

Troy Income & Growth Trust plc

Annual Report and Financial Statements
for the year ended 30 September 2017

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Contents

Corporate Summary	1
Financial Highlights	1
Performance	2
Chairman's Statement	4
Managers' Review	6
Investment Portfolio	9
Distribution of Assets and Liabilities	11
Your Board, Managers and Administrators	12
Strategic Report	14
Directors' Report	17
Statement of Corporate Governance	22
Statement of Directors' Responsibilities	27
Directors' Remuneration Report	28
Independent Auditors' Report to the Members of Troy Income & Growth Trust plc	30
Statement of Comprehensive Income	35
Statement of Financial Position	36
Statement of Changes in Equity	37
Cash Flow Statement	38
Notes to the Financial Statements	39
Glossary of Terms and Definitions	55
Notice of Annual General Meeting	56
Corporate Information	61

Financial Calendar

24 January 2018	Annual General Meeting
26 January 2018	First interim dividend 2017/18 payable
27 April 2018	Second interim dividend 2017/18 payable
May 2018	Interim results announced
May 2018	Interim Report published
27 July 2018	Third interim dividend 2017/18 payable
26 October 2018	Fourth interim dividend 2017/18 payable

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your Ordinary shares in Troy Income & Growth Trust plc, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Corporate Summary

Investment Objective

The Company's investment objective is to provide shareholders with an attractive income yield and the prospect of income and capital growth through investing in a portfolio of predominantly UK equities.

Dividends

Dividends on the Ordinary shares are payable quarterly at the end of January, April, July and October. It is intended that the investment policy of the Company generates an income yield that will permit the Company's dividend to grow over time.

Discount Control Mechanism

The Company's discount and premium control policy aims to ensure that the Ordinary shares trade at close to their underlying net asset value by virtue of buying-in or issuing shares, as appropriate.

Capital Structure

The Company's issued share capital as at 30 September 2017 consisted of 290,794,045 Ordinary shares of 25p each, with no Ordinary shares held in treasury, and at 24 November 2017 there were 289,044,045 Ordinary shares in issue and 1,750,000 Ordinary shares were held in treasury.

Continuation Vote

A continuation vote was passed at the AGM on 23 January 2014. As a result of this the Company's next continuation vote will be held at the Company's AGM following the year ending 30 September 2018 and at each fifth AGM thereafter.

Financial Highlights

	2017	2016
Net asset value total return	+5.9%	+14.7%
Share price total return	+4.0%	+14.8%
FTSE All-Share Index total return	+11.9%	+16.8%
Increase in dividends per share	+5.6%	+4.3%
Dividend yield *	3.3%	3.1%

* Dividends per share as a percentage of share price at 30 September.

Net Asset Value per Ordinary share

At 30 September – pence

Dividends per Ordinary share
pence

Share price per Ordinary share
At 30 September – pence

Financial Highlights (continued)

	30 September 2017	30 September 2016	% change
Total investments	£216,065,000	£206,641,000	+4.6
Shareholders' funds	£228,692,000	£215,463,000	+6.1
Market capitalisation	£225,365,000	£217,116,000	+3.8
Net asset value per share	78.64p	76.41p	+2.9
Share price (mid market)	77.5p	77.00p	+0.6
(Discount)/premium to NAV	(1.5)%	0.8%	
Total gearing	0.0%	0.0%	
Ongoing charges	0.95%	0.99%	
Dividends and earnings			
Revenue return per share ¹	2.90p	2.59p	+12.0
Dividends per share ²	2.56p	2.425p	+5.6
Dividend cover	1.13	1.07	
Revenue reserves ³	£5,670,000	£4,584,000	

¹ Measures the revenue earnings for the year divided by the weighted average number of Ordinary shares in issue (see Income Statement).

² The figures for dividends per share reflect the years in which they were earned (see note 7 on page 44).

³ The revenue reserve figure does not take account of the fourth interim dividend amounting to £1,919,000 (2016 – fourth interim £1,769,000).

Performance

Total Return (for the periods to 30 September 2017)

	One Year	Three Years	Five Years	Seven Years
Share price	+4.0%	+33.3%	+63.0%	+107.2%
Net asset value per share	+5.9%	+35.3%	+66.4%	+108.8%
FTSE All-Share Index	+11.9%	+27.8%	+61.2%	+80.8%

Total Return of NAV and Share Price vs FTSE All-Share Index

Seven years to 30 September 2017 (rebased to 100 at 30/09/10)

— Price — NAV — Index

Source: Thomson Reuters Datastream

Performance (continued)

Ten Year Financial Record

Year to 30 September	2008	2009*	2010	2011	2012	2013	2014	2015	2016	2017
Revenue available for ordinary dividends (£'000)	6,790	3,957	2,104	2,220	3,245	5,194	5,308	6,039	6,962	8,325
Per share										
Net revenue return (p)	5.58	3.26	1.80	1.95	2.16	2.21	2.25	2.42	2.59	2.90
Net dividends paid/proposed (p)	5.30	3.00	1.80	1.92	2.03	2.13	2.23	2.33	2.43	2.56
Total return (p)	(33.04)	(7.44)	5.74	3.63	7.04	6.66	6.00	6.94	9.96	4.77

As at 30 September

Net asset value per share (p)	56.04	44.47	48.06	50.00	55.18	60.22	64.05	68.87	76.41	78.64
Shareholders' funds (£m)	68.04	53.99	53.81	63.23	124.53	145.78	153.39	178.25	215.46	228.69

* Troy Asset Management Ltd were appointed managers with effect from 1 August 2009.

Cumulative Performance

(% of 30 September 2007 value)

As at 30 September	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
NAV	100.0	58.6	47.3	51.5	53.5	59.5	64.5	68.6	73.8	81.9	84.0
Share price performance	100.0	57.9	45.9	52.2	54.2	61.2	66.1	70.2	75.8	84.2	84.7
Benchmark performance	100.0	74.9	79.4	86.5	80.0	90.4	103.8	106.5	100.6	113.2	122.1
NAV total return†	100.0	62.5	55.9	63.8	68.7	80.0	89.3	98.4	109.5	125.7	133.1
Share price total return†	100.0	62.2	55.0	65.5	70.6	83.3	92.6	101.9	113.8	130.6	135.8
FTSE All-Share Index total return†	100.0	77.7	86.1	96.9	92.7	108.7	129.2	137.1	133.9	156.5	175.2

† Total return figures are based on reinvestment of net income.

Share Price Premium/(Discount) to NAV

Seven years to 30 September 2017

Chairman's Statement

The objective of the Company is to provide an attractive income yield and the prospect of income and capital growth through investing in a portfolio of predominantly UK equities.

Performance

The performance for the year to 30 September 2017 shows a Net Asset Value ('NAV') total return per share of +5.9% and a share price total return of +4.0% during a period that proved challenging for the Managers' investment style and, generally, for defensively orientated investors. The FTSE All-Share Index returned +11.9% for the period.

The Board is predominantly interested in longer-term performance and over the three year period to 30 September 2017 the NAV total return per share of +35.3% compares favourably to the +27.8% total return of the FTSE All-Share Index. Over five years, the NAV total return of +66.4% compares to a +61.2% total return for the FTSE All-Share Index.

The aggregate dividends for the year totalled 2.56p and represented an increase of 5.6% over the previous year.

Economic and Stock Market Background

Although unemployment continues to fall across developed markets, sustained wage growth and the associated economic reflation continues to elude central bankers and policy makers. With growth remaining fragile and deflation a persistent concern, monetary policy has remained extraordinarily accommodative. In this environment equity markets have been able to shrug off renewed bouts of geopolitical risk and the FTSE All-Share Index has made new highs in three out of the last four quarters whilst exposing investors to abnormally low levels of volatility.

Discount Control Mechanism and Costs

The Discount Control Mechanism ('DCM'), which has been in place since January 2010, continues to operate successfully. The share price traded at a small premium to NAV for all but a few days within the period and a net 8.8m shares were issued to meet natural demand, increasing the issued share capital by 3.1%. Since January 2010 the net enhancement of NAV, after all associated costs, is over £862,000.

During the year, the net assets of the Company have grown from £215m to £229m and this growth, partly due to the DCM, continues to help drive down effective costs with Ongoing Charges less than 1%.


The Board hopes that lower Ongoing Charges and minimal discount volatility (provided by the DCM), will be attractions for other investment trust boards and shareholders looking to merge or offer rollover options in the event of reconstructions or wind ups. The Board continues to be keen to grow the Company's assets both "organically" and as a result of participation in consolidation within the investment trust sector.

Gearing

During the year the Company put in place a £20m revolving credit facility though has yet to utilise it. However, the Managers and Board continue to see the opportunity to gear on a tactical basis as an important tool to be deployed when compelling equity valuations are presented.

Dividends

The fourth interim dividend of 0.66p represented an increase of 5.6% on the 0.625p dividend paid at the end of each of the first two quarters of the financial year. Unusually, the Board took the step of increasing the third interim dividend (to 0.65p) which reflected the stronger than expected dividend income that resulted from weaker sterling. The full year dividends declared totalled 2.56p and represented an increase of 5.6% over the previous year. The Board intends, barring unforeseen circumstances, to pay a dividend of at least 0.66p per quarter in the current



financial year and remains committed to a progressive dividend policy. The full year dividends were comfortably covered by earnings and Shareholders may take additional comfort from the Company's substantial revenue reserve which (when calculated assuming payment of the fourth interim dividend) represents 51% of the annual dividends.

Outlook

Political uncertainty remains at elevated levels on both sides of the Atlantic. The direction of European integration, the shape of Brexit and its impact, the threat of Catalanian secession, and an unusual and unpredictable US presidency, are amongst a long list of uncertainties which, when combined with a potential change in central bank policy (not least the recent increases in interest rates by the Bank of England) and a maturing bull market in equities, create considerable risk. The Board has carefully considered with the Managers the appropriate investment approach in such an environment, and we remain of the view that their emphasis on the preservation of capital and durability of income, and their conservative approach to gearing, remain appropriate.

David Warnock

Chairman

24 November 2017

Managers' Review

Background

Although we are predominantly equity investors the temperature of the market is often best taken by looking at the currency and bond markets. It is here that the vying influences of political and monetary policy are most quickly reflected in asset prices.

In the first few days of October 2016 the threat of a hard Brexit precipitated a further fall in sterling to lows against the dollar not seen since mid-1985. Since then the commencement of the negotiations with the EU has allowed sterling to first stabilise and then to strengthen modestly ahead of Theresa May's Florence speech. Also contributing to this complex equation has been the influence of central bankers and their desire to make the first tentative steps towards withdrawing from the extraordinary easy monetary policy that has dominated the last 9 years. The US central bank communicated its intention to begin normalising its \$4.5 trillion balance sheet in October. In the UK, the Bank of England has reversed the 25 basis point cut implemented following the 2016 EU referendum but Governor Mark Carney continues to steer the market away from pricing in a series of further hikes. Both bond and currency markets have moved to price in these changes in expectations.

However, the forces of deflation have never been far away and, despite US unemployment falling to 4.3% in September, a broad reflation of the US economy, and wage inflation in particular, have remained elusive. In the UK, although inflation has been fuelled by a weakening currency it has not been underpinned by a higher rate of economic growth or a rise in real wages. The result has been vacillation from central bankers and only the first tentative steps toward tighter policy.

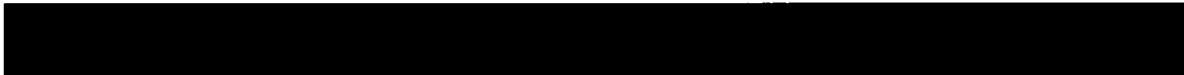
This persistence of loose monetary policy has allowed equity markets to rise steadily despite the continued deterioration of the geopolitical backdrop. The rise of populism, an unpredictable US president, the aforementioned Brexit negotiations and an increasing number of foreign policy challenges have all been brushed aside as the FTSE All-Share Index has risen to generate a series of new highs with remarkably low volatility.

Performance & Investment Strategy

Your Company delivered a Net Asset Value ('NAV') total return of +5.9% and a share price total return of +4.0% over the year. This compares with the FTSE All-Share Index return of +11.9%. In its 20-strong peer group, your Company is positioned 18th over the 12 months, reflecting that this has been a challenging year for defensively positioned investors.

The steady progress of the market over the 12 month period belies significant swings in market leadership. The Company's emphasis on defensive quality can mean that, although it has preserved capital well in periods of weakness, performance has sometimes lagged in particularly ebullient phases of market behaviour. We found ourselves in such a phase during the final quarter of 2016 and the first weeks of 2017. As investors bought into the reflationary rhetoric that surrounded the election of President Trump, cyclical and value stocks, underrepresented in Troy's portfolios, performed notably well.

In mid-February this trend was interrupted by two events: the short-lived but highly publicised 3G bid approach for Unilever and a realisation that the rift between the President and many members of his own party would make radical US tax reform and fiscal stimulus harder to deliver than expected. Investors were once again reminded of the attractions of owning quality franchises and many of the portfolios core holdings saw a period of strong performance.



Unusually, performance during the final quarter of the Company's year was dominated by stock specific news flows rather than investment style. A significant failure by Provident Financial in the execution of the restructuring of its home collected credit business, regulatory intervention in the tobacco sector and disappointing news flow from Reckitt Benckiser all detracted meaningfully from performance. There were several significant bright spots with Next and Equiniti in particular rising to offset the weaker performers and allowing the Company to deliver a near flat return over the final three months to 30 September 2017.

The stream of income generated by the portfolio continued to be robust, aided by weaker sterling and a number of special dividends from cash generative companies such as Next, Compass and Lancashire Group. This allowed the Company to pay a full year dividend of 2.56p with an increase announced at the time of both the 3rd and the 4th quarter dividend. The full year dividend represents a +5.6% increase on the previous annual dividend.

Portfolio Changes

The opportunity to invest at attractive valuations can arise as the result of a sector or market wide derating or due to a stock specific correction. Market wide value has not been on offer for some years, however, in the fourth quarter of 2016 the rotation out of defensive quality and into cyclical value did offer us a short-lived opportunity to add to some of our core holdings including Unilever (at a 3.2% dividend yield) and Reckitt Benckiser (at a 2.2% dividend yield).

Since December however markets have risen steadily with remarkably little volatility and as such opportunities have been stock specific in nature. A new holding in IG Group, the online contract-for-difference ('CFD') and spread betting platform, was started in January following a FCA consultation paper looking to limit irresponsible levels of leverage and curtail sometimes unscrupulous marketing practices. IG Group is well positioned to weather such a storm and ultimately to take market share but the share price weakness that followed the announcement provided an opportunity to invest in an excellent business at a dividend yield of over 6%. A new holding in Domino's Pizza Group PLC, the holder of the UK and Irish master franchises, was also added. We have followed the stock since 2014 and used the share price weakness created by the market's short-sighted focus on like-for-like sales as an opportunity to buy a holding in this high-return, low-CapEx and relatively unindebted business on a yield of 3.1%.

Company specific opportunities also arose in stocks that were already owned by the Company. Following meetings with both UK oil majors we were also able to add to the portfolio's position in Royal Dutch Shell. With the oil price trading between \$44 and \$54 the companies remain highly focused on capital allocation but are generating enough cash for us to be more positive on their dividend streams. We also continued to add to our positions in Next which suffered continued weakness following its January trading statement. We remain confident in the management team and the strength of the underlying franchise.

Discount Control Mechanism

As highlighted in the Chairman's Statement the Discount Control Mechanism continues to ensure the Company's shares trade at only a small premium or discount relative to Net Asset Value. The overall enhancement to your Company's NAV by repurchasing shares at a discount and issuing at a premium equates to well over 1.8% of the NAV when Troy became manager of the Company in 2009. The number of shares in issue has continued to increase, rising by some 140% to 291 million since the discount control mechanism was activated in January 2010. The issuance of new shares and the associated increase in the size of the Company has not only boosted liquidity beyond that experienced by many investment trusts of a similar size, but has reduced on-going charges from over 1.5% of NAV to 0.95% at the end of September.

Managers' Review (continued)

Investment Outlook

Despite a rise in consumer price inflation for the month of October to 3.1% it is only a matter of time before the impact of the initial drop in the value of the pound following the Brexit vote falls out of the annualised figures entirely. Market participants will only then be able to clearly observe whether Britain's decision to leave the European Union has resulted in a transient or more permanent increase in the rate of inflation. The Bank of England, attempting to strike a delicate balance between preserving growth and containing inflation, will continue to sound a cautious note in its guidance on the path of future interest rates and we would anticipate a meaningful gap before any further increases are announced.

Movements in the foreign exchange rate notwithstanding, we remain optimistic that the portfolio's underlying holdings will continue to generate attractive income growth in what remains a low interest rate environment in the UK. UK-listed multinationals should remain relatively resilient regardless of the political climate and companies that command pricing power stand to be beneficiaries of the return of modest inflation in the developed world. In addition, companies such as Unilever, which is seeking to achieve €6 billion of efficiency savings across its business, demonstrate that even against a low-growth backdrop, opportunities remain to streamline operations, improve margins and pass through some of the incremental cash flow to shareholders.

Troy Asset Management Ltd

24 November 2017

Investment Portfolio

As at 30 September 2017

	Valuation 2017 £'000	Total portfolio %
Unilever	11,877	5.5
Royal Dutch Shell	11,126	5.1
British American Tobacco	9,080	4.2
AstraZeneca	7,803	3.6
Reckitt Benckiser Group	7,494	3.5
Lloyds Banking Group	7,448	3.4
BP	6,444	3.0
GlaxoSmithKline	6,326	2.9
Next	6,043	2.8
Experian	5,992	2.8
Ten largest investments	79,633	36.8
Royal Mail	5,783	2.7
Sage Group	5,759	2.7
Imperial Brands	5,603	2.6
Schroders	5,445	2.5
Compass Group	5,327	2.5
Equiniti Group	5,155	2.4
Wells Fargo	5,144	2.4
WH Smith	5,053	2.3
SSE	4,750	2.2
National Grid	4,699	2.2
Twenty largest investments	132,351	61.3
Hiscox	4,173	1.9
Land Securities Group	4,138	1.9
Jardine Lloyd Thompson	4,097	1.9
Nestlé	4,063	1.9
Rathbone Brothers	4,036	1.9
Domino's Pizza Group	4,030	1.9
Centrica	3,827	1.8
Vodafone	3,809	1.7
Londonmetric Property	3,688	1.7
Pennon Group	3,385	1.5
Thirty largest investments	171,597	79.4

Investment Portfolio (continued)

As at 30 September 2017

	Valuation 2017 £'000	Total portfolio %
Coca Cola	3,358	1.6
Nex Group	3,286	1.5
Primary Health Properties	3,152	1.5
3i Infrastructure	3,084	1.4
Lancashire Holdings	2,835	1.3
Dairy Crest	2,759	1.3
Severn Trent	2,716	1.3
International Public Partnerships	2,684	1.2
Verizon Communications	2,585	1.2
IG Group Holdings	2,551	1.2
Forty largest investments	200,607	92.9
American Express	2,362	1.1
Assura	2,347	1.1
Secure Income REIT	2,328	1.1
NewRiver REIT	2,035	0.9
Inmarsat	2,025	0.9
Burberry Group	1,757	0.8
Sky	1,555	0.7
Provident Financial	1,049	0.5
Total Investments at fair value	216,065	100.0
Gain on forward currency contract at fair value	134	—

Distribution of Assets and Liabilities

As at 30 September 2017

	Valuation at 30 September 2016		Purchases	Appreciation/ Sales (depreciation)		Valuation at 30 September 2017	
	£'000	%	£'000	£'000	£'000	£'000	%
Listed investments							
Ordinary shares	206,641	95.9	21,553	(18,566)	6,437	216,065	94.5
Current assets	10,024	4.7				13,141	5.7
Current liabilities	(1,202)	(0.6)				(514)	(0.2)
Net assets	215,463	100.0				228,692	100.0
Net asset value per share	76.41p					78.64p	

Analysis of Listed Equity Portfolio

Troy Income & Growth Trust Weightings Relative to the FTSE All-Share Index

Your Board, Managers and Administrators

Back row (left to right):

Steven Cowie, (PATAC Ltd),
Francis Brooke, Hugo Ure (both Troy Asset Management Ltd), Steven Budge (PATAC Ltd)

Front row (left to right):

Directors – Roger White, Jann Brown, David Warnock, David Garman.



David Warnock (Chairman)

B.Comm. (Hons), C.Dip.A.F.

David was appointed a Non-Executive Director on 17 November 2010 and became Chairman on 23 January 2014. He co-founded the investment firm of Aberforth Partners and was a partner for 19 years until his retirement in 2008. David is currently a Non-Executive Director of Seneca Investment Managers Ltd and an active investor in a number of private companies. He has held Non-Executive Directorships of several public and private companies, and before Aberforth was with Ivory & Sime plc and 3i Group plc.

Fees for year £27,600; beneficial interest 500,000 shares.

Jann Brown

M.A. (Hons), C.A.

Jann was appointed a Non-Executive Director and Chair of the Audit Committee on 18 January 2013. She is currently Managing Director and Chief Financial Officer of SOCO International plc and Chair of the Audit Committee of John Wood Group PLC. She is a past President of the Institute of Chartered Accountants of Scotland and also former Executive Director of Cairn Energy plc and former Senior Independent Director of Hansen Transmissions International NV.

Fees for year £21,360; beneficial interest 87,563 shares.

Roger White

M.A. (Hons)

Roger was appointed a Non-Executive Director on 29 April 2014 and is Senior Independent Director. He has been Chief Executive of AG Barr plc since 2004, having joined that company as Managing Director in 2002. Roger previously held a number of senior positions with Rank Hovis McDougall, is a past President of the British Soft Drinks Association (BSDA) and is currently a member of BSDA's Board of Management and Executive Council.

Fees for year £18,265; beneficial interest 300,000 shares.

David Garman

B.A. (Hons). F.C.I.T.

David was appointed a Non-Executive Director on 19 January 2016. He is currently a Non-Executive Director of John Menzies plc and Speedy Hire plc. He was formerly Chief Executive of TDG plc and has also held Non-Executive Directorships of Phoenix IT Group plc, Victoria plc, St Modwen Properties plc, Kewill plc and Carillion plc.

Fees for year £18,265; beneficial interest 100,000 shares.

Troy Asset Management Ltd

Troy Asset Management Ltd is an independent fund management company aiming to generate absolute returns for investors over the long term. It manages or advises approximately £10.0 billion of assets including six open-ended investment funds: the Trojan Fund, the Trojan Income Fund, the Trojan Global Equity Fund, the Trojan Global Income Fund, the Trojan Ethical Income Fund and the Spectrum Fund; and two investment trusts: Troy Income & Growth Trust plc and Personal Assets Trust plc. Their investors include private individuals, charities, pension funds, trusts and endowments.

PATAC Ltd

PATAC Ltd is a 100% subsidiary of Personal Assets Trust plc. It specialises in providing company secretarial and administration services to listed investment companies. It currently provides services to seven listed investment companies and also acts as Alternative Investment Fund Manager to two listed investment companies, Troy Income & Growth Trust plc and Personal Assets Trust plc.

Strategic Report

Strategy and Investment Objective

As noted in the Chairman's Statement the Company's objective is to provide an attractive income yield and the prospect of income and capital growth through investing in a portfolio of predominantly UK equities.

Business Model

The Company carries on business as an investment trust. Investment trusts are collective investment vehicles, constituted as closed-ended public limited companies.

The Company is managed by a Board of Non-Executive Directors who are responsible for the overall stewardship of the Company, including investment objectives and strategy, investment policy, gearing, dividends, corporate governance procedures and risk management. Biographies of the Directors can be found on page 13.

The management of the investment portfolio has been contractually delegated to the Manager, Troy Asset Management Ltd ("Troy"), who follow the investment objective and policy in implementing that mandate. Further details of the Company's management arrangements are provided in the Directors' Report on page 18.

Investment Policy

Equities are selected for their inclusion within the portfolio solely on the basis of the strength of the investment case with the focus being on long term income growth along with capital preservation.

Asset classes other than equities will be purchased from time to time, will vary as opportunities are identified and will include convertibles, preference shares, fixed income securities and corporate bonds. Investments will be made when prospective returns appear to be superior to those from equity markets or are considered likely to exceed the Company's cost of capital including any borrowing costs. However, non-equity securities will not constitute the majority of the portfolio. The Company may also use derivatives for the purpose of efficient portfolio management, including reducing, transferring or eliminating investment risk in its investments and protection against currency risk, to exploit an investment opportunity and to achieve an overall return.

There are no pre-defined maximum or minimum exposure levels for asset classes but these exposures are reported to, and monitored by, the Board in order to ensure that adequate diversification is achieved. The Company is permitted to hold up to 20 per cent of gross assets in non-UK investments.

The Company does from time to time invest in other UK listed investment companies but the Company will not invest more than 15 per cent of gross assets in other listed investment companies.

The portfolio will be relatively concentrated and the number of individual holdings in equities and funds will vary over time but, in order to diversify risk, will typically be between 30 and 50. The Board monitors the aggregate exposure to any one equity across the whole investment portfolio.

While there is a comparative index (the FTSE All-Share Index) for the purpose of measuring performance over material periods, no attention is paid to the composition of this index when constructing the portfolio and the composition of the portfolio is likely to vary substantially from that of the index.

The Company may utilise gearing in a tactical and flexible manner to enhance returns to shareholders. As an investment trust, the Company is able to borrow money and does so when the Board and the Manager have sufficient conviction that the assets funded by borrowed monies will generate a return in excess of the cost of borrowing. Such gearing may be in the form of bank borrowings or through derivative instruments which provide a geared exposure to equity markets. Gearing levels are discussed by the Board and the Manager at every Board meeting and monitored between meetings and adjusted accordingly with regard to the outlook. No gearing was in place at the year end. However, the Board currently intends that if it did decide to utilise gearing the aggregate borrowings of the Company will be up to 15 per cent of net assets immediately following drawdown, with a maximum level of aggregate borrowings of 25 per cent of net assets immediately following drawdown. The Board will, however, retain flexibility to increase or decrease the level of the Company's gearing to take account of changing market circumstances and in pursuit of the Company's investment policy.

Investment Strategy

To facilitate the achievement of the Company's objective the day to day management of the Company's assets has been delegated to the Manager. Troy is an independent fund management company aiming to generate absolute returns for investors over the longer term. Troy seeks to preserve and build investors' wealth by constructing conservative portfolios for the long term which demonstrate lower than average volatility.

Although not part of the investment policy the following guidelines have been adopted by the Company in seeking to achieve its objective:

- It is intended that the Company will generally remain fully invested but the Company will retain the ability to hold cash or cash equivalents from time to time. Troy's commitment to capital preservation means that the level of cash held in portfolios which it manages has always been an active investment decision.
- Various guidelines to limit the portfolio exposure have been set by the Board in conjunction with the Manager. These (which may be varied only with the permission of the Board) include:
 - Overseas investments not to exceed 20% of gross assets;
 - UK equity portfolio to comprise between 30 and 50 individual holdings;
 - No more than 6% of gross assets in any one FTSE 100 stock;
 - No more than 4% of gross assets in any one FTSE Mid 250 stock;
 - No more than 2% of gross assets in any one FTSE Small Cap or AIM stock;
 - No more than 30% of gross assets in any one FTSE Industry Sector.
- The Company's discount policy is to ensure that the Ordinary shares trade at close to net asset value through a combination of share buy-backs and the issue of new Ordinary shares at a premium to net asset value where demand exceeds supply. Further details of the operation of this policy are contained in the Directors' Report on page 20.

Monitoring Performance – Key Performance Indicators

At each Board meeting the Directors consider a number of performance indicators to assess the Company's success in achieving its objectives, which include absolute and relative performance compared to market indices and the peer group. The key performance indicators ("KPIs") are established industry measures, and are as follows:

- net asset value total return
- share price total return
- the premium/discount to net asset value at which the shares trade
- expenses and the ongoing charges ratio
- dividend cover

Key performance indicators are shown in the financial highlights on pages 1 and 2, with historic performance data on pages 2 and 3. These are discussed in the Chairman's Statement on pages 4 and 5 and the Managers' Review on pages 6 to 8.

Performance and Future Development

A review of the business performance, market background, investment activity and portfolio during the year under review, together with the investment outlook, is provided in the Chairman's Statement and the Manager's Review on pages 4 to 8.

Details of the Company's investments can be found on pages 9 and 10 with the distribution of assets and liabilities on page 11.

Risk Management

The Directors are responsible for supervising the overall management of the Company, whilst the day-to-day management of the Company's assets has been delegated to the Manager. Portfolio exposure has been limited by the guidelines which are detailed within the Investment Strategy section above.

The principal risks facing the Company relate to the Company's investment activities and these risks include the following:

- performance risk
- market risk
- resource and operational risk.

Strategic Report (continued)

An explanation of these principal risks and how they are managed is set out below, with disclosures of financial risk set out in note 15 on page 48.

The Board can confirm that the principal risks of the Company, including those which would threaten its business model, future performance, solvency or liquidity, have been robustly assessed for the year ended 30 September 2017.

- **Performance risk** – The Board is responsible for deciding the investment strategy to fulfil the Company's objective and monitoring the performance of the Manager. An inappropriate strategy or poor execution of strategy might lead to underperformance against the appropriate benchmark and its peer group. To manage this risk the Manager provides an explanation of significant stock selection decisions and the rationale for the composition of the investment portfolio. The Board also receives and reviews regular reports showing an analysis of the Company's performance against the FTSE All-Share Index (total return) and its peer group.
- **Market risk** – Market risk arises from uncertainty about the future prices of the Company's investments. The Board monitors and maintains an adequate spread of investments in order to minimise the risks or factors specific to a particular investment or sectors, based on the diversification requirements inherent in the Company's investment policy. The guidelines which limit the portfolio exposure are set out in the Investment Strategy on page 15.
- **Resource and operational risk** – Like most other investment trusts, the Company has no employees. The Company therefore relies on services provided by third parties and their control systems. These service providers include, in particular, the Alternative Investment Fund Manager ("AIFM") and the Manager, to whom responsibility for the management of the Company has been delegated under an investment management agreement and an investment management delegation agreement (the "Agreements") (further details of which are set out on page 18). The terms of these Agreements cover the necessary duties and conditions expected of the AIFM and Manager. The Board reviews the performance of the AIFM and Manager on a regular basis and their compliance with the Agreements on an annual basis.

Other risks faced by the Company include the following:

- breach of regulatory rules which could lead to the suspension of the Company's London Stock Exchange listing, financial penalties or a qualified audit report.
- breach of Section 1159 of the Corporation Tax Act 2010 which could lead to the Company being subject to tax on capital gains.

The Board have considered the Company's solvency and liquidity risk and full disclosure of this is made in Note 15 on page 51 and in the viability statement on page 19.

Social, Community, Employee Responsibilities and Environmental Policy

The Directors recognise that their first duty is to act in the best financial interests of the Company's shareholders and to achieve good financial returns against acceptable levels of risk, in accordance with the objectives of the Company.

In asking the Company's Manager to deliver against these objectives, they have also requested that the Manager take into account the broader social, ethical and environmental issues of companies within the Company's portfolio, acknowledging that companies failing to manage these issues adequately run a long term risk to the sustainability of their businesses.

More specifically, they expect companies and key suppliers to demonstrate ethical conduct, effective management of their stakeholder relationships, responsible management and mitigation of social and environmental impacts, as well as due regard for wider societal issues.

As an investment trust with its current structure the Company has no direct social, community, employee or environmental responsibilities of its own.

The Company has no greenhouse gas emissions to report from its operations for the year ended 30 September 2017, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 (including those within the underlying investment portfolio).

At 30 September 2017 there were three male Directors and one female Director. The Company has no employees so does not require to report further on gender diversity.

By Order of the Board

Steven Cowie C.A.

Secretary

24 November 2017

Directors' Report

Status of the Company

The Company has received approval from HM Revenue & Customs as an investment trust company under Sections 1158 and 1159 of the Corporation Tax Act 2010 and is conducting its affairs so as to enable it to retain such approved status.

Results, Dividends and Future Development

The financial statements for the year ended 30 September 2017 appear on pages 35 to 54. Dividends in respect of the year amounted to 2.56p per share (2016 – 2.425p). The fourth interim dividend of 0.66p per share announced on 21 September 2017 (2016 – fourth interim 0.625p) will be accounted for in the financial year ending on 30 September 2018. Information on the future development of the Company is contained in the Chairman's Statement on page 4 and 5 and in the Managers' Review on pages 6 to 8.

Share Capital

At the Annual General Meeting ("AGM") held on 25 January 2017, shareholders approved the renewal of the authority permitting the Company to make market purchases of its own Ordinary shares. This authority (which, unless renewed, will expire at the conclusion of the Company's forthcoming AGM) is limited to Ordinary shares with a maximum aggregate nominal value of £10,740,111 (being equal to approximately 14.99% of the Ordinary shares in issue as at 25 January 2017). It is proposed that this authority will be renewed at the Company's forthcoming AGM (see the Notice of the Annual General Meeting on page 56). During the year ended 30 September 2017 there were 120,000 Ordinary shares of 25p each purchased (being 0.04% of the issued share capital) and 120,000 Ordinary shares of 25p each re-issued. The issued share capital at 30 September 2017 consisted of 290,794,045 Ordinary shares of 25p each and there were no Ordinary shares held in treasury. As at the date of this report the issued share capital consisted of 289,044,045 Ordinary shares of 25p each and there were 1,750,000 Ordinary shares held in treasury. Each holder of Ordinary shares, excluding treasury shares, is entitled to one vote on a show of hands and, on a poll, to one vote for every Ordinary share held.

Directors

Details of the current Directors are set out on page 13. All held office throughout the year. Following best practice the Directors have decided to submit themselves for re-election each year. The Board supports the candidature of the Directors for the reasons described in the Corporate Governance section on page 22 below.

There were no contracts during or at the end of the year in which any Director was materially interested. No Director had a material interest in any investment in which the Company itself had a material interest.

Directors' and Officers' Liability Insurance/Directors' Indemnity Agreements

The Company has and continues to maintain insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Company. The Company's Articles of Association provide that any Director or other Officer of the Company is to be indemnified out of the assets of the Company against any liability incurred by him or her as a Director or other Officer of the Company to the extent permitted by law. In addition the Company has entered into individual Director's Indemnity agreements with each Director.

Conflicts of Interest

Each Director has a statutory duty to avoid a situation where he or she has, or could have, a direct or indirect interest which conflicts, or may conflict, with the interests of the Company. A Director will not be in breach of that duty if the relevant matter has been authorised by the Board in accordance with the Company's Articles of Association.

The Board has approved a protocol for identifying and dealing with conflicts and conducts a review of actual or possible conflicts at least annually. No conflicts or potential conflicts were identified during the year.

Substantial Interests

As at 30 September 2017 the Company had received notification of the following interests in the Ordinary share capital of the Company:

Shareholder	Number of shares held	% held
Brewin Dolphin clients	40,457,469	13.91
Rathbone Brothers plc clients	14,296,573	4.92
Troy Asset Management clients*	9,602,406	3.30

* including the interests of Francis Brooke referred to on page 18.

There have been no notifications of changes in interest since 30 September 2017 up to the date of this report.

Directors' Report (continued)

Management Arrangements

In order to comply with the Alternative Investment Fund Managers Directive ("AIFMD"), the Company appointed PATAC Ltd ("PATAC"), as its Alternative Investment Fund Manager ("AIFM") with effect from 22 July 2014. The Company entered into an AIFMD compliant management agreement with the AIFM. With effect from 22 July 2014, the AIFM delegated the portfolio management activities relating to the Company back to Troy Asset Management Ltd ("Troy") pursuant to a delegation agreement and Troy continues to provide portfolio management services to the Company. These arrangements are fully compliant with the AIFMD.

The AIFM services are provided to the Company by PATAC for £60,000 per annum but Troy have reduced their investment management fee by an equal amount so that there is no overall change to the basis of the management fee incurred by the Company.

The other terms of the AIFM's appointment are similar to those applying to Troy under the investment management delegation agreement detailed below.

Investment Management Delegation Agreement

With effect from 1 August 2009, investment management services have been provided to the Company by Troy. From 1 October 2012 the fee is at an annual rate of 0.75% of the Company's net assets up to £175 million and at an annual rate of 0.65% of the Company's net assets above £175 million.

Details of the fee charged by Troy in the financial year and how it is calculated are set out in note 3 to the financial statements. The Board believes the fee charged by Troy is competitive by comparison with other investment trusts with a similar investment mandate and is priced appropriately given the level of service provided by the Manager.

The contract between the Company, Troy and the AIFM may be terminated by any party on six months' notice. No compensation is payable to the Manager in the event of termination of the contract over and above payment in respect of the required minimum notice.

The contract is also terminable summarily by any party in the event of material breach by any other party; the occurrence of certain events suggesting the insolvency of any other party or relating to the winding up of any other party; the serious misconduct, negligence, wilful default, or fraud of any other party; or the Company being the subject of any reconstruction or amalgamation following a continuation vote having failed to be passed by the Company in general meeting and/or the Company being wound up, liquidated or dissolved. In addition, the Company and the AIFM are entitled to terminate the contract summarily (a) if Francis Brooke ceases to be a full-time executive of Troy, (b) if Troy ceases to have the appropriate FCA authorisation to manage the Company's assets, (c) if Troy or any of its employees or associates is involved in any conduct which is materially prejudicial to the interests of the Company or the AIFM, (d) if Troy undergoes a change of control (other than through a change of control whereby the existing management team including Sebastian Lyon and Francis Brooke increase their aggregate holding in Troy to more than 50 per cent of the voting rights or through a change of control which does not involve a change of control of the Manager's ultimate holding company), (e) if the Company ceases to satisfy the conditions for approval as an investment trust by reason of the Manager's negligence or wilful default or (f) if an FCA audit or investigation gives rise to an adverse finding in relation to any significant aspect of the Manager's business which might be expected to have a materially adverse effect on the Company's business or reputation.

Following the review by the Management Engagement Committee outlined on page 24, the Board considers the continuing appointment of the Manager to be in the best interests of the shareholders at this time.

As at 24 November 2017, the co-managers, Francis Brooke and Hugo Ure, held respectively 4,000,000 and 135,010 Ordinary shares in the Company.

Company Secretary

On 1 July 2010 PATAC was appointed to provide Company Secretarial, accounting and administrative services, for an annual fee of £95,000 payable quarterly in advance. The appointment is terminable on three months' notice. This fee is adjusted annually by the higher of the increase in the Retail Price Index or the Consumer Price Index and is currently £115,426 per annum.

Depository

The AIFMD requires the AIFM to appoint a depository for each Authorised Investment Fund it manages and J P Morgan Europe Ltd were appointed depository for the Company with effect from 22 July 2014. The Depository's responsibilities include cash monitoring, safe keeping of the Company's financial instruments and monitoring the

Company's compliance with investment limits and leverage requirements. The Depositary has delegated the custody function to J.P. Morgan Chase Bank N.A.

Borrowings

During the year the Company entered into a two year unsecured floating rate revolving credit facility for £20 million with ING Luxembourg S.A. The facility is for the acquisition of investments and for general corporate purposes. Further details are set out in Note 5 to the financial statements.

Corporate Governance

The Statement of Corporate Governance is set out on pages 22 to 26 and forms part of this report.

Audit Committee

Details of the Audit Committee are contained within the Statement of Corporate Governance on page 23.

Going Concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as the assets of the Company consist mainly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. In reaching this view, the Directors reviewed the level of expenditure of the Company against the cash and asset liquidity within the portfolio.

Viability Statement

In accordance with provision C.2.2 of the 2016 UK Corporate Governance Code, the Directors have assessed the viability of the Company over a three year period from the date that the Annual Report is due to be approved by shareholders.

The Directors have identified the following factors as potential contributors to ongoing viability:

- The principal risks documented in the strategic report on pages 15 and 16
- The ongoing relevance of the Company's investment objective in the current environment
- The level of current and historic ongoing charges incurred by the Company as disclosed on page 2
- The utilisation quantum of the discount control mechanism
- The level of income generated by the Company
- The liquidity of the Company's portfolio
- The continuation vote to be held at the AGM following the year ending 30 September 2018.

The Company is fully invested in liquid assets, either in listed securities or cash. The nature of these mean that even in a severe market downturn the Company would be able to convert, in a relatively short period of time, the portfolio into cash sufficient to meet the Company's operating costs which run at approximately 1% of net assets. This includes both fixed and variable costs, the largest single element of which is the variable management fee. In addition the Company currently has no gearing. Based on these facts the Board have concluded that even in exceptionally stressed operating conditions, the Company would easily be able to meet its ongoing operating costs as they fall due.

The Directors have determined that a three year period is an appropriate period over which to provide its viability statement notwithstanding the Company's next continuation vote, as stated above, as they have no reason to presume that such a vote would not be passed by shareholders. They also consider that it is a reasonable time horizon to consider the continuing viability of the Company and a suitable period over which to measure the performance of the Company.

Based on the foregoing, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to the AGM in 2021.

Independent Auditors

Following a tender process in 2015, PricewaterhouseCoopers LLP were appointed the Company's Auditors in 2016. The lead audit engagement partner is Allan McGrath. The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information, and to establish that the Company's Auditors are aware of that information.

Directors' Report (continued)

Discount Policy

The Company's discount policy is to ensure that the Ordinary shares trade at close to net asset value through a combination of share buy-backs and the issue of new Ordinary shares at a premium to net asset value where demand exceeds supply.

This discount control mechanism is operated for a fee of £33,000 per annum (excluding VAT) and this has been charged to the share premium account.

The Directors will continue to seek the renewal of the Company's authority to buy back Ordinary shares annually and at other times should this prove necessary. From the authority granted at the January 2017 AGM, the Company at 30 September 2017, had the remaining authority to buy-back 42,840,447 Ordinary 25p shares. Any buy-back of Ordinary shares will be made subject to the Companies Act 2006 and within guidelines established from time to time by the Board and the making and timing of any buy-backs will be at the absolute discretion of the Board. The Directors will be authorised to cancel any Ordinary shares purchased under such authority or to hold them in treasury. Purchases of Ordinary shares will only be made through the market for cash at prices below the prevailing net asset value of the Ordinary shares. Such purchases will also be made only in accordance with the rules of the UK Listing Authority which provide that the price to be paid must not be less than the nominal value of an Ordinary share nor more than the higher of (a) 5% above the average of the middle market quotations for the Ordinary shares for the five business days before the purchase is made and (b) the higher of the price of the last independent trade and the highest current independent bid relating to an Ordinary share on the trading venue where the purchase is carried out.

It is the intention of the Directors that the share buy-back authority is used to purchase Ordinary shares if the middle market price for a Share is below the net asset value per Ordinary share of the Company (taking into account any rights to which the Ordinary shares are trading "ex"). However, nothing in this discount policy will require the Directors to take any steps that would require the Company to make a tender offer for its shares or to publish a prospectus. Notwithstanding this discount policy, there is no guarantee that the Ordinary shares will trade at close to the net asset value per Ordinary share. Shareholders should note that this discount policy could lead to a reduction in the size of the Company over time.

Risk Management

Details of the principal risks facing the Company and their management are set out in the Strategic Report on pages 15 and 16. Details of financial risk management policies and objectives relative to the use of financial instruments by the Company are set out in note 15 to the financial statements.

Annual General Meeting

The notice convening the Annual General Meeting of the Company to be held on 24 January 2018 is given on pages 56 and 57. Among the resolutions being proposed are the following:

(i) Dividend policy

As a result of the timing of the payment of the Company's quarterly dividends in January, April, July and October, the Company's shareholders are unable to approve a final dividend each year. As an alternative the Board will put the Company's dividend policy to Shareholders for approval on an annual basis.

Although the policy includes a provision that would allow distributions to be made from capital it is not the current intention of the Board to utilise this provision.

Resolution 3, which is an ordinary resolution, relates to the approval of the Company's dividend policy which is as follows:

Dividends on the Ordinary shares are payable quarterly at the end of January, April, July and October. It is intended that the investment policy of the Company generates an income yield that will permit the Company's dividend to grow over time. The Company has the flexibility in accordance with its Articles of Association to make distributions from capital.

(ii) Section 551 authority to allot shares

Resolution 10, which is an ordinary resolution, will, if approved, give the Directors a general authority to allot new securities up to an aggregate nominal value of £24,087,000 representing approximately one third of the total Ordinary share capital of the Company in issue (excluding treasury shares) as at the date of this document. As at the date of this document the Company held 1,750,000 Ordinary shares in treasury, representing approximately 0.6 per cent of the Company's total issued share capital (excluding treasury shares). This authority will expire on 31 March 2019 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting).

The Directors issue new shares only when they believe it is advantageous to the Company's shareholders to do so and for the purposes of operating the Company's discount policy. In no circumstances would such issue of new shares result in a dilution of net asset value per share.

(iii) Disapplication of Pre-emption Provisions

Resolution 11, which is a special resolution, is to enable the Directors to issue new shares and to resell shares held in treasury up to an aggregate nominal amount of £14,539,700 (representing approximately 20 per cent of the total Ordinary share capital in issue (including treasury shares) as at the date of this document). Resolution 11 will, if approved, give the Directors power to allot Ordinary shares (including Ordinary shares held in treasury) for cash, otherwise than pro rata to existing shareholders, up to a maximum aggregate nominal amount of £14,539,700. Ordinary shares would be issued for cash only at a price not less than the net asset value per share. This authority will expire on 31 March 2019 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting). As noted, this disapplication of pre-emption rights also applies in respect of treasury shares which the Company may sell. It is the intention of the Board that the resale of any treasury shares would take place at a price of not less than the net asset value prevailing at the date of sale.

(iv) Purchase of the Company's own Ordinary shares

Resolution 12, which is a special resolution, will be proposed to renew the Company's authorisation to make market purchases of its own shares. The maximum number of Ordinary shares which may be purchased pursuant to the authority shall be 14.99% of the issued share capital of the Company as at the date of the passing of the resolution (approximately 43.3 million Ordinary shares). This authority will expire on 31 March 2019 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting). Further details in relation to the Board's discount policy including the details about the minimum and maximum price to be paid are set out on page 20.

(v) Notice period for general meetings

Resolution 13, which is a special resolution, is required to reflect the Shareholders' Rights Regulations. The Shareholders' Rights Regulations, which amend the Companies Act 2006, increased the notice period for general meetings of the Company to 21 days. The Company's Articles of Association enable the Company to call general meetings (other than an annual general meeting) on 14 clear days' notice. In order for this to be effective, the shareholders must also approve annually the calling of meetings other than annual general meetings on 14 days' notice. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Companies Act 2006 (as amended by the Shareholders' Rights Regulations), offering facilities for all shareholders to vote by electronic means before it can call a general meeting on 14 days' notice. The Directors believe it is in the best interests of the shareholders of the Company to preserve the shorter notice period, although it is intended that this flexibility will be used only for non-routine business and where merited in the interests of shareholders as a whole.

Recommendation

The Directors unanimously recommend you to vote in favour of the resolutions to be proposed at the AGM as it is their view that the resolutions are in the best interests of shareholders as a whole.

By Order of the Board

Steven Cowie C.A.

Secretary

24 November 2017

Statement of Corporate Governance

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The AIC Code issued in July 2016 can be obtained from the AIC website at www.theaic.co.uk.

The Board considers that reporting against the principles and recommendations of the AIC Code and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code) will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below. The UK Corporate Governance Code includes provisions relating to:

- The role of the Chief Executive
- Executive Directors' remuneration
- The need for an internal audit function

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company, it being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no Executive Directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The Board

The Board currently consists of four non-executive Directors, one of whom, David Warnock, is Chairman. The Senior Independent Director is Roger White. Biographies of the Directors appear on page 13 which demonstrate the wide range of skills and experience each brings to the Board. Each Director has signed a letter of appointment to formalise in writing the terms of his or her engagement as a Non-Executive Director. Copies of these letters are available for inspection at the registered office of the Company during normal business hours and will also be available for fifteen minutes prior to and during the Annual General Meeting.

The Board regularly reviews the independence of its members and, having due regard to the definitions and current AIC guidelines on independence, considers all Directors to be independent of the Company's Manager. The Board takes the view that independence is not compromised by length of tenure and that experience and continuity can add significantly to the Board's strengths. This is consistent with the AIC Code.

The Board undertakes a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors. In order to review its effectiveness, the Board carries out a process of formal self appraisal. The Directors consider how the Board functions as a whole and also review the individual performance of its members. This process is led by the Chairman and encompasses quantitative and qualitative measures of performance implemented by way of an evaluation survey questionnaire and Board discussion. The performance of the Chairman is reviewed by the other Directors led by the Senior Independent Director. These reviews form the basis of the decision on whether or not Directors are nominated for re-election. These processes have been carried out in respect of the year under review and will be conducted on an annual basis.

Based on these reviews the Board believes that it continues to operate in an efficient and effective manner and has a balanced range of skills and experience, with each Director making a significant contribution to the performance of the Company. Given this, the Board recommends the re-election of Jahn Brown, David Warnock, Roger White, and David Garman.

Directors have attended Board and Committee meetings during the year ended 30 September 2017, as follows:

Meetings held and attendance	Board	Audit Committee	Management Engagement Committee	Nominations Committee
D Warnock	7/7	2/2	1/1	2/2
J Brown	7/7	2/2	1/1	2/2
R White	7/7	2/2	1/1	2/2
D Garman	7/7	2/2	1/1	2/2

The Board has appointed PATAC to provide accounting and secretarial services and to act as AIFM from 22 July 2014. The Board and the AIFM have appointed Troy to manage the Company's investment portfolio within guidelines set by the Board in consultation with the AIFM. PATAC provides the Board with regular reports on the Company's activities. In the case of Board meetings, the information includes the investment manager's review, statistics analysing the Company's performance relative to its benchmark, peers and various stock market indicators, details of investments purchased and sold, projections of future income from investments, gearing and cash management details.

The Board has a formal schedule of matters specifically reserved to it for decision. These are discussed at regular intervals (at least once per annum) and comprise corporate matters, the Company's objective, advisers, the AIFM, the Manager and the management agreements. When necessary, the AIFM and the Manager are requested to withdraw so that the Directors may discuss matters in private. There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access which every Director has to the advice of the Company Secretary and PATAC.

The Board has appointed three committees to cover specific operations as set out below. Copies of the terms of reference of each committee are available on request from PATAC and will also be available at the Annual General Meeting.

Audit Committee

The Audit Committee comprises all of the Directors of the Company. The Board considers that it is appropriate for all Directors to be members of the Committee owing to the size and composition of the Board. The Audit Committee, who consider that they have the requisite skills and experience to fulfil their roles, met twice in 2017 to coincide with the interim and annual reporting and audit cycle. Jann Brown is the Chair of the Audit Committee.

The principal role of the Audit Committee is to review the annual and interim financial statements and the accounting policies applied therein and ensure compliance with financial and regulatory reporting requirements. During the year, the Audit Committee has maintained its focus on both the Internal Control environment and ensuring that the accounting is in accordance with International Financial Reporting Standards and represents a true and fair view of the results of the Company.

The Board has asked the Audit Committee to advise it whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Audit Committee has reviewed the Annual Report and Financial Statements and is satisfied that, taken as a whole, they meet these requirements. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report and Accounts would have a reasonable level of knowledge of the investment industry in general and of investment trusts in particular.

The Committee places great importance on ensuring high standards of both quality and effectiveness in the external audit process.

Audit quality is reviewed throughout the year with a focus on: strong audit governance; the audit firm's methodology and its effective application to the Company; a robust challenge by the auditor on any area which requires management judgement; and the quality of the senior members of the team.

The effectiveness of the audit has also been assessed by a number of measures including, but not limited to:

- reviewing the quality and scope of the audit planning;
- monitoring the independence and transparency of the audit; and
- seeking feedback from the auditor on any external or internal quality reviews of the audit.

In addition, at the end of the audit for the year, the Committee has used a questionnaire to evaluate the performance of the Auditors. No significant issues were identified.

Statement of Corporate Governance (continued)

The external Auditors attended both meetings of the Audit Committee during the year. In addition the Committee reviewed the independence of the external Auditor, PricewaterhouseCoopers LLP and reviewed and ratified their continued appointment.

In completing this review, the Audit Committee has taken into account the standing, experience and tenure of the Audit Partner, the nature and level of service provided and confirmation that they have complied with relevant UK independence guidelines. Following a tender process in 2015, the current Auditor was appointed during the year to 30 September 2016.

In the course of finalising the financial statements, the Committee focused its discussions on the following significant issue:

- The existence and valuation of investments. The AIFM regularly reconciles the portfolio holdings to confirmations from the Company's custodian and carries out testing of the prices obtained from the independent price source. Based on confirmation from the AIFM that these procedures have operated correctly at 30 September 2017 and based on conversations with and written reporting from the auditor, we are comfortable that there is no material misstatement in the context of the Annual Report and Financial Statements as a whole.

The Audit Committee's responsibilities also include reviewing the arrangements in place within Troy and PATAC whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Company.

Nominations Committee

The Nominations Committee, which comprises all of the Directors of the Company, considers the appointment of new Directors bearing in mind the balance of skills, knowledge, experience and diversity existing on the Board. The Chairman is David Warnock. It is not considered appropriate for the Company to have set targets in relation to diversity; candidates will be assessed in relation to the relevant needs of the Company at the time of appointment. Once a decision is made to recruit additional Directors to the Board, a job description is drawn up and each Director is invited to submit nominations and these are considered by the Committee. It is considered that this is the most appropriate method of facilitating Board appointments. However, external agencies may also be used if the Committee considers that there are no suitable nominations.

Under the Articles of Association new Directors are subject to re-election at the first Annual General Meeting after their appointment. Directors do not have a service contract or fixed term in office but in accordance with best practice the Board has decided that all Directors will submit themselves for re-election annually. As the composition of the Board is expected to reflect a breadth of commercial, professional and industrial experience, new Directors are provided with sufficient guidance and instruction to enable them to understand the economic environment in which investment trusts operate and carry out an effective and objective evaluation of the Company's performance therein. The Committee met twice during the year ended 30 September 2017.

Remuneration Committee

As noted in the Directors' Remuneration Report on pages 28 and 29, the Board as a whole reviews and sets the rates of remuneration payable to each Director, and therefore no separate Remuneration Committee has been constituted.

Management Engagement Committee

The Board has constituted a separate Management Engagement Committee which comprises all of the Directors and which met once during the year. The main functions of the Committee are to define the terms of the Investment Management Delegation Agreement with the Manager and the Investment Management Agreement with the AIFM, to ensure that they follow good industry practice, are competitive and are in the best interests of the shareholders. The Committee monitors the Manager's and AIFM's compliance with the terms of the Investment Management Agreements and their performance. The Committee also reviews the services and performance of the Company's other service providers. A review of the Manager was undertaken during the year and the Committee considered the continuing appointment of the Manager to be in the best interest of the shareholders at this time. The Committee believes that the Manager has the skills and experience appropriate to achieving the Company's investment objective. The Committee also reviewed the AIFM and other service providers during the year and concluded that the services provided to the Company were satisfactory and that the Agreements entered into with them were operating in the best interests of shareholders.



Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company and the Company reports formally to shareholders twice a year by way of the Annual and Interim Report. All shareholders have the opportunity to attend and vote at Annual General Meetings at which Directors and the Manager are available to discuss key issues affecting the Company. Troy also conduct meetings with shareholders to discuss issues relating to the Company and give them the opportunity to meet the Board, if required.

As recommended by the AIC Code, the Company makes available the proxy votes cast at general meetings. In addition the aim is to give shareholders at least twenty working days' notice of the Annual General Meeting.

Internal Control

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated certain functions. The main service providers are Troy, the Manager; PATAC, the AIFM, Secretary and Administrator; J.P. Morgan Chase Bank N.A., the Custodian; J.P. Morgan Europe Ltd, the Depositary; and Equiniti Limited, the Registrars. Troy and PATAC provide the Board with regular reports, which cover investment activities and financial matters, and with periodic reports on the control procedures and the system of internal financial control.

The AIFM has established a permanent risk function to ensure that effective risk management policies and procedures are in place to monitor compliance with risk limits. The AIFM has a risk policy which covers the risks associated with the management of the portfolio, and the adequacy and effectiveness of this policy is reviewed at least annually. This review includes the risk management processes and systems and limits for each risk area.

The risk limits, which are set by the AIFM in conjunction with the Board, take into account the objectives, strategy and risk profile of the portfolio. These limits, including leverage (see note 21 on page 54), are monitored and exceptions are escalated to the AIFM along with any remedial measures that are required.

It is a requirement that the Board monitors the Company's risk management and internal control systems and, at least annually, carries out a review of their effectiveness. The monitoring and review covers all material controls, including financial, operational, compliance and risk management. To achieve this the Board has in place regular review procedures for the identification, evaluation and management of principal risks to the Company in accordance with the Financial Reporting Council's guidance document "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting". These procedures include oversight of the Company's risk management processes and regular reviews of the Company's detailed risk matrix. The Directors believe that these processes, which have been in place throughout the year under review and up to the date of approval of the Annual Report, are sufficient to provide reasonable assurance that the assets are safeguarded and that material errors and irregularities are either prevented or detected within a timely period.

Proxy Voting and Stewardship

The Financial Reporting Council ("FRC") published "the UK Stewardship Code" for institutional shareholders in July 2010 and revised it in September 2012. The purpose of the UK Stewardship Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and assist institutional investors with the efficient exercise of their governance responsibilities. The FRC is encouraging institutional investors to make a statement of their commitment to the Code.

The Board delegates to the Manager responsibility for selecting the portfolio of investments, within investment guidelines established by the Board after discussion with the Manager, and for monitoring the performance and activities of investee companies. The Manager carries out detailed research on investee companies and possible future investee companies through internally generated research. The research on a company comprises an evaluation of fundamental details such as financial strength, quality of management, market position and product differentiation, plus an appraisal of issues relevant to it, including policies relating to socially responsible investment.

Statement of Corporate Governance (continued)

The Company's voting rights in respect of investee companies are delegated to the Manager, who votes at all general meetings of UK companies and reports to the Board on a regular basis. The Manager considers each case on its individual merits with the primary aim of the use of voting rights being to ensure a satisfactory return from investments. The Manager's statement of compliance with the UK Stewardship Code can be found on the Manager's website at www.taml.co.uk.

Bribery Act

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Manager and the AIFM also adopt a zero tolerance approach and have policies and procedures in place to prevent and detect bribery.

By Order of the Board

Steven Cowie C.A.

Secretary

24 November 2017

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report & Financial Statements and the Directors' Remuneration Report, in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year and these have been prepared in accordance with IFRSs as adopted by the EU.

Under Company law, the Directors must not approve the financial statements unless they are satisfied they present fairly the financial position, financial performance and cash flows for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the EU is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and performance;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU subject to any material departures disclosed and explained in the Notes to the Financial Statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume the Company will continue in business.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy. In reaching this conclusion the Directors have assumed that the reader of the Annual Report and Financial Statements would have a reasonable level of knowledge of the investment industry and of investment trusts in particular.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, a Directors' Report, a Corporate Governance Statement and a Directors' Remuneration Report that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement under Disclosure Guidance and Transparency Rules

Each of the Directors confirms that to the best of his or her knowledge:

- the financial statements, prepared in accordance with IFRSs, as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report and the Directors' Report (incorporating the other sections of this document which are referred to in them) include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of Troy Income & Growth Trust plc

Jann Brown

Chair of the Audit Committee

24 November 2017

Directors' Remuneration Report

Chairman's Statement

The following report has been prepared by the Board in accordance with the requirements of section 421 of the Companies Act 2006. An ordinary resolution for the approval of this report, the Annual Report on Remuneration, will be put to shareholders at the forthcoming AGM. The Remuneration Policy set out below was approved by shareholders at the AGM held in 2017 and the policy is subject to a vote at least every three years. If there is a change to this policy it will also require shareholder approval.

The Company's independent auditors are required by law to audit certain of the disclosures contained in the Directors' Remuneration Report. Where disclosures have been audited, they are indicated as such. The independent auditors' opinion is included in the report on pages 30 to 34.

No Director has a service contract with the Company, although each has a letter of appointment confirming his or her appointment and setting out his or her remuneration as at the date of the letter. These letters contain no provision regarding notice period, nor do they make provision for compensation payable upon early termination of the Director's appointment.

Remuneration Policy

The Board as a whole reviews and sets the rates of remuneration payable to each Director with effect from the annual review date of 1 October each year. The Board is aware that these should be comparable to market rates to attract and retain Directors of the appropriate calibre and reflect the time spent and the responsibilities borne by Directors in exercising the stewardship required of the Company. In setting these rates, the Board acts principally on advice from the Secretary, who monitors rates of directors' remuneration in companies of comparable size and activities and carries out other relevant research requested by the Board. Any Director who performs services which in the opinion of the Board go beyond the ordinary duties of a director may be paid such extra remuneration as the Board may in its discretion decide. No separate remuneration committee has been constituted in view of the level of work delegated to the Manager and Secretary.

The Articles of Association of the Company set a maximum aggregate limit within a financial year for non-executive Directors' remuneration. The limit for the year ended 30 September 2017 was £94,000, and is subject to annual upward adjustment on 1 October each year in line with the change in the Retail Price Index and also subject to a pro-rata adjustment should the number of Directors be increased either temporarily or permanently.

The Board has not received any views from the Company's shareholders in respect of the levels of Directors' remuneration.

The Board considers that the present policy of remunerating Directors exclusively by fixed fees in cash is appropriate and adequate for the Company in its present and foreseeable circumstances and there are no plans to introduce additional or alternative remuneration schemes.

The Directors' remuneration rates were as follows:

	From 1 April 2017 £	From 1 April 2016 £
Chairman	27,900	27,300
Audit Committee Chairman	21,600	21,120
Other Directors	18,500	18,030

Total Shareholder Return

The chart shown below illustrates the total Shareholder return for a holding in the Company's shares as compared to the total return on the FTSE All-Share Index for the ten year period to 30 September 2017. This index is deemed to be the most appropriate one against which to measure the Company's long-term performance.

Annual Report on Remuneration (Audited Information)

The total fees payable to each Director who served during the financial year under review and the previous financial year of the Company are shown in the following table:

	2017	2016
	£	£
D Warnock	27,600	27,165
J Brown	21,360	21,015
R White	18,265	17,940
D Garman (appointed 19.01.16)	18,265	12,654
K Hart (retired 19.01.16)	—	5,355
	85,490	84,129

There is no performance related remuneration scheme such as an annual bonus, or a long-term incentive scheme such as the granting of share options. The Company does not operate a pension scheme for the Directors and no Director received any form of remuneration during the financial year under review or the preceding financial year other than the fees shown above.

Relative Importance of Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distribution to shareholders.

Directors' Interests (Audited Information)

The Directors at 30 September 2017 had no other interest other than those interests, all of which are beneficial interests, shown below in the share capital of the Company.

	At 30 September 2017	At 30 September 2016
	Ordinary shares	Ordinary shares
D Warnock	500,000	400,000
J Brown	87,563	25,000
R White	300,000	100,000
D Garman	100,000	70,000

There have been no changes in the interests of Directors in the share capital during the period 1 October 2017 to 24 November 2017.

There is no requirement under the Directors letters of appointment for them to own shares in the Company.

Statement of Voting at Annual General Meeting

The proxy votes cast at the last Annual General Meeting were as follows:

	In favour	Against
Directors' Remuneration Policy	99.83%	0.17%
Directors' Remuneration Report	99.67%	0.33%

Approved by the Board of Directors on 24 November 2017 and signed on its behalf by:

David Warnock
Chairman

Independent Auditors' Report to the Members of Troy Income & Growth Trust plc

Report on the audit of the financial statements

Opinion

In our opinion, Troy Income & Growth Trust plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 30 September 2017; the Statement of Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We have provided no non-audit services to the company in the period from 1 October 2016 to 30 September 2017.

Our audit approach

Overview

- Overall materiality: £2.29 million (2016: £2.15 million), based on 1% of net assets.
- The Company is a standalone Investment Trust Company and engages Troy Asset Management Ltd (the "Manager") to manage its assets.
- We conducted our audit of the financial statements using information from PATAC Ltd (the "Administrator") to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the company operates.
- We obtained an understanding of the control environment in place at the Administrator, and adopted a fully substantive testing approach using reports obtained from the Administrator.
- Income from investments.
- Valuation and existence of investments.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p><i>Income from investments</i></p> <p>Refer to page 40 (Accounting Policies) and page 41 (Notes to the financial statements).</p> <p>We focused on the accuracy and completeness of dividend income recognition and the valuation of investments with respect to realised and unrealised gains/losses as incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover.</p> <p>We also focused on the accounting policy for income recognition and its presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP") as incorrect application could indicate a misstatement in income recognition.</p> <p>Dividend income totalled £9.5m and capital gains amounted to £6.4m.</p>	<p>We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy.</p> <p>We tested the accuracy of dividend receipts by agreeing a sample of the dividend rates from investments to independent market data. No misstatements were identified which required reporting to those charged with governance.</p> <p>To test for completeness, we tested, for a sample of investment holdings in the portfolio, that all dividends declared in the market by these investment holdings had been recorded.</p> <p>We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Our procedures did not identify any misstatements which required reporting to those charged with governance.</p> <p>The gains/losses on investments held at fair value comprise realised and unrealised gains/losses:</p> <ul style="list-style-type: none"> - for realised gains/losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements and sale agreements and tested a sample of realised gains/losses by matching them to trade tickets; - for unrealised gains/losses, we obtained an understanding of the valuation process as set out in the valuation and existence key audit matter. We tested the book cost reconciliation including testing on a sample basis the realised gains, purchases and sales to agree the total unrealised gains/losses incurred during the period. <p>No misstatements were identified which required reporting to those charged with governance.</p>
<p><i>Valuation and existence of investments</i></p> <p>Refer to page 24 (Audit Committee Report), page 39 (Accounting Policies) and page 45 (Notes to the financial statements).</p> <p>The investment portfolio at the year-end comprised listed equity investments valued at £216m and FX forwards valued at £0.1m.</p> <p>We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Balance Sheet in the financial statements.</p>	<p>We tested the valuation of the investment portfolio by agreeing the prices used in the valuation to independent third party sources. No misstatements were identified which required reporting to those charged with governance.</p> <p>We tested the existence of the investment portfolio by agreeing the holdings for investments to an independent custodian confirmation from J.P. Morgan Chase Bank N.A. as at 30 September 2017. No differences were identified which required reporting to those charged with governance.</p>

Independent Auditors' Report to the Members of Troy Income & Growth Trust plc (continued)

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The company's accounting is delegated to the Administrator who maintains the company's accounting records and who has implemented controls over those accounting records.

We obtained our audit evidence from substantive tests. However, as part of our risk assessment, we understood and assessed the internal controls in place at the Administrator to the extent relevant to our audit. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£2.29 million (2016: £2.15 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £114,000 (2016: £108,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial

statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The directors' assessment of the prospects of the company and of the principal risks that would threaten the solvency or liquidity of the company

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 16 of the Annual Report that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 19 of the Annual Report as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the company and statement in relation to the longer-term viability of the company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the company and its environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 27, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the company's position and performance, business model and strategy is materially inconsistent with our knowledge of the company obtained in the course of performing our audit.
- The section of the Annual Report on page 23 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Independent Auditors' Report to the Members of Troy Income & Growth Trust plc (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 27, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the members on 19 January 2016 to audit the financial statements for the year ended 30 September 2016 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ended 30 September 2016 to 30 September 2017.

Allan McGrath (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
24 November 2017

Statement of Comprehensive Income

	Note	Year ended 30 September 2017			Year ended 30 September 2016		
		Revenue	Capital	Total	Revenue	Capital	Total
		return	return		return	return	
		£'000	£'000	£'000	£'000	£'000	£'000
Profits on investments held at fair value	9	–	6,433	6,433	–	20,740	20,740
Currency gains/(losses)		–	48	48	–	(13)	(13)
Revenue	2						
Income from listed investments		9,490	–	9,490	7,890	–	7,890
Other income		–	–	–	118	–	118
		9,490	6,481	15,971	8,008	20,727	28,735
Expenses							
Investment management fees	3	(568)	(1,055)	(1,623)	(508)	(943)	(1,451)
Other administrative expenses	4	(460)	–	(460)	(437)	–	(437)
Finance costs of borrowing	5	(21)	(39)	(60)	–	–	–
Profit before taxation		8,441	5,387	13,828	7,063	19,784	26,847
Taxation	6	(116)	–	(116)	(101)	–	(101)
Profit for the year		8,325	5,387	13,712	6,962	19,784	26,746
Earnings per Ordinary share (pence)	8	2.90	1.87	4.77	2.59	7.37	9.96

The "Profit for the year" is also the Total Comprehensive Income for the year as defined in IAS1 (revised).

The total column of this statement represents the Statement of Comprehensive Income, prepared in accordance with IFRS as adopted by the European Union. The supplementary revenue return and capital return columns are both prepared as explained in the accounting policies on page 39. All items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the year.

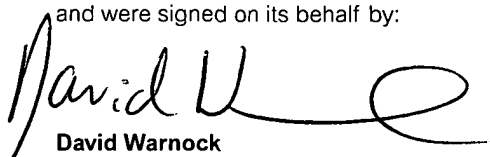
The Directors are of the opinion that the Company is engaged in a single segment of business, being investment in predominantly UK equities.

The accompanying notes are an integral part of these financial statements.

Statement of Financial Position

		As at 30 September 2017 £'000	As at 30 September 2016 £'000
	Note		
Non-current assets			
Ordinary shares		216,065	206,641
Investments held at fair value through profit or loss	9	216,065	206,641
Current assets			
Accrued income and prepayments		646	517
Trade and other receivables		273	–
Fair value of forward currency contract		134	–
Cash and cash equivalents		12,088	9,507
Total current assets		13,141	10,024
Total assets		229,206	216,665
Current liabilities			
Trade and other payables		(514)	(1,069)
Fair value of forward currency contract		–	(133)
Total current liabilities		(514)	(1,202)
Net assets		228,692	215,463
Issued capital and reserves attributable to equity holders			
Called-up share capital	10	72,699	70,492
Share premium account	11	23,149	18,600
Special reserves	12	63,504	63,504
Capital reserve	13	63,670	58,283
Revenue reserve	14	5,670	4,584
Total equity		228,692	215,463
Net asset value per Ordinary share (pence)	8	78.64	76.41

The financial statements were approved by the Board of Directors and authorised for issue on 24 November 2017 and were signed on its behalf by:


David Warnock
Chairman

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Equity

For year ended 30 September 2017

	Called-up share capital £'000	Share premium account £'000	Special reserves £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
Balance at 1 October 2016	70,492	18,600	63,504	58,283	4,584	215,463
Profit and total comprehensive income for the year	–	–	–	5,387	8,325	13,712
Equity dividends (note 7)	–	–	–	–	(7,239)	(7,239)
Shares bought back into treasury	–	–	(94)	–	–	(94)
Shares issued from treasury	–	1	94	–	–	95
Discount control costs	–	(33)	–	–	–	(33)
New shares issued	2,207	4,581	–	–	–	6,788
Balance at 30 September 2017	72,699	23,149	63,504	63,670	5,670	228,692

For year ended 30 September 2016

Balance at 1 October 2015	64,706	7,525	63,504	38,499	4,013	178,247
Profit and total comprehensive income for the year	–	–	–	19,784	6,962	26,746
Equity dividends (note 7)	–	–	–	–	(6,391)	(6,391)
Discount control costs	–	(33)	–	–	–	(33)
New shares issued	5,786	11,108	–	–	–	16,894
Balance at 30 September 2016	70,492	18,600	63,504	58,283	4,584	215,463

The accompanying notes are an integral part of these financial statements.

Cash Flow Statement

	Year ended 30 September 2017		Year ended 30 September 2016	
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Investment income received	9,384		8,097	
Administrative expenses paid	(2,031)		(1,849)	
Cash generated from operations (note 19(a))		7,353		6,248
Finance costs paid		(60)		–
Taxation		(140)		(122)
Net cash inflows from operating activities		7,153		6,126
Cash flows from investing activities				
Purchases of investments	(22,161)		(33,987)	
Sales of investments	18,295		20,796	
Realised loss on forward currency contracts	(271)		(515)	
Net cash outflow from investing activities		(4,137)		(13,706)
Net cash inflow/(outflow) before financing		3,016		(7,580)
Financing activities				
Proceeds of issue of shares	6,883		16,894	
Cost of share buy backs	(94)		–	
Dividends paid	(7,239)		(6,391)	
Costs incurred on issue of new shares	(33)		(33)	
Net cash (outflow)/inflow from financing activities		(483)		10,470
Net increase in cash and short term deposits (note 19(b))		2,533		2,890
Cash and cash equivalents at the start of the year		9,507		6,630
Effect of foreign exchange rate changes		48		(13)
Cash and cash equivalents at the end of the year		12,088		9,507

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

1. Accounting Policies

(a) Basis of accounting

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee ("IASC") that remain in effect, and to the extent that they have been adopted by the European Union.

The financial statements have also been prepared in accordance with the Companies Act 2006, as applicable to companies adopting IFRS.

The financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit and loss.

The financial statements are presented in Sterling which is regarded as the functional currency and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The principal accounting policies adopted are set out below. These policies have been applied consistently throughout the current and prior year.

Where presentational guidance set out in the Statement of Recommended Practice ("SORP") 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in November 2014) is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

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

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- Amendments to IAS 40 – Investment Property – Transfers to or from investment property (effective for annual periods beginning on or after 1 January 2018).
- IFRS 9 – Financial Instruments – Classification and Measurement (effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 – Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018).

The Directors do not anticipate that the adoption of these Standards and Interpretations in future periods will materially impact the financial results in the period of initial application. The Company intends to adopt the standards in the reporting period when they become effective.

(b) Investments – Securities held at Fair Value

Investments are recognised or derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

As the Company'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, listed equities and fixed interest securities are designated as fair value through profit or loss on initial recognition.

All investments designated upon initial recognition as held at fair value through profit or loss are measured at subsequent reporting dates at their fair value, which is the bid price as at close of business on the Balance Sheet date.

Gains and losses arising from the changes in fair value are included in net profit or loss for the period as a capital item. Expenses which are incidental to the acquisition and disposal of investments are treated as capital costs.

Notes to the Financial Statements (continued)

(c) Income

Dividend income from equity investments including preference shares which have a discretionary dividend is recognised when the shareholders' right to receive payment has been established, normally the ex-dividend date. Premiums received on traded option contracts are recognised as income evenly over the period from the date they are written to the date when they expire or are exercised or assigned. Underwriting commission is taken to revenue on a receipts basis.

(d) Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the Income Statement, all expenses have been presented as revenue items except those where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. Accordingly the investment management fee and finance costs have been allocated 35% to revenue and 65% to capital.

(e) Bank borrowings

Interest-bearing bank loans and overdrafts are initially recognised at cost, being the fair value of the consideration received, net of any issue expenses. After initial recognition, all interest bearing loans and overdrafts are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any arrangement costs and any discount or premium on settlement.

(f) Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

The allocation method used to calculate tax relief on expenses presented against capital returns is the 'marginal basis'. Under this basis if taxable income is not capable of being offset entirely by expenses presented in revenue then unutilised expenses arising in capital will be set against income with an amount based on current tax rates charged against income and credited to capital.

Deferred tax is provided in full on temporary differences which result in an obligation at the Balance Sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise, based on current tax rates and law. Temporary differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

(g) Foreign currency

Transactions denominated in foreign currencies are recorded at the actual exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at fair value by using the rate of exchange prevailing at the year end. The currencies to which the Company was exposed were Swiss Francs and US Dollars.

Forward currency contracts are classified as investments held at fair value through profit or loss and are reported at fair value at the year end by using the forward rate of exchange prevailing at the year end. The forward rate of exchange of US Dollars to Sterling at 30 September 2017 was 1.34139.

Any gain or loss arising from a movement in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the Income Statement as a revenue or capital item depending on the nature of the gain or loss.

(h) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Use of estimates

The preparation of financial statements requires the Company to make estimates and assumptions that affect items reported in the Balance Sheet and the Statement of Comprehensive Income and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on the Directors' best knowledge of current facts, circumstances and, to some extent, future events and actions, the Company's actual results may ultimately differ from those estimates. There were no material accounting estimates in the current year.

(j) Issue and repurchase of ordinary shares and associated costs

The proceeds from the issue of new Ordinary shares (including those relating to the sale of shares out of treasury) and the aggregate cost of repurchasing Ordinary shares (including those to be held in treasury) are taken directly to equity and dealt with in the Statement of Changes in Equity. Issue costs incurred in respect of shares sold out of treasury are offset against proceeds received and dealt with in the special reserves. Share issues and repurchase transactions are accounted for on a trade date basis.

2. Revenue	2017	2016
	£'000	£'000
Income from listed investments		
UK dividend income	8,714	7,227
Income from overseas investments	776	663
	9,490	7,890
Other income from investment activity		
Underwriting income	–	5
Traded option premiums	–	113
Total income	9,490	8,008

3. Investment management fees

On 31 July 2009, Troy Asset Management Ltd ("Troy") became the Investment Manager. From 1 October 2012 the investment management fee has been paid at an annual rate of 0.75% of the Company's net assets up to £175 million and at an annual rate of 0.65% of the Company's net assets above £175 million. The fee is calculated monthly and paid quarterly. PATAC were appointed to act as the Company's AIFM with effect from 22 July 2014 for a fee of £60,000 per annum. From the same date the portfolio management activities were delegated to Troy. The commercial terms of the delegation agreement are the same as the previous investment management agreement except that the investment management fee paid to Troy is reduced by the fees of £60,000 incurred for the services of the AIFM. The fee is allocated 35% to revenue and 65% to capital.

	2017			2016		
	Revenue	Capital	Total	Revenue	Capital	Total
	return	return		return	return	
	£'000	£'000	£'000	£'000	£'000	£'000
Investment management fees paid to Troy	547	1,016	1,563	487	904	1,391
AIFM fee paid to PATAC	21	39	60	21	39	60
Total investment management fees	568	1,055	1,623	508	943	1,451

Notes to the Financial Statements (continued)

4. Other administrative expenses	2017	2016
	£'000	£'000
Directors' remuneration – fees as Directors	85	84
Secretarial fees	112	110
Fees payable to auditors		
– fees payable to the Company's auditors for the audit of the annual financial statements †	23	23
Other management expenses	240	220
	460	437

† Includes irrecoverable VAT of £4,000 (2016 – £4,000).

The Company had no employees during the year (2016 – nil). No pension contributions were paid for Directors (2016 – £nil). Further details on Directors' remuneration can be found in the Directors' Remuneration Report on pages 28 and 29.

5. Finance costs of borrowing

	2017			2016		
	Revenue	Capital		Revenue	Capital	
	return	return	Total	return	return	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Bank revolving credit facility	21	39	60	–	–	–

On 12 April 2017 the Company arranged a £20 million two year revolving facility with ING Luxembourg S.A. which will expire in April 2019. Under the terms of the facility, the Company can draw down up to £20 million at an interest rate of LIBOR as quoted in the market for the relevant loan period, plus a margin of 0.9%. The facility is unsecured and is subject to covenants which are customary for a credit agreement of this nature. At the year end the Company had not drawn down on the facility.

6. Taxation

	2017			2016		
	Revenue	Capital	Total	Revenue	Capital	Total
	return	return		return	return	
	£'000	£'000		£'000	£'000	
Irrecoverable overseas tax	116	–	116	101	–	101

The following table is a reconciliation of the total taxation charge to the charges or credits which would arise if all ordinary activities were taxed at the standard UK corporation tax rate of 19.5% (2016 – 20.0%):

	2017			2016		
	Revenue	Capital	Total	Revenue	Capital	Total
	return	return		return	return	
	£'000	£'000		£'000	£'000	
Profit on ordinary activities before taxation	8,441	5,387	13,828	7,063	19,784	26,847
Taxation of return on ordinary activities at the standard rate of corporation tax	1,646	1,050	2,696	1,413	3,957	5,370
Effects of:						
UK dividend income not liable to further tax	(1,603)	–	(1,603)	(1,351)	–	(1,351)
Overseas dividend income not liable to further tax	(151)	–	(151)	(133)	–	(133)
Capital profits not taxable	–	(1,263)	(1,263)	–	(4,146)	(4,146)
Movement in unutilised management expenses	108	213	321	71	189	260
Overseas withholding tax suffered	116	–	116	101	–	101
Total taxation charge for the year	116	–	116	101	–	101

At 30 September 2017, the Company had surplus management expenses of £9,008,000 (2016 – £7,291,000) with a tax value of £1,531,000 (2016 – £1,312,000) to carry forward. No deferred tax asset has been recognised in the current or prior year because it is considered too uncertain that there will be suitable taxable profits from which the future reversal of the deferred tax asset could be deducted.

Notes to the Financial Statements (continued)

7. Dividends on equity shares

	2017	2016
	£'000	£'000
Amounts recognised as distributions to equity shareholders in the year:		
Fourth interim dividend for the year ended 30 September 2015 of 0.6p per share	–	1,555
Fourth interim dividend for the year ended 30 September 2016 of 0.625p per share	1,769	–
Three interim dividends for the year ended 30 September 2017 totalling 1.9p (2016 – three interims totalling 1.8p) per share	5,470	4,836
	7,239	6,391

The fourth interim dividend of 0.66p per share, declared on 21 September 2017 and paid on 27 October 2017, has not been included as a liability in these financial statements.

We also set out below the total dividend payable in respect of the financial year, which is the basis on which the requirements of Section 1159 of the Corporation Tax Act 2010 are considered.

	2017	2016
	£'000	£'000
Three interim dividends for the year ended 30 September 2017 totalling 1.9p (2016 – three interim dividends totalling 1.8p) per share	5,470	4,836
Fourth interim dividend for the year ended 30 September 2017 of 0.66p (2016 – fourth interim dividend 0.625p) per share	1,919	1,769
	7,389	6,605

The dividend per share information is as follows:

	Rate per share	Ex date	Record date	Payment date
First interim dividend	0.625p	5 January 2017	6 January 2017	27 January 2017
Second interim dividend	0.625p	6 April 2017	7 April 2017	28 April 2017
Third interim dividend	0.650p	6 July 2017	7 July 2017	28 July 2017
Fourth interim dividend	0.660p	5 October 2017	6 October 2017	27 October 2017
2016/17	2.560p			
First interim dividend	0.6p	7 January 2016	8 January 2016	29 January 2016
Second interim dividend	0.6p	7 April 2016	8 April 2016	29 April 2016
Third interim dividend	0.6p	7 July 2016	8 July 2016	29 July 2016
Fourth interim dividend	0.625p	6 October 2016	7 October 2016	28 October 2016
2015/16	2.425p			

8. Return and net asset value per share

	2017	2016
	£'000	£'000
The returns per share are based on the following figures:		
Revenue return	8,325	6,962
Capital return	5,387	19,784
Total	13,712	26,746
Weighted average number of Ordinary shares	287,501,607	268,605,520

The net asset value per share is based on net assets attributable to shareholders of £228,692,000 (2016 – £215,463,000) and on 290,794,045 (2016 – 281,969,045) Ordinary shares in issue at the year end.

9. Investments held at fair value through profit or loss

	2017 £'000	2016 £'000
Listed on recognised stock exchanges:		
United Kingdom	198,552	184,052
Overseas	17,513	22,589
	216,065	206,641

	2017 £'000	2016 £'000
Opening book cost	151,924	133,743
Opening fair value gains on investments held	54,717	37,731
Opening fair value	206,641	171,474
Purchases for cash	21,553	34,596
Sales – proceeds	(18,566)	(20,817)
– net gains on sales	5,115	4,402
Movement in fair value during the year	1,322	16,986
Closing fair value	216,065	206,641

Closing book cost	160,026	151,924
Closing fair value gains on investments held	56,039	54,717
Closing fair value	216,065	206,641

All investments are categorised as held at fair value through profit or loss, and were designated as such upon initial recognition.

For an analysis of investments see pages 9 and 10. The total transaction costs on purchases was £115,000 (2016 – £112,000) and on sales £20,000 (2016 – £28,000).

	2017 £'000	2016 £'000
Gains on investments held at fair value		
Net gains on sales	5,115	4,402
Movement in fair value in investment holdings	1,322	16,986
Realised loss on forward currency contracts	(271)	(515)
Movement in gain/(loss) on forward currency contracts	267	(133)
	6,433	20,740

Notes to the Financial Statements (continued)

10. Called-up share capital

	Ordinary shares of 25p each	
	Number	£'000
Allotted, called up and fully paid		
At 30 September 2017	290,794,045	72,699
Allotted, called up and fully paid		
At 30 September 2016	281,969,045	70,492

During the year to 30 September 2017 there were 120,000 Ordinary shares of 25p each repurchased by the Company (being 0.04% of the Company's issued share capital), at a total cost of £94,000 and placed in treasury.

During the year to 30 September 2017 the Company re-issued 120,000 Ordinary shares of 25p each from treasury for proceeds totalling £95,000.

There were no shares repurchased by the Company nor were there any shares re-issued from treasury during the year ended 30 September 2016.

During the year to 30 September 2017 there were 8,825,000 new Ordinary shares of 25p each issued by the Company for cash proceeds totalling £6,788,000.

During the year to 30 September 2016 there were 23,145,000 new Ordinary shares of 25p each issued by the Company for cash proceeds totalling £16,894,000.

No shares were purchased for cancellation during the year (2016 – nil) and at the year end no shares were held in treasury (2016 – nil).

The costs of the operation of the discount control mechanism of £33,000 have been charged against the premium on shares issued.

11. Share premium account

	2017	2016
	£'000	£'000
At 1 October	18,600	7,525
Premium on issue of shares	4,607	11,120
Costs incurred on issue of new shares	(25)	(12)
Discount control costs (note 10)	(33)	(33)
At 30 September	23,149	18,600

12. Special reserves

	Distributable Capital Reserve 2017 £'000	Special Reserve 2017 £'000	Total Special Reserves 2017 £'000	Total Special Reserves 2016 £'000
At 1 October	5,343	58,161	63,504	63,504
Shares bought back during the year into treasury	–	94	94	–
Shares issued during the year from treasury	–	(94)	(94)	–
At 30 September	5,343	58,161	63,504	63,504

On 29 August 2014, the Court of Session in Scotland approved the cancellation of the Share Premium Account and the creation of a Distributable Capital Reserve from the balance of the Share Premium Account.

The Special Reserve was created on 1 October 2010 by a similar court process.

The purpose of the Distributable Capital Reserve and the Special Reserve are to fund market purchases by the Company of its own shares, to make bonus issues of shares and to make distributions in accordance with the Companies Act.

13. Capital reserve

	2017 £'000	2016 £'000
At 1 October	3,699	768
Net gains on sales of investments during the year	5,115	4,402
Investment management fee	(1,055)	(943)
Currency gains/(losses)	48	(13)
Finance costs of borrowing	(39)	–
Realised losses on forward currency contracts	(271)	(515)
At 30 September	7,497	3,699

Investment holdings gains

	2017 £'000	2016 £'000
At 1 October	54,584	37,731
Investment gains	1,322	16,986
Gains/(loss) on forward currency contracts	267	(133)
	56,173	54,584
Total capital reserve	63,670	58,283

14. Revenue reserve

	2017 £'000	2016 £'000
At 1 October	4,584	4,013
Transfer to revenue account net of dividends	1,086	571
At 30 September	5,670	4,584

Notes to the Financial Statements (continued)

15. Risk management, financial assets and liabilities

Risk management

The Company's objective is to provide shareholders with an attractive income yield and the prospect of income and capital growth through investing in a portfolio of predominately UK equities.

In pursuit of the Company's objective, the Company's investment policy is to invest in a portfolio of predominantly UK equities. Equities are selected for their inclusion within the portfolio solely on the basis of the strength of the investment case with the focus being on long term income growth along with capital preservation.

Asset classes other than equities will be purchased from time to time, will vary as opportunities are identified and will include convertibles, preference shares, fixed income securities and corporate bonds. Such investments will be made when prospective returns appear to be superior to those from equity markets or are considered likely to exceed the Company's borrowing costs. However, non-equity securities will not constitute the majority of the portfolio. The Company may also use derivatives for the purpose of efficient portfolio management (including reducing, transferring or eliminating investment risk in its investments and protection against currency risk), to exploit an investment opportunity and to achieve capital growth.

The Company entered into forward currency contracts during the year to manage the exchange risk of holding foreign investments. The fair value of £134,000 at 30 September 2017 (2016: fair value of £(133,000)) on the US\$6,000,000 (2016: US\$13,000,000) sold forward against £4,607,000 (2016: £9,886,000) is included in current assets (2016: current liabilities) and was due to mature within two months (2016: one month).

During the prior year the Company entered into five traded option contracts generating income of £113,000. No losses were incurred on these contracts. There were no traded option contracts during the current year.

The management of the portfolio is conducted according to investment guidelines, established by the Board after discussion with the Manager, which specify the limits within which the Manager is authorised to act.

Financial assets and liabilities

The Company's financial assets include investments, cash at bank and short-term debtors. Financial liabilities consist of short-term creditors, bank overdraft, open traded option positions and forward currency contracts.

The main risks the Company faces from its financial instruments are (i) market risk (comprising interest rate risk, foreign currency risk and other price risk), (ii) liquidity risk and (iii) credit risk.

(i) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – interest rate risk, foreign currency risk and other price risk.

Interest rate risk

The Company is subject to interest rate risk because the value of fixed interest rate securities is linked to underlying bank rates or equivalents, and its short-term borrowings and cash resources carry interest at floating rates. The interest rate profile is managed as part of the overall investment strategy of the Company.

Interest rate movements may affect:

- the fair value of the investments in fixed interest rate securities;
- the level of income receivable on cash deposits;
- interest payable on the Company's variable rate borrowings.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

15. Risk management, financial assets and liabilities (continued)

Interest rate profile

The interest rate risk profile of the portfolio of financial assets at the date of the Statement of Financial Position was as follows (there were no interest bearing financial securities and liabilities at the dates of the Statement of Financial Position):

	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
As at 30 September 2017			
Assets			
Cash	–	–	12,088
Total assets	–	–	12,088

	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
As at 30 September 2016			
Assets			
Cash	–	–	9,507
Total assets	–	–	9,507

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The cash assets consist of cash deposits on call earning interest at prevailing market rates. Short-term debtors and creditors have been excluded from the above tables.

Maturity profile

The maturity profile of the Company's financial assets and liabilities at the date of the Statement of Financial Position was as follows:

	Within 3 months or less 2017 £'000	Within 3 months or less 2016 £'000
Floating rate		
Cash	12,088	9,507

Notes to the Financial Statements (continued)

15. Risk management, financial assets and liabilities (continued)

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the date of the Statement of Financial Position and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's profit before tax for the year ended 30 September 2017 and net assets would increase/decrease by £60,000 (2016 – increase/decrease by £47,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances. These figures have been calculated based on cash positions at each year end.

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Company's objectives. The risk parameters used will also fluctuate depending on the current market perception.

Foreign currency risk

A proportion of the Company's investment portfolio is invested in overseas securities and the income and capital value can be affected by movements in exchange rates. Exchange gains or losses may arise as a result of the movement in the exchange rate between the date of the transaction denominated in a currency other than Sterling and its settlement.

An analysis of the Company's gross currency exposure is detailed below:

	30 September 2017		30 September 2016	
	Overseas investments	Net monetary assets	Overseas investments	Net monetary assets
	£'000	£'000	£'000	£'000
US Dollar	13,450	103	18,641	118
Swiss Franc	4,063	–	3,948	–
Total	17,513	103	22,589	118

As noted in the Risk Management section above, at 30 September 2017 the Sterling cost of a proportion of US Dollar denominated assets was protected by a forward currency contract (US\$6,000,000 forward against £4,607,000) (2016: US\$13,000,000 forward against £9,886,000).

15. Risk management, financial assets and liabilities (continued)

Foreign currency sensitivity

There is no sensitivity analysis included as the Company's significant foreign currency financial instruments are in the form of equity investments which have been included within the other price risk sensitivity analysis so as to show the overall level of exposure.

Other price risk

Other price risks (i.e. changes in market prices other than those arising from interest rate risk) may affect the value of the quoted investments.

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The allocation of assets to specific sectors and the stock selection process both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are all listed on recognised investment exchanges.

Other price sensitivity

If market prices at the year end date had been 10% higher or lower on a Sterling basis while all other variables remained constant, the return attributable to Ordinary shareholders and equity reserves for the year ended 30 September 2017 would have increased/decreased by £21,606,000 (2016 – increase/decrease of £20,664,000). This is based on the Company's equity portfolio held at each year end.

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of overdraft facilities.

Liabilities at the date of the Statement of Financial Position are payable within three months.

(iii) Credit risk

This is failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

The risk is not significant, and is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed;
- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a monthly basis. In addition, the Administrator carries out a stock reconciliation to the Custodian's records on a monthly basis to ensure discrepancies are picked up on a timely basis;
- cash is held only with reputable banks and financial institutions with high quality external credit ratings. None of the Company's financial assets is secured by collateral or other credit enhancements.

Notes to the Financial Statements (continued)

15. Risk management, financial assets and liabilities (continued)

Credit risk exposure

In summary, compared to the amounts in the Statement of Financial Position, the maximum exposure to credit risk at 30 September was as follows:

	2017		2016	
	Statement of Financial Position £'000	Maximum exposure £'000	Statement of Financial Position £'000	Maximum exposure £'000
Non-current assets				
Securities at fair value through profit or loss	–	–	–	–
Current assets				
Accrued income	646	646	517	517
Other debtors	273	273	–	–
Fair value of forward currency contract	134	134	–	–
Cash and short term deposits	12,088	12,088	9,507	9,507
	13,141	13,141	10,024	10,024

None of the Company's financial assets is past due or impaired.

Fair value of financial assets and liabilities

The book value of cash at bank included in these financial statements approximates to fair value because of the short-term maturity. The carrying value of fixed asset investments are stated at their fair values, which have been determined with reference to quoted market prices. For all other short-term debtors and creditors, their book values approximate to fair value because of their short-term maturity.

Gearing

The Company has in place arrangements which would enable it to augment finance by obtaining short term credit facilities.

The Company had no outstanding gearing at the year end. The profile of financing costs is managed as part of overall investment strategy. The employment of gearing magnifies the impact on net assets of both positive and negative changes in the value of the Company's portfolio of investments.

16. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The Company's capital at 30 September comprised:

	2017 £'000	2016 £'000
Called-up share capital	72,699	70,492
Retained earnings and other reserves	155,993	144,971
	228,692	215,463

16. Capital management policies and procedures (continued)

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

- the planned level of gearing, which takes account of the Manager's views on the market;
- the need to buy back equity shares for cancellation or to hold in treasury, which takes account of the difference between the net asset value per share and the share price (i.e. the level of share price discount or premium);
- the need for new issues of equity shares; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

The Company had no gearing at the year end (2016 – nil).

17. Commitments and contingencies

At 30 September 2017 there were no contingent liabilities in respect of outstanding underwriting commitments or uncalled capital (2016 – £nil).

18. Financial instruments measured at Fair Value

	2017				2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets at fair value through profit or loss								
Investments	216,065	–	–	216,065	206,641	–	–	206,641
Forward currency contracts	–	134	–	134	–	–	–	–
Total	216,065	134	–	216,199	206,641	–	–	206,641
Financial liabilities at fair value through profit or loss								
Forward currency contracts	–	–	–	–	–	(133)	–	(133)
Total	–	–	–	–	–	(133)	–	(133)

Level 1 reflects financial instruments quoted in an active market.

Level 2 reflects financial instruments the fair value of which is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. The Company's forward currency contract has been included in this level as fair value is achieved using the foreign exchange spot rate and forward points which vary depending on the duration of the contract.

Level 3 reflects financial instruments the fair value of which is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

There were no transfers of investments between levels during the year ended 30 September 2017 (2016 – none).

Notes to the Financial Statements (continued)

19. Notes to the Cash Flow Statement

(a) Reconciliation of operating profit to operating cash flows

	2017	2016
	£'000	£'000
Profit before taxation	13,828	26,847
Add interest payable	60	–
Adjustments for:		
Gains on investments	(6,433)	(20,740)
Currency (gains)/losses	(48)	13
(Increase)/decrease in accrued income and prepayments	(106)	87
Increase in trade and other payables	52	41
	7,353	6,248

(b) Analysis of changes in net funds

	30 September 2016	Cash flow	Exchange movements	30 September 2017
	£'000	£'000	£'000	£'000
Cash at bank	9,507	2,533	48	12,088

20. Related party transactions

The following are considered to be related parties:

- The Directors of the Company.

All material related party transactions, as set out in International Accounting Standards 24, Related Party Disclosures, have been disclosed in the Directors' Report, the Directors' Remuneration Report and Note 4.

Details of the remuneration of all of the Directors can be found on pages 28 and 29.

21. Alternative Investment Fund Managers Directive (AIFMD)

In accordance with the AIFMD, information in relation to the Company's leverage and the remuneration of the Company's AIFM, PATAC, is required to be made available to investors. In accordance with the Directive, the AIFM's remuneration policy and the numerical remuneration disclosures in respect of the AIFM's relevant reporting period (year ending 30 April 2017) are available from PATAC on request.

The Company's maximum and actual leverage levels at 30 September 2017 are shown below:

	Gross Method	Commitment Method
Maximum limit	200%	200%
Actual	97%	102%

There have been minor amendments to the Company's investor disclosure document in the year to 30 September 2017. The revised investor disclosure document and all additional periodic disclosures required in accordance with the requirements of the FCA Rules implementing the AIFMD in the UK are made available on the Company's website (www.tigt.co.uk).

Glossary of Terms and Definitions

Benchmark

A market index which averages the performance of companies in any given sector, giving a good indication of any rises or falls in the market. The benchmark used in these Financial Statements is the FTSE All-Share Index, a recognised and respected index, which measures the performance of approximately 640 of the largest quoted UK companies, comprising 98% of the UK's market capitalisation.

Convertibles

Fixed income securities which can be converted into equity shares at a future date.

Discount

The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Gearing

Total gearing is the proportion of the Company's net assets financed by borrowings. Gearing is used to increase exposure to securities, with the aim of magnifying the impact on net assets of rises in the value of the portfolio, and to augment the investment base from which income is received. The use of gearing magnifies the impact of both negative and positive changes in the Group's Net Asset Value. A level expressed as 0% indicates there is no gearing.

Gross Assets

Gross Assets is the value of investments plus cash.

Leverage

For the purposes of the AIFMD, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment basis. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking account of any hedging and netting arrangements. Under the commitment method, exposure is calculated without deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.

Net Asset Value (NAV)

The value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

Ongoing Charges

Management fees and all other operating expenses excluding interest, expressed as a percentage of the average of the end of day daily net assets during the year.

Premium

The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

Total Assets

Total Assets is the value of investments plus cash and debtors.

Total Return

Total Return involves reinvesting the net dividend in the month that the share price goes ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the date to which that dividend was earned, e.g. quarter end, half year or year end date.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the twenty-ninth Annual General Meeting of the Members of Troy Income & Growth Trust plc (the "Company") will be held at the offices of Dickson Minto W.S., 16 Charlotte Square, Edinburgh EH2 4DF on 24 January 2018 at 11.00 am to transact the following business:

Ordinary Business

To consider and, if thought fit, pass the following as ordinary resolutions:

1. To receive and adopt the reports of the Directors and auditor and the audited financial statements for the year to 30 September 2017.
2. To approve the Directors' Remuneration Report for the year to 30 September 2017.
3. To approve the dividend policy of the Company as set out in the Annual Report.
4. To re-elect Mr D. Warnock as a Director of the Company.
5. To re-elect Ms J. Brown as a Director of the Company.
6. To re-elect Mr R. White as a Director of the Company.
7. To re-elect Mr D. Garman as a Director of the Company.
8. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company.
9. To authorise the Directors to determine the remuneration of the auditors of the Company.
10. That, in substitution for any pre-existing power to allot or grant rights to subscribe for or to convert any security into shares in the Company, but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company ("relevant securities") up to an aggregate nominal amount of £24,087,000, such authority to expire on 31 March 2019 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority, and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired.

To consider and, if thought fit, pass the following as special resolutions:

11. That, subject to the passing of resolution 10 in the notice convening the meeting at which this resolution is to be proposed (the "notice of meeting") and in substitution for all existing powers, the Directors be and are hereby generally empowered pursuant to section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in section 560 (1) of the Act) for cash pursuant to the authority under section 551 of the Act conferred by resolution 10 in the notice of meeting as if section 561 of the Act did not apply to any such allotment, provided that this power:
 - (i) expires on 31 March 2019 or, if earlier, at the conclusion of the next Annual General Meeting of the Company, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if that power had not expired; and
 - (ii) shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £14,539,700.

This power applies in relation to the sale of shares which is an allotment of equity securities that immediately before the allotment are held by the Company as treasury shares as if in the opening paragraph of this resolution the words "subject to the passing of resolution 10 in the notice convening the meeting at which this resolution is to be proposed ("the notice of meeting")" and "pursuant to the authority under section 551 of the Act conferred by resolution 10 in the notice of meeting" were omitted.

12. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be generally and unconditionally authorised, in accordance with section 701 of the Companies Act 2006 (the "Act"), to make market purchases (within the meaning of section 693(4) of the Act) of fully paid Ordinary shares of 25p each in the capital of the Company ("shares") provided that:
- (i) the maximum aggregate number of shares hereby authorised to be purchased is 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution (excluding treasury shares). (If this resolution had been passed at the date of this notice, the maximum aggregate number of shares would be 43,327,702, but will increase or decrease relative to changes in the shares in issue between the date of this Notice and Annual General Meeting);
 - (ii) the minimum price which may be paid for a share shall be 25p (exclusive of expenses);
 - (iii) the maximum price (exclusive of expenses) which may be paid for a share shall be an amount being not more than the higher of (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid relating to a share on the trading venue where the purchase is carried out; and
 - (iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 31 March 2019 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase shares under such authority which would or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.
13. That a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days' notice provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company.

By Order of the Board

Steven Cowie C.A.

Secretary

Registered Office

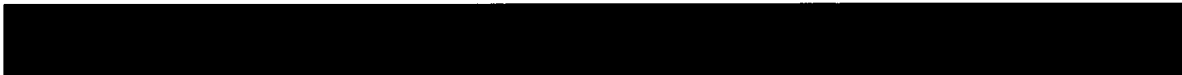
10 St Colme Street Edinburgh EH3 6AA

24 November 2017

Notice of Annual General Meeting (continued)

NOTES

- (i) A member is entitled to appoint a proxy or proxies to exercise all or any of his or her rights to attend, speak and vote on his or her behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. If a member wishes to appoint more than one proxy, he or she should contact the Company's Registrars on 0371 384 2501. The lines are open 8.30 am to 5.30 pm Monday to Friday, excluding English public holidays. The Equiniti overseas helpline number is +44 121 415 7047.
- (ii) A form of proxy for use by members is enclosed with this Annual Report. Completion and return of the form of proxy will not prevent any member from attending the meeting and voting in person. To be valid, the form of proxy should be lodged, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, at the address stated thereon, so as to be received not less than 48 hours (excluding non-working days) before the time of the meeting.
- (iii) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to have the right to attend and vote at the Meeting a member must first have his or her name entered in the Company's register of members at 6.30pm on 22 January 2018 (or, in the event that the Meeting is adjourned, at 6.30pm on the day which is two business days before the time of the adjourned meeting). Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the Meeting.
- (iv) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the website www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (v) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID RA 19) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (vi) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (vii) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (viii) The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in notes (i) and (ii) above does not apply to Nominated Persons. The rights described in these notes can be exercised only by members of the Company.
- (ix) No Director has a service contract with the Company but copies of Directors' letters of appointment will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) from the date of this notice and at the location of the Meeting for at least 15 minutes prior to the Meeting and during the Meeting.
- (x) As at close of business on 23 November 2017 (being the latest practicable date prior to publication of this document), the Company's issued share capital (excluding treasury shares) comprised 289,044,045 Ordinary shares of 25p each. The total number of voting rights in the Company as at 23 November 2017 is 289,044,045.
- (xi) Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his or her proxy will need to ensure that both he or she and such third party complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
- (xii) Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

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- (xiii) The members of the Company may require the Company to publish, on its website, a statement setting out any matter relating to the audit of the Company's Annual Report, including the Auditor's Report and the conduct of the audit, which they intend to raise at the next meeting of the Company. The Company will be required to do so once it has received such requests from either (i) members representing at least 5% of the total voting rights of the Company or (ii) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state the member's full name and address, and be sent to: the Company Secretary, Troy Income & Growth Trust plc, 10 St Colme Street, Edinburgh EH3 6AA.
 - (xiv) Members meeting the threshold requirements set out in the Companies Act 2006 have the right: (a) to require the Company to give notice of any resolution which can properly be, and is to be, moved at the meeting pursuant to section 338 of the Companies Act 2006; and/or (b) to include a matter in the business to be dealt with at the meeting, pursuant to section 338A of the Companies Act 2006.
 - (xv) Information regarding the Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's website, www.tigt.co.uk.
 - (xvi) Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the Meeting put by a member attending the Meeting unless:
 - (a) answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information;
 - (b) the answer has already been given on a website in the form of an answer to a question; or
 - (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
 - (xvii) Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.
 - (xviii) There are special arrangements for holders of shares through the Equiniti Investment Account and Equiniti Shareview Dealing ISA. These are explained in the 'Letter of Direction' which such holders will have received with this report.

Corporate Information

Manager

Troy Asset Management Ltd
33 Davies Street
London W1K 4BP
www.taml.co.uk

Secretary

Steven Cowie C.A.
PATAC Ltd
21 Walker Street
Edinburgh EH3 7HX
Registration Number: 366565 (Scotland)

Registered Office

10 St Colme Street
Edinburgh EH3 6AA

Alternative Investment Fund Manager

PATAC Limited

Independent Auditors

PricewaterhouseCoopers LLP

Solicitors

Dickson Minto W.S.

Bankers & Custodian

J.P. Morgan Chase Bank N.A.

Depository

J.P. Morgan Europe Ltd.

Stockbrokers

Numis Securities Ltd.

Share Price and Net Asset Value

The share price of the Ordinary Shares, which are listed on the main market of the London Stock Exchange, is quoted in the following newspapers:
Financial Times
The Times
The Daily Telegraph

The Company's Net Asset Value is calculated daily and announced to the London Stock Exchange.

Company Registration Number

111955 (Scotland)

Regulatory Status

As an investment trust pursuant to section 1158 of the Corporation Taxes Act 2010, the FCA rules in relation to non-mainstream investment products do not apply to the Company.

Registrars and Transfer Office

In the event of queries regarding your shares please contact the Registrar:

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone 0371 384 2501
Overseas Helpline +44 121 415 7047
Lines are open 8.30 am to 5.30 pm Monday to Friday, excluding English public holidays.
Changes of name or address must be notified in writing to the Registrars at the above address.

Shareview Website

The Registrars provide an on-line service that enables shareholders to access details of their shareholdings. A shareholder wishing to view the information, together with additional information such as indicative share prices and details of recent dividends, should visit www.shareview.co.uk.

Shares held in Nominee Names

Where notification has been received in advance, the Company will provide nominee companies with copies of shareholder communications for distribution to their customers. Shareholders who hold their shares in nominee names may, if appointed as a proxy by the nominee company, attend and speak at general meetings.

SIPPS and ISAs

The Company's Ordinary shares are available for investment in SIPPs and ISAs.

AIC

The Company is a member of the Association of Investment Companies (AIC).

Website

www.tigt.co.uk