></u>	<u>2,819,444</u>
TOTAL ASSETS			<u>206,101,660</u>
CURRENT LIABILITIES			
Trade and other payables	10	(756,384)	
Short term borrowings	11	(422,000)	
		<u></u>	
NON CURRENT LIABILITIES			(1,178,384)
Zero coupon finance call options	7	(63,775,575)	
Zero coupon finance put options	7	(26,314,150)	
		<u></u>	<u>(90,089,725)</u>
TOTAL LIABILITIES			<u>(91,268,109)</u>
NET ASSETS			<u><u>114,833,551</u></u>
ISSUED CAPITAL AND RESERVES			
Called up share capital	12		30,485,629
Share premium account	13		53,205,025
Special reserve	14		5,000,000
Realised capital reserve	15		17,097,216
Unrealised capital reserve	15		5,670,352
Revenue reserve	16		3,375,329
EQUITY SHAREHOLDERS' FUNDS			<u><u>114,833,551</u></u>

Approved by the Board of Directors on 12 October 2007 and signed on its behalf



The accompanying notes are an integral part of this balance sheet

GLASGOW INCOME TRUST PLC

**Statement of Changes in Equity
for the period 1 October 2006 to 30 September 2007**

	Notes	Share Capital	Share Premium	Capital Redemption Reserve	Realised Capital Reserve	Unrealised Capital Reserve	Retained Revenue Reserve	Total
		£	£	£	£	£	£	£
As at 1 October 2006		23,496,260	32,714,425	5,000,000	9,079,444	13,916,858	2,547,066	86,754,053
Revenue for the period	16						6,339,783	6,339,783
Capital Profits for the period	15				8,017,772	(8,246,506)		(228,734)
Equity dividends paid	17						(5,511,520)	(5,511,520)
Issues of share capital	12,13	6,989,369	20,490,600					27,479,969
As at 30 September 2007		30,485,629	53,205,025	5,000,000	17,097,216	5,670,352	3,375,329	114,833,551

GLASGOW INCOME TRUST PLC

Notes to the Financial Statements

1 ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS). The principal accounting policies are as follows:

- (a) **Basis of preparation**
The financial statements are prepared on the historical cost basis except that investments and derivative financial instruments are stated at their fair value.
- (b) **Investments**
At 1 October 2005, the Company designated all its investments into the financial assets at fair value through profit and loss category. The fair value of investments is based upon their quoted market bid price at close of business on the balance sheet date.
- (c) **Gains and losses on investment transactions**
Gains and losses arising on sales of investments are taken to realised capital reserve. Changes in the fair value of investments are recognised in the income statement through the unrealised capital reserve.
- (d) **Income and expenditure**
Dividends on equity investments are credited to revenue on the date when the investment is first quoted ex dividend at the amount receivable without any attributable tax credit.

Interest income from certain fixed interest securities is recognised in the income statement as it accrues, using the effective interest rate of the instrument calculated at the acquisition date. Interest income includes the amortisation of any discount or premium or other differences between the initial carrying amount of the interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Interest from deposits, interest payable and expenses of management are dealt with on an accruals basis.

The finance costs of borrowings and the fee payable to the Company's managers are charged partly to capital and partly to revenue in proportion to the expected long term split of returns in the form of capital gains and income from the Company's entire investment portfolio. All other expenses of management are charged to revenue.

The Company has in place medium term funding in the form of zero coupon finance through a series of option transactions on the FTSE 100 Index. These options are classed as derivative financial instruments and are shown separately at their fair values on the face of the balance sheet. Movements in the fair value of these instruments are recognised in the income statement and charged against the unrealised capital reserve.

Underwriting commission is taken to revenue, unless any shares underwritten are required to be taken up, in which case the commission received is deducted from the cost of the investment.

GLASGOW INCOME TRUST PLC

Notes to the Financial Statements

2 REVENUE

	£
<i>Income from investments</i>	
Dividend income	4,817,977
Fixed interest income	2,167,828
	<hr/>
	6,985,805
	<hr/>
<i>Other revenue</i>	
Interest receivable from deposits	119,271
Traded Option Premiums	689,630
Other Income	1,126
	<hr/>
Total income	<u>7,795,832</u>

3 SECRETARIAL AND MANAGEMENT FEE

Glasgow Investment Managers Limited ("*Glasgow*") acts as investment managers and secretaries to the Company under a contract which is subject to one year's notice of termination. The fee is at an annual rate of 0.75% of the amount of net assets calculated monthly and paid quarterly. The fee has been allocated 50% to capital and 50% to revenue.

4 OTHER ADMINISTRATIVE EXPENSES

	£
Directors' remuneration fees as directors	46,250
Fees payable to auditors and associates as auditors	13,900
for other services	13,103
Other management expenses	153,488
	<hr/>
	<u>226,741</u>

5 FINANCE COSTS OF BORROWINGS

	Revenue £	Capital £	Total £
Bank loans and overdrafts	<u>78,889</u>	<u>78,889</u>	<u>157,778</u>

GLASGOW INCOME TRUST PLC

Notes to the Financial Statements

6	LISTED INVESTMENTS	£
	Value at 1 October 2006 under IFRS	125,902,402
	Purchases	159,549,605
	Amortised cost adjustments to fixed interest securities	(179,352)
	Sales proceeds	(115,308,204)
	net profits on sales	7,330,992
	Movement in unrealised appreciation	(5,880,577)
	Value at 30 September 2007	<u>171,414,866</u>
	Cost at 30 September 2007	160,041,145
	Unrealised appreciation at 30 September 2007	11,373,721
	Value at 30 September 2007	<u>171,414,866</u>
	GAINS ON INVESTMENTS	£
	Net gains on sales of investments	7,330,992
	Movement in unrealised appreciation of investments	(5,880,577)
	Other profits on Investments	1,105,501
	Movement in fair value of traded options	89,247
		<u>2,645,163</u>

7 ZERO COUPON FINANCE

The zero coupon finance arrangement comprises a set of separately traded financial instruments (FTSE 100 Index options). As stated in note 1(d), these options are classed as derivative financial instruments and are shown separately at their fair values on the face of the balance sheet.

On 4 December 2006 new zero coupon finance arrangements were taken out which expire in April 2011. The net proceeds raised from this new arrangement were £10,065,250. A further tranche of zero coupon finance was taken out on 21 December 2006 which expires in April 2011. The net proceeds raised from this new arrangement were £3,073,000. A further tranche of zero coupon finance was taken out in January 2007 which expires in April 2011. The net proceeds raised from this new arrangement were £1,988,350.

	£
Value at 1 October 2006 under IFRS	40,645,600
Net proceeds of new zero coupon finance	15,126,600
Movements in fair value	2,455,175
At 30 September 2007	<u>58,227,375</u>

GLASGOW INCOME TRUST PLC

Notes to the Financial Statements

7 ZERO COUPON FINANCE (continued)

The amounts outstanding in respect of zero coupon finance comprise

£

Non Current Assets

Call Options

Expiring in December 2008	1,621,800
Expiring in January 2010	9,486,925
Expiring in April 2011	12,723,075
	<hr/>
	23,831,800

Put options

Expiring in December 2008	5,400
Expiring in January 2010	3,320,625
Expiring in April 2011	4,704,525
	<hr/>
	8,030,550

Non Current Liabilities

Call options

Expiring in December 2008	(6,119,100)
Expiring in January 2010	(28,533,225)
Expiring in April 2011	(29,123,250)
	<hr/>
	(63,775,575)

Put options

Expiring on December 2008	(541,800)
Expiring on January 2010	(12,384,925)
Expiring on April 2011	(13,387,425)
	<hr/>
	(26,314,150)

Net Zero Coupon Finance Liability	<hr/>
	(58,227,375)

8 SUBSIDIARY UNDERTAKING

Shares at cost	<hr/>
	£5,000

The Company owns the whole of the ordinary share capital of GIT Securities Limited, an investment dealing company registered in Scotland

In the opinion of the Directors, the value of this investment is not less than cost

GLASGOW INCOME TRUST PLC

Notes to the Financial Statements

9 TRADE & OTHER RECEIVABLES

	£
Accrued income	2,186,397
Due from subsidiary undertaking	466,243
Prepayments & other debtors	28,851
	<u>2,681,491</u>

10 TRADE & OTHER PAYABLES

	£
Traded Options at fair value	160,000
Accrued charges	344,501
Corporation Tax due	251,883
	<u>756,384</u>

11 SHORT TERM BORROWINGS

	£
Short term bank loans	422,000
	<u>422,000</u>

12 CALLED UP SHARE CAPITAL

<i>Authorised</i>	
200,000,000 ordinary shares of 25 pence each	<u>£50,000,000</u>

<i>Allotted, called up and fully paid</i>	Number	£
Ordinary shares of 25 pence each		
At 1 October 2006	93,985,042	23,496,260
Issued in period	27,957,475	6,989,369
	<u>121,942,517</u>	<u>£30,485,629</u>

13 SHARE PREMIUM ACCOUNT

	£
At 1 October 2006	32,714,425
On issue of new ordinary shares	20,959,688
Expenses of issue	(469,088)
	<u>53,205,025</u>
At 30 September 2007	<u>53,205,025</u>

GLASGOW INCOME TRUST PLC

Notes to the Financial Statements

14 SPECIAL RESERVE

At 1 October 2006 and 30 September 2007 £5,000,000

15 OTHER CAPITAL RESERVES

£

Realised capital reserve

At 1 October 2006 9,079,445

Net gains on sales of investments during the period (note 6) 7,330,992
 Management fee (519,285)
 Finance cost of borrowings (78,889)
 Tax credit from revenue 179,452
 Other Profits on Investment 1,105,502

At 30 September 2007 17,097,216

Unrealised capital reserve

At 1 October 2006 13,916,858

Movement during the period
 Listed investments (note 6) (5,880,577)
 Movement in fair value of zero coupon finance (note 7) (2,455,175)
 Amortisation of expenses (1)
 Movement in fair value of traded options 89,247

At 30 September 2007 5,670,352

The capital reserves are not distributable

16 REVENUE RESERVE

£

At 1 October 2006 2,547,066

Profit for the period 6,339,783
 Dividends paid (note 17) (5,511,520)

At 30 September 2007 3,375,329

GLASGOW INCOME TRUST PLC

Notes to the Financial Statements

17	DIVIDENDS ON EQUITY SHARES	£
	Fourth interim dividend of 2005/06 of 1 81p per share paid on 31 October 2006	1,701,130
	First interim dividend of 2006/07 of 0 6846p per share paid on 31 January 2007	643,422
	Second interim dividend of 2006/07 of 0 4204p per share paid on 31 January 2007	472,038
	Third interim dividend of 2006/07 of 1 105p per share on 30 April 2007	1,347,465
	Fourth interim dividend of 2006/07 of 1 105p per share on 31 July 2007	1,347,465
		<u>5,511,520</u>

The Company has declared a fifth interim dividend in respect of the year to 30 September 2007 of 1 8865p per share which is payable on 31 October 2007. The total amount payable in respect of this dividend is £2,300,445 58.