

GLASGOW INCOME TRUST PLC

Company Number SC111955

**Unaudited Interim Accounts for the period
1 October 2007 to 30 June 2008**

**Prepared under Section 272
Companies Act 1985**

WEDNESDAY



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23/07/2008
COMPANIES HOUSE

GLASGOW INCOME TRUST PLC

Income Statement for the period 1 October 2007 to 30 June 2008

	Notes	Revenue £	Capital £	Total £
Losses on investments	6		(28,338,144)	(28,338,144)
REVENUE				
Dividend income	2	3,619,996		3,619,996
Fixed interest income	2	1,802,417		1,802,417
Deposit interest	2	389,518		389,518
Traded Option premiums	2	448,341		448,341
Other Income	2	16,735		16,735
		<u>6,277,007</u>	<u>(28,338,144)</u>	<u>(22,061,137)</u>
EXPENSES				
Investment management fee	3	(280,835)	(280,835)	(561,670)
Other administrative expenses	4	(223,026)		(223,026)
Finance cost of borrowings	5	(9,427)	(9,427)	(18,854)
Zero coupon finance costs	7		(2,630,225)	(2,630,225)
		<u>(513,288)</u>	<u>(2,920,487)</u>	<u>(3,433,775)</u>
PROFIT BEFORE TAX		5,763,719	(31,258,631)	(25,494,912)
Taxation		<u>(600,242)</u>	<u>81,272</u>	<u>(518,970)</u>
PROFIT FOR THE PERIOD		<u>5,163,477</u>	<u>(31,177,359)</u>	<u>(26,013,882)</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.

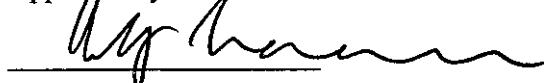
The accompanying notes are an integral part of this statement.
All items in the above statement derive from continuing operations.
No operations were acquired or discontinued in the period.

GLASGOW INCOME TRUST PLC

Balance Sheet as at 30 June 2008

	Notes	£	£
NON CURRENT ASSETS			
Listed investments	6		131,163,072
Zero coupon finance call options	7		11,764,575
Zero coupon finance put options	7		11,880,725
Investment in subsidiary undertaking	8		5,000
			<u>154,813,372</u>
CURRENT ASSETS			
Trade and other receivables	9	2,515,440	
Cash and cash equivalents		12,350,092	
		<u> </u>	14,865,532
TOTAL ASSETS			<u>169,678,904</u>
CURRENT LIABILITIES			
Trade and other payables	10	(1,748,644)	
Short term borrowings	11		
		<u> </u>	
NON CURRENT LIABILITIES			
Zero coupon finance call options	7	(41,579,075)	(1,748,644)
Zero coupon finance put options	7	(42,923,825)	
		<u> </u>	(84,502,900)
TOTAL LIABILITIES			<u>(86,251,544)</u>
NET ASSETS			<u><u>83,427,360</u></u>
ISSUED CAPITAL AND RESERVES			
Called up share capital	12		30,485,629
Share premium account	13		53,203,872
Special reserve	14		4,683,562
Realised capital reserve	15		18,921,276
Unrealised capital reserve	15		(27,331,067)
Revenue reserve	16		3,464,088
EQUITY SHAREHOLDERS' FUNDS			<u><u>83,427,360</u></u>

Approved by the Board of Directors on 15 July 2008 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 2007 to 30 June 2008

	Notes	Share Capital	Share Premium	Capital Redemption Reserve	Realised Capital Reserve	Unrealised Capital Reserve	Retained Revenue Reserve	Total
		£	£	£	£	£	£	£
As at 1 October 2007		30,485,629	53,205,025	5,000,000	17,097,216	5,670,352	3,375,329	114,833,551
Revenue for the period	16						5,163,477	5,163,477
Capital losses for the period	15				1,824,060	(33,001,419)		(31,177,359)
Equity dividends paid	17						(5,074,718)	(5,074,718)
Share issue expenses	13		(1,153)					(1,153)
Buy back of share capital	12			(316,438)				(316,438)
As at 30 June 2008		30,485,629	53,203,872	4,683,562	18,921,276	(27,331,067)	3,464,088	83,427,360

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	3,619,996
Fixed interest income	1,802,417
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	5,422,413
	<hr/>
<i>Other revenue</i>	
Interest receivable from deposits	389,518
Traded Option Premiums	448,341
Other Income	16,735
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Total income	<u>6,277,007</u>

3. SECRETARIAL AND MANAGEMENT FEE

Aberdeen Asset Managers Limited acts as investment manager and Aberdeen Asset Management PLC as 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	45,061
Fees payable to auditors and associates as auditors	13,625
	for other services
Other management expenses	164,340
	<hr/>
	<u>223,026</u>

5. FINANCE COSTS OF BORROWINGS

	Revenue £	Capital £	Total £
Bank loans and overdrafts	<u>9,427</u>	<u>9,427</u>	<u>18,854</u>

GLASGOW INCOME TRUST PLC

Notes to the Financial Statements

6	LISTED INVESTMENTS	£
	Value at 1 October 2007	171,414,866
	Purchases	37,356,506
	Amortised cost adjustments to fixed interest securities	14,060
	Sales proceeds	(49,361,424)
	net profits on sales	2,033,376
	Movement in unrealised appreciation	(30,294,312)
	Value at 30 June 2008	<u>131,163,072</u>
	Cost at 30 June 2008	150,083,663
	Unrealised appreciation at 30 June 2008	(18,920,591)
	Value at 30 June 2008	<u>131,163,072</u>
	LOSSES ON INVESTMENTS	
		£
	Net gains on sales of investments	2,033,376
	Movement in unrealised appreciation of investments	(30,294,312)
	Other profits on Investments	(327)
	Movement in fair value of traded options	(76,881)
		<u>(28,338,144)</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

	£
Value at 1 October 2007 under IFRS	58,227,375
Movements in fair value	2,630,225
At 30 June 2008	<u>60,857,600</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	326,700
Expiring in January 2010	2,608,200
Expiring in April 2011	8,829,675
	<u>11,764,575</u>

Put options

Expiring in December 2008	900
Expiring in January 2010	5,135,900
Expiring in April 2011	6,743,925
	<u>11,880,725</u>

Non Current Liabilities

Call options

Expiring in December 2008	(4,706,100)
Expiring in January 2010	(17,259,200)
Expiring in April 2011	(19,613,775)
	<u>(41,579,075)</u>

Put options

Expiring on December 2008	(870,300)
Expiring on January 2010	(19,674,200)
Expiring on April 2011	(22,379,325)
	<u>(42,923,825)</u>

Net Zero Coupon Finance Liability	<u><u>(60,857,600)</u></u>
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8 SUBSIDIARY UNDERTAKING

Shares at cost	<u><u>£5,000</u></u>
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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

	£
Due from Brokers	816,366
Accrued income	1,686,660
Prepayments & other debtors	12,414
	<u>2,515,440</u>

10. TRADE & OTHER PAYABLES

	£
Due to brokers	891,566
Traded Options at fair value	71,500
Accrued charges	256,722
Corporation Tax due	347,481
Due to subsidiary undertaking	181,375
	<u>1,748,644</u>

11. SHORT TERM BORROWINGS

	£
Short term bank loans	<u> </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 2007	121,942,517	30,485,629
Shares buyback into Treasury shares	(478,985)	
At 30 June 2008	<u>121,463,532</u>	<u>£30,485,629</u>

13. SHARE PREMIUM ACCOUNT

	£
At 1 October 2007	53,205,025
Issue Expense Paid	(1,153)
At 30 June 2008	<u>53,203,872</u>

GLASGOW INCOME TRUST PLC

Notes to the Financial Statements

14 SPECIAL RESERVE

At 1 October 2007	£5,000,000
Share buyback into Treasury Shares	(316,438)
At 30 June 2008	<u>£4,683,562</u>

15 OTHER CAPITAL RESERVES

£

Realised capital reserve

At 1 October 2007	17,097,216
Net gains on sales of investments during the period (note 6)	2,033,376
Management fee	(280,835)
Finance cost of borrowings	(9,427)
Tax credit from revenue	81,274
Other Profits on Investment	(327)

At 30 June 2008	<u>18,921,276</u>
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Unrealised capital reserve

At 1 October 2007	5,670,351
Movement during the period	
Listed investments (note 6)	(30,294,312)
Movement in fair value of zero coupon finance (note 7)	(2,630,225)
Amortisation of expenses	
Movement in fair value of traded options	(76,881)

At 30 June 2008	<u>(27,331,067)</u>
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The capital reserves are not distributable by way of dividend

16 REVENUE RESERVE

£

At 1 October 2007	3,375,329
Profit for the period	5,163,477
Dividends paid (note 17)	(5,074,718)
At 30 June 2008	<u>3,464,088</u>

GLASGOW INCOME TRUST PLC

Notes to the Financial Statements

17	DIVIDENDS ON EQUITY SHARES	£
	Fifth interim dividend of 2006/07 of 1 8865p per share paid on 31 October 2007	2,300,445
	First interim dividend of 2007/08 of 1 138p per share paid on 31 January 2008	1,387,704
	Second interim dividend of 2007/08 of 1 138p per share paid on 30 April 2008	1,386,569
		<u>5,074,718</u>

The Company has declared a third interim dividend in respect of the year to 30 September 2008 of 1 138p per share which is payable on 31 July 2008. The total amount payable in respect of this dividend is £1,382,255.