

**GLASGOW INCOME TRUST PLC**

**Company Number SC111955**

**Unaudited Interim Accounts for the period  
1 October 2008 to 31 March 2009**

**Prepared under Section 838  
Companies Act 2006**

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**GLASGOW INCOME TRUST PLC**

**Income Statement  
for the period 1 October 2008 to 31 March 2009**

	Notes	Revenue £	Capital £	Total £
Gains on investments	6	-	(25,127,159)	(25,127,159)
<b>REVENUE</b>				
Dividend income	2	1,341,098	-	1,341,098
Fixed interest income	2	991,275	-	991,275
Deposit interest	2	254,597	-	254,597
Traded Option premiums	2	459,867	-	459,867
Other Income	2	17,826	-	17,826
		<u>3,064,663</u>	<u>(25,127,159)</u>	<u>(22,062,496)</u>
<b>EXPENSES</b>				
Investment management fee	3	(82,934)	(82,934)	(165,868)
Other administrative expenses	4	(127,025)	-	(127,025)
VAT recoverable on management fee	3	174,498	174,498	348,996
Finance cost of borrowings	5	(556)	(556)	(1,112)
Zero coupon finance costs	7	-	(4,346,645)	(4,346,645)
		<u>(36,017)</u>	<u>(4,255,637)</u>	<u>(4,291,654)</u>
<b>PROFIT BEFORE TAX</b>		<b>3,028,646</b>	<b>(29,382,796)</b>	<b>(26,354,150)</b>
Taxation		(515,668)	25,482	(490,186)
<b>PROFIT FOR THE PERIOD</b>		<b><u>2,512,978</u></b>	<b><u>(29,357,314)</u></b>	<b><u>(26,844,336)</u></b>

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 31 March 2009

	Notes	£	£
<b>NON-CURRENT ASSETS</b>			
Listed investments	6		61,982,143
Zero coupon finance call options	7		263,825
Zero coupon finance put options	7		12,014,850
Investment in subsidiary undertaking	8		<u>5,000</u>
			74,265,818
<b>CURRENT ASSETS</b>			
Trade and other receivables	9	1,787,797	
Cash and cash equivalents		13,086,166	
Zero coupon finance call options	7	22,100	
Zero coupon finance put options	7	<u>13,679,900</u>	
			<u>28,575,963</u>
<b>TOTAL ASSETS</b>			<u>102,841,781</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	(842,973)	
Zero coupon finance call options	7	(817,700)	
Zero coupon finance put options	7	<u>(34,680,425)</u>	
			(36,341,098)
<b>NON-CURRENT LIABILITIES</b>			
Zero coupon finance call options	7	(2,197,100)	
Zero coupon finance put options	7	<u>(26,525,225)</u>	
			<u>(28,722,325)</u>
<b>TOTAL LIABILITIES</b>			<u>(65,063,423)</u>
<b>NET ASSETS</b>			<u>37,778,358</u>
<b>ISSUED CAPITAL AND RESERVES</b>			
Called up share capital	11		30,485,629
Share premium account	12		53,203,872
Special reserve	13		4,657,814
Capital reserve	14		(53,614,498)
Revenue reserve	16		<u>3,045,541</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>			<u>37,778,358</u>

Approved by the Board on 18 May 2009 and signed on behalf of the Board by:



R G Hanna, Chairman

The accompanying notes are an integral part of this balance sheet.

# 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

The Company has 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 and changes in the fair value of investments are recognised in the income statement as a capital item and taken to the 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 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.

### 2 REVENUE

	£
<i>Income from investments</i>	
Dividend income	1,341,098
Fixed interest income	991,275
	<hr/>
	2,332,373
<i>Other revenue</i>	
Interest receivable from deposits	254,597
Traded option premiums	459,867
Other income	17,826
	<hr/>
Total income	3,064,663

### 3 SECRETARIAL AND MANAGEMENT FEE

Aberdeen Asset Management Limited act as investment managers and Aberdeen Asset Management PLC act 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. A debtor of £348,995 has been recognised for recoverable VAT on management fees. This repayment has been allocated 50% to revenue and 50% to capital.

### 4 OTHER ADMINISTRATIVE EXPENSES

	£
Directors' remuneration - fees as directors	31,000
Fees payable to auditors and associates - as auditors	14,388
Other administrative expenses	81,637
	<hr/>
	127,025

GLASGOW INCOME TRUST PLC

Notes to the Financial Statements

5 FINANCE COSTS OF BORROWINGS

	Revenue £	Capital £	Total £
Bank loans and overdrafts	556	556	1,112

6 LISTED INVESTMENTS

	£
Value at 1 October 2008	112,107,725
Purchases	13,203,128
Amortised cost adjustments to fixed interest securities	(10,633)
Sales - proceeds	(38,215,438)
Sales - net losses on sales	(20,761,092)
Movement in investment holdings gains	(4,341,547)
Value at 31 March 2009	61,982,143
Cost at 31 March 2009	89,257,936
Investment holdings gains at 31 March 2009	(27,275,793)
Value at 31 March 2009	61,982,143

LOSSES ON INVESTMENTS

Net losses on sales of investments	(20,761,092)
Movement in investment holdings gains	(4,341,547)
Movement in fair value of traded options	(24,520)
	(25,127,159)

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 2008 under IFRS	62,335,350
Cost of closure of existing zero coupon finance arrangement	(28,442,220)
ZCF Finance costs charged to capital	4,346,645
At 31 March 2009	38,239,775

# GLASGOW INCOME TRUST PLC

## Notes to the Financial Statements

### 7 ZERO COUPON FINANCE (continued)

The amounts outstanding in respect of zero coupon finance comprise:

	£
<b>Current Assets:</b>	
<u>Call Options:</u>	
Expiring in January 2010	22,100
	<u>22,100</u>
<u>Put options:</u>	
Expiring in January 2010	13,679,900
	<u>13,679,900</u>
<b>Current Liabilities:</b>	
<u>Call options:</u>	
Expiring in January 2010	(817,700)
	<u>(817,700)</u>
<u>Put options:</u>	
Expiring on January 2010	(34,680,425)
	<u>(34,680,425)</u>
<b>Non Current Assets:</b>	
<u>Call Options:</u>	
Expiring in April 2011	263,825
	<u>263,825</u>
<u>Put options:</u>	
Expiring in April 2011	12,014,850
	<u>12,014,850</u>
<b>Non-Current Liabilities:</b>	
<u>Call options:</u>	
Expiring in April 2011	(2,197,100)
	<u>(2,197,100)</u>
<u>Put options:</u>	
Expiring on April 2011	(26,525,225)
	<u>(26,525,225)</u>
<b>Net Zero Coupon Finance Liability</b>	<u><u>(38,239,775)</u></u>

### 8 SUBSIDIARY UNDERTAKING

Shares at cost	£5,000
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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.

### 9 TRADE & OTHER RECEIVABLES

	£
Due from Brokers	348,196
Accrued income	1,078,836
VAT refund on management fees	348,995
Prepayments & other debtors	11,770
	<u>1,787,797</u>

### 10 TRADE & OTHER PAYABLES

	£
Due to brokers	13,451
Traded Options at fair value	36,245
Accrued charges	121,404
Due to subsidiary undertaking	181,375
Corporation Tax due	490,498
	<u>842,973</u>

GLASGOW INCOME TRUST PLC

Notes to the Financial Statements

11	<b>CALLED UP SHARE CAPITAL</b>	£
	<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>	
	Ordinary shares of 25 pence each	Number
	At 1 October 2008	£
		<u>121,413,532</u>
		<u>30,485,629</u>
12	<b>SHARE PREMIUM ACCOUNT</b>	£
	At 31 October 2008 and 31 March 2009	<u>53,203,872</u>
13	<b>SPECIAL RESERVE</b>	£
	At 31 October 2008 and 31 March 2009	<u>4,657,814</u>
14	<b>CAPITAL RESERVES</b>	£
	At 1 October 2008	(24,257,184)
	Net gains on sales of investments during the period (note 6)	(20,761,092)
	Listed investments (note 6)	(4,341,547)
	Movement in fair value of zero coupon finance (note 7)	2,053,200
	Movement in fair value of traded options	(24,520)
	Management fee	(82,934)
	VAT recoverable on management fee	174,498
	Finance cost of borrowings	(556)
	Loss on closure of zero coupon finance (note 7)	(6,399,845)
	Tax effect on capitalised expenses	25,482
	At 31 March 2009	<u>(53,614,498)</u>
	The capital reserves are not distributable.	
15	<b>DIVIDENDS ON EQUITY SHARES</b>	£
	Fourth interim dividend of 2007/08 of 1.8865p per share paid on 31 October 2008	2,290,466
	First interim dividend of 2008/09 of 0.75p per share paid on 30 January 2009	910,601
		<u>3,201,067</u>
The Company declared a second interim dividend in respect of the year to 30 September 2009 of 0.75p per share which was paid on 30 April 2009. The total amount paid in respect of this dividend was £910,601.		
The Company has declared a third interim dividend in respect of the year to 30 September 2009 of 0.75p per share which is payable on 31 July 2009. The total amount payable in respect of this dividend is £910,601.00		
16	<b>REVENUE RESERVE</b>	£
	At 1 October 2008	3,733,630
	Profit for the period	2,512,978
	Dividends paid (note 15)	(3,201,067)
	At 31 March 2009	<u>3,045,541</u>
	<b>REVENUE RESERVE POST PAYMENT OF THIRD INTERIM DIVIDEND</b>	
	B/f revenue reserve at 30 September 2008 per Annual Report	3,733,630
	Less: Fourth interim dividend of 2007/08 of 1.8865p per share paid on 31 October 2008	(2,290,466)
	Adjusted revenue reserves at 1 October 2008 (Companies Act basis)	<u>1,443,164</u>

**GLASGOW INCOME TRUST PLC**

**Notes to the Financial Statements**

**Current period (see Revenue Account)**

Revenue on ordinary activities after taxation	2,512,978
First interim dividend paid for 2008/09 of 0.75p per share paid on 30 January 2009	(910,601)
Second interim dividend paid for 2008/09 of 0.75p per share paid on 30 April 2009	(910,601)
Third interim dividend proposed for 2008/09 of 0.75p per share payable on 31 July 2009	(910,601)
Current year revenue reserves after dividends paid/proposed	<u>(218,825)</u>
Adjusted revenue reserves at 1 October 2008	1,443,164
Current year revenue reserves after dividend proposed	<u>(218,825)</u>
Revenue reserve post payment of proposed 3rd interim dividend for 2009	<u>1,224,339</u>