



**Finsbury Growth  
& Income Trust PLC**  
Annual Report  
for the year ended 30 September 2004



**CLOSE FINSBURY**  
DIFFERENT BY DESIGN



## COMPANY SUMMARY

### Investment Policy and Objective (adopted on 10 May 2004)

Finsbury Growth & Income Trust PLC invests in the shares of UK companies with the objective of achieving capital and income growth and providing a total return in excess of that of the FTSE All-Share Index.

It is the Company's policy to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts).

### Capital Structure

The Company has 38,456,430 Ordinary shares of 25p each in issue, of which, as at 1 December 2004, 1,612,178 were held by the Company in treasury.

### Gearing

The Company has a £20 million committed and a £5 million uncommitted borrowing facility with Allied Irish Banks plc.

### Annual General Meeting

The Annual General Meeting of the Company will be held at 10 Crown Place, London EC2A 4FT at 12 noon on Wednesday, 19 January 2005.

### Dividends

Ordinary shares

- interim dividend 1.8p paid on 28 July 2004 (2003: 1.8p)
- final dividend proposed 4.1p payable on 26 January 2005 to shareholders on the register of members on 17 December 2004, shares will go ex-dividend on 15 December 2004 (2003: 3.2p)

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The Company is a member of the Association of Investment Trust Companies.

## FINANCIAL HIGHLIGHTS

	30 September 2004	30 September 2003	Change
Share Price ( <i>capital return</i> )	<b>199.5p</b>	149.5p	+33.4%
Share Price ( <i>total return</i> )	<b>+37.4%</b>	+24.0%	n/a
Net Asset Value per share ( <i>total return</i> )	<b>+26.0%</b>	+16.9%	n/a
FTSE All-Share Index ( <i>total return</i> ) ( <i>company benchmark</i> )	<b>+15.7%</b>	+16.7%	n/a
Net Asset Value per share ( <i>capital return</i> )	<b>203.5p</b>	165.8p	+22.7%
Discount	<b>2.0%</b>	9.8%	n/a
Shareholders' Funds	<b>£74.2m</b>	£64.4m	+15.2%
Market Capitalisation†	<b>£72.8m</b>	£58.1m	+25.3%
Dividends			
	Interim paid	1.8p	–
	Final proposed/paid	3.2p	+28.1%
	Total	5.0p	+18.0%

## FIVE YEAR PERFORMANCE SUMMARY

	30 September 1999	30 September 2000	30 September 2001	30 September 2002	30 September 2003	30 September 2004
Share Price ( <i>capital return</i> )	182.5p	202.5p	162.0p	124.5p	149.5p	<b>199.5p</b>
Share price ( <i>total return</i> )	19.3%	13.8%	-19.5%	-21.8%	24.0%	<b>37.4%</b>
Net Asset Value per share ( <i>total return</i> )	18.74%	12.39%	-24.8%	-17.7%	16.9%	<b>26.0%</b>
FTSE All-Share index** ( <i>total return</i> )	23.6%	9.6%	-20.8%	-20.8%	16.7%	<b>15.7%</b>
Net Asset Value per share ( <i>capital return</i> )	218.5p	241.0p	179.7p	146.7p	165.8p	<b>203.5p</b>
Discount	16.5%	16.0%	9.8%	15.1%	9.8%	<b>2.0%</b>
Shareholders' Funds	£99.7m*	£94.9m*	£69.8m*	£57.0m	£64.4m	<b>£74.2m*</b>
Market Capitalisation†	£70.9m	£78.7m	£62.9m	£48.4m	£58.1m	<b>£72.8m</b>
Total dividends paid and proposed	4.00p	4.25p	3.20p	3.75p	5.00p	<b>5.90p#</b>

\*In the year ended 30 September 2004, the Company repurchased 400,000 (1.0%) shares for cancellation (2003: Nil; 2002: Nil; 2001: 1.3%; 2000: 13.5%; 1999: 1.1%) and 3,895,000 (10.0%) shares for holding in treasury. As at 1 December 2004 a total of 2,282,822 Ordinary shares held in treasury had been resold into the market on a non pre-emptive basis.

\*\*Figures relate to percentage total return over 1 year periods. #Assumes a final dividend of 4.1p is approved at the AGM on 19 January 2005. †Based on share price × number of shares adjusted for treasury shares.

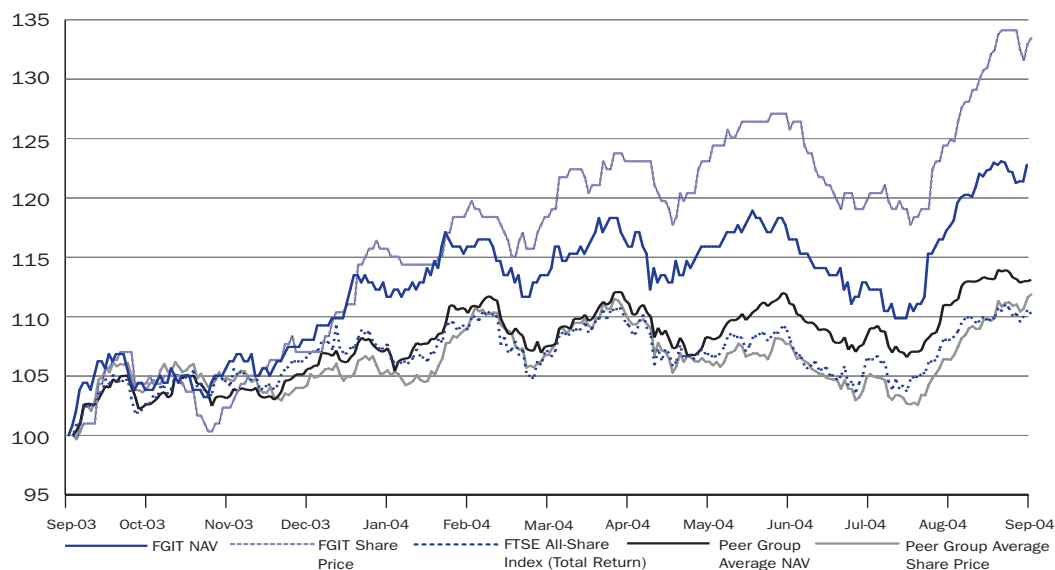
## PERFORMANCE

The new investment objective adopted by the Company at the Extraordinary General Meeting held on 10 May 2004 incorporated a new peer group against which the Company monitors performance.

The graphs below therefore show the performance of the Company's share price and NAV against both the old and new peer group assuming monitoring against each for the full year.

### One Year Performance (new peer group)

to 30 September 2004



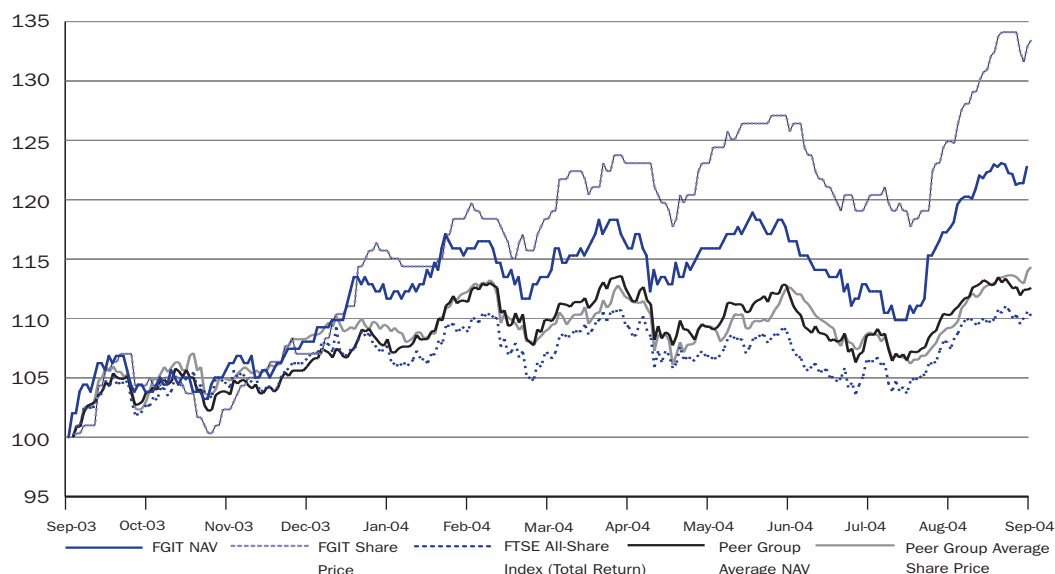
The peer group included above is comprised of Dunedin Income Growth Investment Trust PLC, Lowland Investment Company PLC, Perpetual Income & Growth Investment Trust PLC, Schroder Income Growth Fund PLC, Temple Bar Investment Trust PLC, The City of London Investment Trust PLC, The Merchants Trust PLC.

Figures have been rebased to 100 at 30 September 2003.

Source: Close Finsbury Asset Management Ltd

### One Year Performance (old peer group)

to 30 September 2004



The peer group included above is comprised of Edinburgh Investment Trust PLC, JP Morgan Fleming Claverhouse Investment Trust PLC, ISIS UK Select Trust PLC, Keystone Investment Trust PLC and Schroder UK Growth Fund PLC.

Figures have been rebased to 100 at 30 September 2003.

Source: Close Finsbury Asset Management Ltd

## THE BOARD

### **Michael Reeve, MA, FCA<sup>~</sup> (Chairman)**

Michael Reeve, aged 67, has served on the Board as Chairman since 1991. He is also Chairman of Close Brothers AIM VCT PLC and a director of several other companies.

### **John Allard<sup>#</sup>**

John Allard, aged 58, has served on the Board as a Director since 2000. John was a Fund Manager with M&G for over 20 years and is now a director of Exeter Equity Growth & Income Fund Limited and Exeter Securities (Guernsey) Ltd.

### **Vanessa Renwick<sup>\*</sup>**

Vanessa Renwick, aged 43, has served on the Board as a Director since 2000. Vanessa has over 17 years of experience in the investment funds industry, having worked for Laing & Cruickshank and UBS Warburg. Vanessa has particular expertise in corporate finance and marketing.

### **Giles Warman<sup>\*</sup>**

Giles Warman, aged 56, has served on the Board as a Director since 1989. Giles is employed by Numis Securities Limited and is a Director of European Assets Trust NV, he has over 30 years experience in the investment industry.

## CONSULTANT TO THE BOARD

### **Stewart Urry LLB, FCA<sup>\*\*</sup>**

Stewart Urry, aged 58, has been a consultant to the Company since 2002. He was previously a director from 1995 to 2002. Stewart is a barrister, and was also for 15 years a partner in Binder Hamlyn, Chartered Accountants. He is currently a director of various private US based investment companies, and is an investment consultant to a number of funds in the UK.

## INVESTMENT ADVISER

### **Nick Train, Lindsell Train Limited**

Nick Train, age 45, was appointed Investment Adviser to the Company in December 2000. He is co-founder of an investment management business, Lindsell Train Limited, which specialises in UK and Global equities. Nick was previously head of Global Equities at M&G PLC and head of Pan-European Equities at GT Management PLC. Nick has managed money in the UK equity market since 1983, including the top decile performer GT Income Fund (1985-1998).

\* Member of the Audit, Nominations, Remuneration and Management Engagement Committees

~ Chairman of the Management Engagement Committee

# Chairman of the Remuneration Committee

^ Chairman of the Audit Committee

## CHAIRMAN'S STATEMENT

The year under review has been a busy and most successful one for your Company which at the time of writing is the best performing investment trust over the last twelve month period in its sector of UK Growth and Income Investment Trusts.

At the Extraordinary General Meeting in May 2004 shareholders approved a change of name of the Company and a change in investment objective designed to give greater emphasis to the income component of total return. The Board also announced an active discount management policy whereby it would buy-back the Company's shares at a discount of 5% to net asset value, retain such shares in treasury, to the maximum permitted by law, and reissue them at a discount to the prevailing net asset value per share provided that discount was less than the discount at which the shares were bought back by the Company.

Your Company was the first investment trust to issue shares out of treasury and by September the Board had issued all such shares which shareholders had empowered it to issue; indeed had it been enabled to do so, it could have issued many more. Therefore a further EGM was convened in October at which shareholders empowered the Board to continue to operate this discount management policy by renewing the Board's power to buy-back up to 14.99% of the issued share capital and to issue in accordance with that policy up to 10% of such shares repurchased.

Since then 360,000 shares have been issued from those held in treasury. As at 1 December 2004, the Company held 1,612,178 Ordinary shares in treasury for issue into the market or cancellation at a future date.

The effect of the above changes together with the excellent investment performance resulted in an increase of 33.4% in the market price of your shares at 30 September 2004 compared with a year earlier and since that date it has increased by a further 5.3% as at 1 December 2004. The discount to net asset value at which your shares trade reduced from 15.1% and 9.8% at 30 September 2002 and 2003 respectively, to 2.0% at 30 September 2004. The net asset value total return produced by your Company's investment portfolio was 26.0%, which compares to the total return produced by the FTSE All Share Index of 15.7%. This represents an outperformance of 10.3%.

### Revenue Return and Dividend

The revenue return per share rose to 6.12p compared with 5.04p in the previous year. As already foreshadowed your Board is recommending a final dividend of 4.1p per share (2003: 3.2p per share) to be paid on 26 January 2005 to shareholders on the register on 17 December 2004. The final dividend, together with the interim dividend already paid of 1.8p per share, makes a total distribution of 5.9p per share (2003: 5.0p per share). At the time of the EGM held in May 2004 the Board confirmed its intention to move to a dividend target of over 8.0p per share in the current financial year.

### Statement of Total Return

The statement of total return is set out on page 27 of the Annual Report. The total return for the year was 43.39p per share (2003: 24.05p) made up of a revenue return of 6.12p per share (2003: 5.04p) and a capital return of 37.27p (2003: 19.01p).

### Investments

The valuation of investments at 30 September 2004 was £90,539,000 (2003: £73,380,000). The net asset value per share at the year end was 203.5p (2003:165.8p).

The investment portfolio, an analysis of which is set out on page 10, remains a concentrated one with 28 investments.

The weightings against the FTSE All Share Index remain similar to that last year with the exception of the non-cyclical consumer goods at 15.3%, compared to 6.2% last year. This increase is largely accounted for by the bid for Glenmorangie which resulted in the Company's investment increasing by more than twice its cost.

Shareholders will recall that in order to implement the change in investment objective to give greater emphasis on the income component of total return, a modest realignment of the portfolio was planned by increasing the Company's investment in the preference share market from approximately 7% to a level up to 20% of the portfolio. By 30 September 2004 this realignment had been partially accomplished. At that date approximately 11.8% of the portfolio was invested in fixed income securities.

## **CHAIRMAN'S STATEMENT (continued)**

### **Borrowings**

As part of the change in investment objective your Board decided to increase gearing up to 20% of assets. In addition to an existing uncommitted £5m facility, it accordingly arranged an increase from £15m to £20m in the revolving credit facility for a fixed term expiring in December 2008. At 30 September 2004 £15.25m was drawn down under this facility which is subject to a variable rate of interest but which is capable of being fixed at anytime.

### **Purchases and sale of shares**

Since 30 September 2003 your Company has bought back 4,295,000 shares of which 400,000 have been cancelled and 3,895,000 have been held in treasury. Of the latter 2,282,822 have been re-issued to 1 December 2004. Resolutions will be put forward at the Annual General Meeting to empower your Company to acquire up to 14.99% of its issued share capital of which 10% may be retained in treasury and be available for re-issue as demand arises.

### **Outlook**

Your Board believes that the changes which it has initiated and the investment strategy adopted by our investment adviser will continue to increase shareholder value and enable your Company to grow organically thus increasing the liquidity in your shares and reducing the cost ratio. With this in mind your Board fully intends to utilise powers granted to it by shareholders to issue shares as demand arises. If such powers are exhausted by such demand then further EGMs will be convened to update them as has been necessary in the year under review.

### **Annual General Meeting**

The Annual General Meeting of the Company will be held at 10 Crown Place, London EC2A 4FT on Wednesday, 19 January 2005 at 12 noon. I very much hope that as many shareholders as are able will attend as it is the one definite opportunity in the year for shareholders, the Board and our advisers to exchange views. Nick Train, of our investment adviser Lindsell Train Limited, will make a presentation after the meeting. Light refreshments will be served thereafter.

**Michael Reeve**

*Chairman*

6 December 2004

## INVESTMENT ADVISER'S REVIEW

### Introduction

Your Company changed its name in May this year. It also made a dividend target for the 2004/5 financial year. Also, your Board committed to a discount management policy, designed to ensure that the Company's shares never trade at any greater than a 5.0% discount to its net asset value.

We touched on the rationale for and implications of these initiatives in the Interim Report. Nonetheless, as investment advisers, responsible on a day-to-day basis for implementing the policies, we believe it appropriate to return to them in this Annual Review and to discuss what they mean for investors.

### Name Change

The name change may appear cosmetic, from Finsbury Growth Trust to Finsbury Growth & Income Trust. Yet, as the Chairman has explained, the new name not only more accurately reflects the investment process we apply to the portfolio – with our insistence on dividend yield and dividend growth as key criteria for security selection, it may tend to improve the value of the Company's shares. This is because, in the past at least, investors have placed a lower discount on, or ascribed a higher value to, companies that generate a measurable and growing dividend income return (as your Company does), compared to those that rely on the delivery of capital gains for the bulk of their return.

The crucial point for Finsbury Growth & Income Trust shareholders, then, is that the name change does not betoken a change in investment management style, nor, even, a marked overhaul of the current investment portfolio. Nonetheless, at the margin, the heightened focus on income generation will result in some changes and these are changes that investors may regard as increasing the riskiness of their holding. It would be remiss, therefore, not to signal them here.

### Dividend Target

Your Board has targeted a dividend in the order of 8.0p for the financial year to September 2005. This represents an increase of some 36% above this year's distribution. This is clearly not a trivial hike, considering that for the UK stock market as a whole, dividends are growing at only circa 5.0% per annum. The Board's view is based on analysis conducted by us, the investment adviser and corroborated by its other professional advisers. The analysis suggests that an 8.0p dividend can be paid in the now current financial year, contingent on three factors.

First, a modest shift in the equity portfolio of the Company, involving the sale of several low dividend-yielding securities and replacing them with higher. The sale of the remaining holding in Vodafone last year is an example, exited on a yield of little over 1.5%. Meanwhile, the gradual build-up of the investment in **Diageo** is consistent with the policy to increase the underlying dividend yield on the portfolio. We accessed Diageo stock on a historic dividend yield in excess of 3.9%. This portfolio shift is not yet complete today. Nonetheless, it is important to emphasise that where we perceive a conflict between our desire to sell low-yielding shares and our ambition to generate competitive total returns for shareholders, we will err to the latter, even at the expense of missing the dividend target, if needs be. For instance, **Glenmorangie** and **Manchester United** are two low yielding shares within the portfolio, each offering a historic income return of less than 2.0%. We have so far resisted the temptation to sell, because we believe both to be significantly undervalued and can see circumstances where that undervaluation could be remedied. The current bid for Glenmorangie and bid interest in Manchester United have, indeed, crystallised value for shareholders and offer the prospect of returning cash to the Company, which can then be reinvested into higher yielding assets. Our continued investment in **Sage**, the computer software composer, which we regard as one of the most undervalued holdings in the portfolio is another case in point. Sage offers a low starting dividend yield, of little more than 1.0%. However, we believe its prospects for long-term dividend growth are amongst the strongest of any FTSE 100 company – indeed it already boasts the best 10-year dividend growth of any current FTSE constituent. We expect Sage's future dividend growth to drive exceptional returns for its investors and therefore argue firmly for its retention in the portfolio of what is a "Growth and Income", as opposed to just an "Income" investment trust.

## INVESTMENT ADVISER'S REVIEW (continued)

Next, the dividend target is reliant on various key investments meeting their own dividend forecasts over the coming financial years. The Company has benefited from steady to robust dividend growth from major holdings such as **A.G. Barr, Wolverhampton & Dudley Brewery, Cadbury, HBOS, Bradford & Bingley** and **Reed Elsevier**. We predict such dividend growth will continue, but the truth is you never can tell.

Finally and perhaps most important for shareholders to consider, we intend to markedly increase the Company's exposure to high-yielding fixed interest assets, in particular preference shares and to finance the increase by adding to the Company's outstanding borrowings. The high yields available on these instruments, particularly when combined with the advantageous way the Company charges its borrowing costs (like many other companies, yours charges 67.0% of its interest expense to its capital, rather than income, account, thereby enhancing the income return that can be earned on borrowed capital) make a meaningful contribution to the targeted dividend. Preference shares and other fixed interest investments already made up circa 7.0% of the Company's net assets at the start of the financial year under review, so the proposal to increase the exposure does not represent a radical departure. However, the approximately 20.0% commitment to assets of this type, that we intend, is worthy of note. First, the increase is easier written than executed. Preference shares are illiquid and it may well be that we fail to accumulate sufficient stock in time to meet the 2004/5 dividend target. Next, that illiquidity brings with it other risks. What is a struggle to buy may prove the devil to sell. If UK inflation or long term interest rates begin to rise in a way unanticipated by us, or if an individual issuer of one of these preference shares gets into financial difficulties, then these investments could prove disappointing or worse, all the more so to the extent that we use borrowed capital.

Notwithstanding these risks, we remain of the opinion that the investment in preference shares will enable us not only to meet the Company's dividend target, but also to achieve competitive total returns. Consider the history of the Company's holding in the **Halifax 6.125%** preference share, which we have been building since 2001. As this report is written this stock stands at a price of exactly £1.00, compared to an average purchase price of £0.925. This means the instrument has generated a capital gain of 8.0% over, say, 3 years. Not a wild success, of course, but this return excludes the income that the stock has delivered to the Company, of 6.6% per annum net, making for an annualised total return of the best part of 10.0%. Certainly well in excess of what the FT All-Share has delivered over the same period. Yet this return has arisen from an asset that we regard as intrinsically not very risky at all. The Halifax instrument is supported by the profits and balance sheet of one of Europe's strongest financial institutions, namely **HBOS PLC** and we put a low probability on HBOS cutting its ordinary dividend, let alone the preference dividends of its subsidiary. The other preference shares we own, issued by **National Westminster Bank** (effectively Royal Bank of Scotland now) and **S.G. Warburg** offer similar security of dividend stream, in our estimate. We think it quite possible, when we see the appetite that British investors and investment institutions evince for high and safe income, that these preference shares could continue not only to pay us their fat dividends, accessed on yields of 6.5% and more, but also continue to creep up in capital value, at least for as long as UK inflation surprises by how low it remains.

We will not own preference shares forever. We do not believe the returns on preference shares will outpace those available on ordinary UK equities in the medium to long term. However, at current values and current interest rates, we believe they represent a rational use of a portion of the Company's borrowing powers and contribute to achieving the investment objectives set for us by your Board.

### Discount Management Policy

Your Board has committed to a simple, but effective means to control the discount on which the Company's shares trade. It has undertaken to be the buyer of last resort in the stock market at the level of a 5.0% discount, in whatever size sellers wish to present, whether 1,000 shares or a million. Any shares bought back by the Company thereby will either be held in treasury or cancelled and will be paid for either by increased borrowing (within strictly prescribed limits) or by sale of portfolio securities. In theory, therefore, the Company's shares should never trade at greater than a 5.0% discount and may trade even closer to the net asset value.

## INVESTMENT ADVISER'S REVIEW (continued)

In a sense, this policy has given your Company some of the characteristics of a unit trust or Open Ended Investment Company (OEIC), in that its shares can be “redeemed”, like those of an open-ended fund. This “open-endedness” has implications for the way we manage the Company’s portfolio. In particular it means we must be sensitive to the risk of being overly exposed to illiquid investments. Bluntly, if a significant minority of shareholders decided to sell their shares all at once, the Company could become a forced seller of portfolio assets, which in turn could be disadvantageous to remaining shareholders. However, with 50.0% or more of the Company’s assets currently committed to shares of FTSE 100 companies or government bonds such a risk is, today, remote.

We prefer to concentrate on the benefits of the policy. First, the Board has improved the rating of the shares, in a permanent way – the discount has narrowed appreciably over the financial year, increasing the value of shareholders’ investment. Next, the Board has offered shareholders a considerable service, we believe, by guaranteeing liquidity in the shares at the indicated discount. Many medium-size or smaller investment trusts, as, in truth, yours is, suffer from marked illiquidity in their own shares. It can be difficult to buy them and sometimes, especially, to sell them at a given price. From hereon, though, shareholders in the Finsbury Growth & Income Trust can be confident that if they have a need to raise cash from their investment, at any notice, that they can do so at a modest discount and instantly. In theory, this improved liquidity should increase the value of the shares, at least relative to other companies that do not offer similar flexibility.

Finally, the Board has effectively abolished discount volatility for your Company. The scope for the Company’s shares to trade at a remove from underlying net asset value is much reduced. This is either a bad or good thing, depending on your perspective. Some participants in the investment trust arena like nothing better than extreme volatility of discounts. They are traders, who buy and sell investment trust shares, according to their estimate as to where discounts will go next. Undoubtedly, the value of your Company has reduced for such investors – there will be little or no volatility of discount to trade. However, for many other investment trust investors the volatility of discounts is a nuisance and, at times really pernicious. Again, from hereon, the investment return from this Company’s shares will be driven almost entirely by the investment return of the underlying portfolio. Such a return is not predictable, but it is more predictable than the combination of that return with an overlay of a discount, that can swing, say, between 3.0% and 25.0%. As personal investors in the Company ourselves, we value this reduction in volatility and uncertainty.

### Outlook

An investor we admire greatly, Bill Miller of US house Legg Mason, espouses the rule of 10. He argues that any equity asset that offers the combination of dividend yield plus annual dividend growth that sums to 10.0% or more is good value, however that total is arrived at – yield of 1.0% and growth of 9.0%, or yield of 6.0% and growth of 4.0%. On this analysis, we find that the UK equity market is probably fairly valued today, with a dividend yield of circa 3.5% and dividend growth of circa 5.0%. However, we find a number of individual shares that meet or exceed this 10.0% hurdle and when we do are enthusiastic investors. Not every year will be as rewarding for shareholders as the last, but we are confident we own shares in companies that can grow and that are undervalued.

**Nick Train, Lindsay Train Limited, Investment Adviser**  
**Close Finsbury Asset Management Limited, Investment Manager**  
6 December 2004

## INVESTMENTS

The investments as at 30 September 2004 were:

<b>Investments</b>	<b>Market Value £'000</b>	<b>% of investments</b>
Glenmorangie 'A' & 'B'	12,674	14.0
Cadbury Schweppes	6,885	7.6
Wolverhampton & Dudley Breweries	6,773	7.5
Barr (A.G.)	6,310	7.0
Halifax (non cum preference)#	5,594	6.2
HBOS	5,409	6.0
Shell Transport & Trading Co.	4,929	5.4
Manchester United	4,340	4.8
Bradford & Bingley	4,283	4.7
Reuters	3,925	4.3
<b>Top 10 investments</b>	<b>61,122</b>	<b>67.5</b>
Reed Elsevier	3,594	4.0
Diageo	3,174	3.5
Schroders	2,571	2.8
Sage	2,434	2.7
Fuller Smith & Turner 'A'	2,107	2.3
Young & Co Brewery (non-voting)	1,944	2.1
HBOS 9.25% (non cum preference)#	1,894	2.1
Halma	1,685	1.9
Pearson	1,607	1.8
Lloyds TSB Group	1,443	1.6
<b>Top 20 investments</b>	<b>83,575</b>	<b>92.3</b>
London Stock Exchange	1,353	1.5
Euromoney Institutional Investor	1,218	1.3
National Westminster 9% (non cum preference)#	1,175	1.3
Lindsell Train Investment Trust	1,005	1.1
Warburg (SG) Group 7.625% (non cum preference)#	818	0.9
Consolidated 2.5% 05/04/23*	610	0.7
UK Treasury 2.5% 29/12/49*	529	0.6
Instinet	256	0.3
<b>Total investments</b>	<b>90,539</b>	<b>100.0</b>

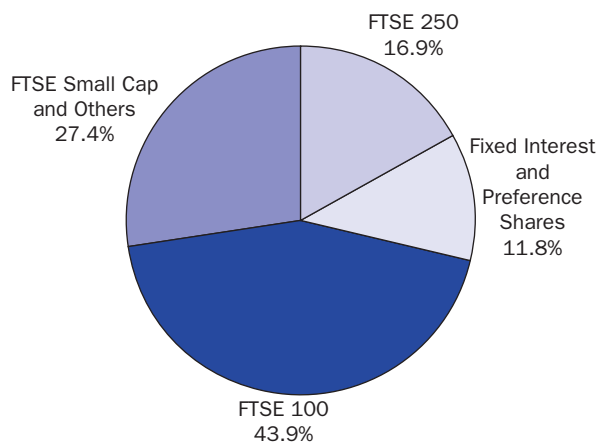
All of the above investments are equities unless otherwise stated. All investments are listed in the UK with the exception of Instinet which is listed in the USA.

# Non-equity – Preference Shares

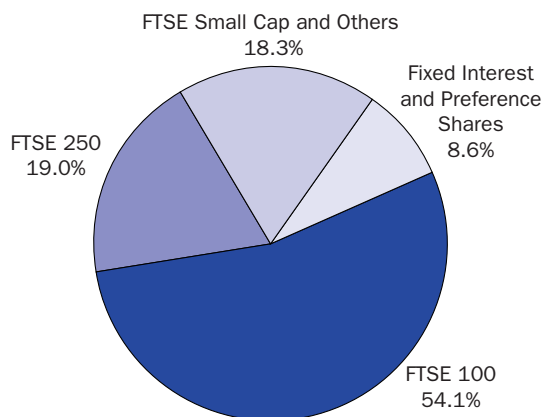
\* Non-equity – Fixed Interest Holdings

## PORTFOLIO DISTRIBUTION

2004



2003



## ANALYSIS OF INVESTMENT PORTFOLIO

as at 30 September 2004

	£'000	%
Listed on recognised stock exchange	79,919	88.2
<b>Total listed equities</b>	<b>79,919</b>	<b>88.2</b>
Halifax (non cum preference)	5,594	6.2
HBOS 9.25% (non cum preference)	1,894	2.1
National Westminster 9% (non cum preference)	1,175	1.3
Warburg (SG) Group 7.625% (non cum preference)	818	0.9
Consolidated 2.5% 05/04/23	610	0.7
UK Treasury 2.5% 29/12/49	529	0.6
<b>Total non equity</b>	<b>10,620</b>	<b>11.8</b>
<b>Total investments</b>	<b>90,539</b>	<b>100.0</b>

## SECTOR ANALYSIS OF PORTFOLIO

as at 30 September 2004

### Comparison of sector weightings with the FTSE All-Share Index

	2004 Finsbury Growth & Income %	FTSE All Share Index %	2004 Finsbury Growth & Income (under)/over weight %	2003 Finsbury Growth (under)/over weight %
<b>Resources</b>				
Mining	–	4.3	(4.3)	(3.7)
Oil & gas	5.5	13.0	(7.5)	(5.3)
	<b>5.5</b>	<b>17.3</b>	<b>(11.8)</b>	<b>(9.0)</b>
<b>Basic Industries</b>				
Chemicals	–	0.8	(0.8)	(0.8)
Construction & building materials	–	2.7	(2.7)	(2.5)
Forestry & paper	–	–	–	(0.1)
Steel & other metals	–	0.2	(0.2)	(0.1)
	<b>–</b>	<b>3.7</b>	<b>(3.7)</b>	<b>(3.5)</b>
<b>General industrials</b>				
Aerospace & defence	–	1.4	(1.4)	(1.2)
Electronic & electrical equipment	–	0.2	(0.2)	(0.3)
Engineering & machinery	1.9	0.8	1.1	1.2
	<b>1.9</b>	<b>2.4</b>	<b>(0.5)</b>	<b>(0.3)</b>
<b>Cyclical consumer goods</b>				
Automobiles & parts	–	0.3	(0.3)	(0.3)
Household goods & textiles	–	0.1	(0.1)	(0.1)
	<b>–</b>	<b>0.4</b>	<b>(0.4)</b>	<b>(0.4)</b>
<b>Non-cyclical consumer goods</b>				
Beverages	24.5	2.8	21.7	14.2
Food producers & processors	7.6	2.2	5.4	5.8
Health	–	0.5	(0.5)	(0.9)
Personal care & household products	–	0.8	(0.8)	(0.7)
Pharmaceuticals & biotechnology	–	8.6	(8.6)	(10.4)
Tobacco	–	1.9	(1.9)	(1.8)
	<b>32.1</b>	<b>16.8</b>	<b>15.3</b>	<b>6.2</b>
<b>Cyclical services</b>				
General retailers	–	3.8	(3.8)	(3.8)
Leisure & hotels	16.7	2.4	14.3	15.1
Media & entertainment	11.4	4.0	7.4	8.7
Support services	–	2.6	(2.6)	(2.9)
Transport	–	1.8	(1.8)	(1.8)
	<b>28.1</b>	<b>14.6</b>	<b>13.5</b>	<b>15.3</b>

## SECTOR ANALYSIS OF PORTFOLIO (continued)

### Comparison of sector weightings with the FTSE All-Share Index

	2004 Finsbury Growth & Income %	FTSE All Share Index %	2004 Finsbury Growth & Income (under)/over weight %	2003 Finsbury Growth (under)/over weight %
<b>Non-cyclical services</b>				
Food & drug retailers	–	2.4	(2.4)	(2.4)
Telecommunications services	–	8.7	(8.7)	(4.8)
	<b>–</b>	<b>11.1</b>	<b>(11.1)</b>	<b>(7.2)</b>
<b>Utilities</b>				
Electricity	–	1.3	(1.3)	(1.2)
Utilities - other	–	2.8	(2.8)	(2.4)
	<b>–</b>	<b>4.1</b>	<b>(4.1)</b>	<b>(3.6)</b>
<b>Financials</b>				
Banks	22.9	19.7	3.2	3.0
Insurance	–	0.5	(0.5)	(0.6)
Life assurance	–	2.7	(2.7)	(2.6)
Investment companies	1.1	2.4	(1.3)	(1.3)
Real estate	–	1.8	(1.8)	(1.6)
Speciality & other finance	5.7	1.5	4.2	4.5
	<b>29.7</b>	<b>28.6</b>	<b>1.1</b>	<b>1.4</b>
<b>Information technology</b>				
Information technology hardware	–	0.3	(0.3)	(0.3)
Software & computer services	2.7	0.7	2.0	1.4
	<b>2.7</b>	<b>1.0</b>	<b>1.7</b>	<b>1.1</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>–</b>	<b>–</b>

## REPORT OF THE DIRECTORS

The Directors present their report and the financial statements for the year ended 30 September 2004.

### Status and Activities

Having achieved investment company status with effect from 1 October 2003, the Company has continued to conduct its affairs so as to qualify as an investment company, as defined under Section 266 of the Companies Act 1985, and as an investment trust within the meaning of Section 842 of the Income and Corporation Taxes Act 1988. Inland Revenue approval of the Company's status as an investment trust has been received for the year ended 30 September 2003. This is however subject to review should there be any enquiry under corporation tax self assessment. The Directors are of the opinion that the Company has subsequently directed its affairs so as to enable it to continue to obtain Inland Revenue approval as such.

At the Extraordinary General Meeting held on 10 May 2004, the Directors proposed and Shareholders voted in favour of a resolution to change the investment objective of the Company to put a greater emphasis on the income component of total return. In addition to adoption of the new investment objective, the Company's name was changed to reflect the same. There has been no other significant change in the activities of the Company during the year and the Directors anticipate that the Company will continue to operate in the same manner during the current year.

The Company currently manages its affairs so as to be a fully qualifying investment trust for ISA purposes. As a result, under current UK legislation, the Company's shares qualify for investment in the stocks and shares component of a non-CAT Standard ISA up to the full annual subscription limit (currently £7,000 in the tax years ending up to and including 5 April 2006 for maxi-account ISAs and £3,000 for mini-account ISAs). The Company's shares are fully qualifying for inclusion in an existing general PEP. It is the present intention that the Company will conduct its affairs so as to continue to qualify for ISA and PEP products.

The Company is a member of the Association of Investment Trust Companies ("AITC").

### Results and Dividends

The results attributable to shareholders for the year and the transfer to reserves are shown on page 27. The dividends paid and proposed are as follows:

	2004 £'000	2003 £000
Ordinary shares		
Interim paid of 1.8p (2003: 1.8p) per share	636	699
Final proposed of 4.1p (2003: 3.2p) per share	1,496	1,243
Total	2,132	1,942

The final dividend is payable on 26 January 2005 to shareholders on the register of members on 17 December 2004.

### Fixed Asset Investments

The market value of the Group's investments, at 30 September 2004 was £90,539,000 (2003: £73,380,000) showing an unrealised gain of £12,647,000 (2003: unrealised loss of £1,959,000). Taking these investments at this valuation, the net assets attributable to each Ordinary share amounted to 203.5p at 30 September 2004 (2003: 165.8p).

### Management

#### *Investment Management Agreement:*

Discretionary investment management services are provided by Close Finsbury Asset Management Limited ("Investment Manager"). The Investment Manager is a wholly owned subsidiary of Close Brothers Group PLC. Full details of the fees paid to the Investment Manager can be found in note 3 on page 32. The Investment Management Agreement may be terminated by either party giving notice of not less than 12 months.

## REPORT OF THE DIRECTORS (continued)

The Investment Manager is appointed to manage the investment trust and to advise the Company in relation to the investment of the portfolio. The Investment Manager has delegated, under the Investment Advisory Agreement, to the Investment Adviser the management of the investment portfolio.

### *Investment Advisory Agreement:*

Investment advisory services are provided by Lindsell Train Limited ("Investment Adviser"). Details of the fees paid to the Investment Adviser can be found in note 3 on page 32. The Investment Advisory Agreement may be terminated by either party giving notice of not less than 12 months. The Investment Adviser under the terms of the Agreement provides inter alia the following services:

- *seeking out and evaluating investment opportunities;*
- *recommending the manner by which monies should be invested, disinvested, retained or realised;*
- *advising on how rights conferred by the investments should be exercised;*
- *analysing the performance of investments made; and*
- *advising the investment manager in relation to trends, market movements and other matters which may affect the investment policy of the company.*

### *Administrative and Secretarial Services Agreement:*

The Investment Manager also provides secretarial and accounting services to the Company as the Company Secretary. The Company Secretary under the terms of the Agreement provides inter alia the following services:

- *administrative services to such extent and from such dates as the board may determine;*
- *maintain adequate books of account and record in respect of company dealing, investments, transactions, dividends and other income, the revenue account, balance sheet and cash books and statements;*
- *preparation and despatch of the audited annual and unaudited interim report and accounts; and*
- *attending to general tax affairs where necessary.*

The Company pays a secretarial fee, fixed at £50,000 per annum plus VAT, to the Company Secretary.

### *Continuing Appointment of the Investment Manager, the Investment Adviser and the Company Secretary:*

The Board keeps under review the performance of the Investment Manager, Investment Adviser and Company Secretary and their continuing appointment was agreed at a meeting of the Management Engagement Committee and ratified by the Board on 1 December 2004. The Board believes the continuing appointment of the Investment Manager, Investment Adviser and Company Secretary, under the terms described above, is in the interests of shareholders as a whole for the following reasons:

- the excellent results achieved by the Investment Adviser in the year;
- the high calibre of service provided by the Investment Manager during a year which included a change in name and investment objective, purchase and sale of treasury shares and two Extraordinary General Meetings; and
- the substantial marketing effort carried out during the year by both the Investment Manager and the Investment Adviser which resulted not only in over 20 per cent. of the share capital being transferred to new shareholders but the discount at which the Company's shares trade in the market being reduced from 9.80 per cent. to 1.99 per cent. (as at 1 December 2004).

## REPORT OF THE DIRECTORS (continued)

### Directors

The members of the Board, all of whom are non-executive, who served during the year, are detailed on page 4 and are as follows:

Michael Reeve  
John Allard  
Vanessa Renwick  
Anthony Townsend (resigned as a director on 1 April 2004)  
Giles Warman

Under the Articles of Association Michael Reeve and Giles Warman retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

The Board carried out a full evaluation process during the year and at the Nominations Committee held on 8 September 2004 it was agreed that all the Directors contribute effectively and that all have skills and experience, which is relevant to the leadership and direction of the Company.

Michael Reeve has been a member of the Board and Chairman of the Company since 1991, he has a wealth of experience and has led the Company with the assistance of the Directors through its successful evolution since that time, Michael Reeve's Chairmanship of the Company was considered in detail during the evaluation process and the Directors were unanimously supportive of his continuance in the role. Giles Warman has been a Director of the Company since 1989, he has over 30 years experience in the industry and is considered to be a highly valuable member of the Board.

### Independence

Having both served over nine years on the Board, neither Michael Reeve nor Giles Warman is considered, under the Combined Code of Corporate Governance issued in July 2003, to be independent. The AITC Code of Corporate Governance issued in 2003 however is supportive of a longstanding Director forming part of an independent majority of the Board. Vanessa Renwick and John Allard, both having been appointed in 2000 are considered by the Combined Code of Corporate Governance issued in July 2003 to be independent.

### Directors Interests

The beneficial interests of the Directors and their families in the Company were as set out below:

	Ordinary shares of 25p each <b>30 September 2004</b>	30 September 2003
Michael Reeve	<b>14,000</b>	14,000
John Allard	<b>8,533</b>	8,413
Vanessa Renwick	<b>7,220</b>	7,220
Anthony Townsend*	<b>n/a</b>	42,938
Giles Warman	<b>60,000</b>	45,000

\* Anthony Townsend resigned as a director on 1 April 2004.

There have been no changes in the interests of the Directors up to the date of this report. None of the Directors was granted or exercised rights over shares during the year. None of the Directors has any contract (including service contracts) with the Company.

### Directors' Fees

A report on Directors' Remuneration is set out on pages 23 and 24.

## REPORT OF THE DIRECTORS (continued)

### Meeting Attendance

The number of meetings held during the year of the Board and its Committees, and each Director's attendance level is shown below:

Type and number of meetings held in 2003/4:	Board (10)	Audit Committee (2)	Nominations Committee (1)	Remuneration Committee (1)
Michael Reeve	9	2	1	1
John Allard	9	2	1	1
Vanessa Renwick	9	2	1	1
Anthony Townsend*	5	1	–	–
Giles Warman	9	1	1	1

\* Anthony Townsend resigned as a director on 1 April 2004.

Other adhoc meetings of the Board and Committees were held in connection with specific events as necessary. All of the Directors attended the Annual General Meeting held on 27 January 2004 and the Extraordinary General Meeting held on 10 May 2004.

### Directors and Officers Liability Insurance

The Company has put in place Directors and Officers Liability Insurance with cover up to £5 million.

## Substantial Shareholdings

As at 26 November 2004 the Company is aware of the following interests in the Ordinary shares of the Company, which exceed 3% of the issued share capital:

Beneficial Holder	Registered Holder	Number of shares	% of shares
Gerrard Private Clients	R C Greig Nominees Limited	3,292,030	8.56
Rathbone Private Clients	Rathbone Nominees Limited	2,297,557	5.97
JP Morgan Fleming	Chase Nominees Limited	1,875,000	4.88
Seven Investment Management Clients	Pershing Keen Nominees Limited	1,774,936	4.62
Finsbury Growth & Income Trust PLC	Finsbury Growth & Income Trust PLC	*1,612,178	4.19

\* Shares held by the Company in treasury, these are non-voting shares and have no dividend rights.

## Repurchase and Issue of Shares

Since the publication of the last Annual Report the following authorities have been granted for the repurchase of Ordinary shares, the number of shares represents 14.99 per cent. of the issued share capital less any shares held by the Company in treasury at the date of the passing of the resolution:

- 27 January 2004 5,824,579 Ordinary shares
- 10 May 2004 5,228,726 Ordinary shares
- 14 October 2004 5,468,989 Ordinary shares

Of the authorities granted a total of 400,000 Ordinary shares of 25p each, have been bought back for cancellation at an aggregate cost of £732,000 (excluding commissions), this equates to 1.04 per cent. of the total issued share capital; and, a total of 3,895,000 Ordinary shares of 25p each, have been bought back for holding by the Company as treasury shares at an aggregate cost of £6,996,788 (excluding commissions), this equates to 10.13 per cent. of the total issued share capital. At 1 December 2004, 2,282,822 Ordinary shares had been reissued to the market from those shares held by the Company as treasury shares.

At the Extraordinary General Meeting held on 14 October 2004, a resolution was passed to enable the Board to disapply pre-emption rights on up to 10 per cent. of the issued share capital to enable the Board to reissue the remaining Ordinary shares held in treasury by the Company. The Board continue to believe the use of a discount management policy and the use of the treasury share facility are in the best interests of the Company and Shareholders.

## **REPORT OF THE DIRECTORS (continued)**

### **Creditors' Payment Policy**

Terms of payment are negotiated with suppliers when agreeing settlement details for transactions. While the Company does not follow a formal code, it is the Company's continuing policy to pay amounts due to creditors as and when they become due. As at 30 September 2004, the Company did not have any trade creditors (2003: nil).

### **Independent Auditors**

RSM Robson Rhodes LLP have indicated their willingness to continue to act as Auditors to the Company and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

### **Directors' Responsibilities**

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group and of the return of the Group for that period. In preparing these financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

The Directors are responsible for ensuring that the Report of the Directors and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

The financial statements are published on the [www.closefinsbury.com](http://www.closefinsbury.com) website, which is a website maintained by the Company's Investment Manager, Close Finsbury Asset Management Limited ("Close Finsbury"). The maintenance and integrity of the website maintained by Close Finsbury or any of its subsidiaries is, so far as it relates to the Company, the responsibility of Close Finsbury. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

### **Going Concern**

The Directors, having made relevant enquiries, are satisfied that it is appropriate to prepare financial statements on the going concern basis as the net assets of the Company consist of securities, all of which are traded on recognised stock exchanges.

### **Corporate Governance**

A formal statement on Corporate Governance and the Company's compliance with the various codes of practice is set out on pages 20, 21 and 22.

## REPORT OF THE DIRECTORS (continued)

### Annual General Meeting

The formal Notice of Annual General Meeting is set out on pages 42 to 44.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting:

#### *(a) Authority to allot shares*

Resolution 7 in the Notice of the Annual General Meeting gives the Directors authority to allot new shares, otherwise than by a pro rata issue to existing shareholders, up to an aggregate nominal amount of £461,803 representing 1,847,213 Ordinary shares of 25p each, such amount being equivalent to 5% of the present issued share capital (excluding shares held in treasury). As such issues would only be made at prices greater than the net asset value ("NAV") per share they increase the assets underlying each share and spread administrative expenses, other than those charged as a percentage of assets, over a greater number of shares. If passed, this authority will remain in place until the Annual General Meeting to be held in 2006.

#### *(b) Disapplication of pre-emption rights*

Resolution 8 in the Notice of the Annual General Meeting seeks shareholder approval for the disapplication of pre-emption rights in respect of a) the allotment of shares or the sale by the Company of shares held by it in treasury – see below ("treasury shares"), pursuant to a rights issue or a sale equivalent to a rights issue b) the allotment (other than as part of a rights issue) of shares or the sale of treasury shares for cash up to an aggregate nominal value of £923,606 representing 3,694,425 Ordinary shares of 25p each, such amount being equivalent to 10% of the present issued share capital (excluding shares held in treasury). No such allotment will be made at less than the NAV per share (as determined in the absolute discretion of the Directors). However, Ordinary shares held in treasury may be resold by the Company at a discount to such NAV provided that such shares are resold by the Company at a lower discount to NAV than the discount at which they were repurchased by the Company.

#### *(c) Authority to repurchase shares*

Resolution 9 in the Notice of the Annual General Meeting seeks shareholder approval for the Company to have the power to repurchase its own Ordinary shares. The Board believes that the ability of the Company to purchase its own shares in the market will potentially benefit all shareholders of the Company. The repurchase of shares at a discount to the underlying NAV would enhance the NAV of the remaining shares.

At the Annual General Meeting the Company will seek shareholder approval to repurchase up to 5,537,943 Ordinary shares, representing approximately 14.99% of the Company's issued share capital (excluding shares held in treasury) (the maximum permitted under the Listing Rules) at a price that is not less than 25p a share (the nominal value of each share) and not more than 105% of the average of the middle market quotations for the five business days preceding the day of purchase. The authority being sought will last until the date of the Annual General Meeting to be held in 2006 or, if less a period of 15 months. The decision as to whether to repurchase any shares will be at the absolute discretion of the Board. Shares repurchased under this authority may either be held by the Company in treasury for resale up to a maximum of 10% of the issued Ordinary shares or cancelled.

The Directors consider that the resolutions relating to the above items of special business are in the best interests of shareholders as a whole. Accordingly, the Directors unanimously recommend to the shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming Annual General Meeting.

By order of the Board

#### **Close Finsbury Asset Management Limited**

Company Secretary  
6 December 2004

## CORPORATE GOVERNANCE

The UK Listing Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the Combined Code (the “Combined Code”).

Throughout the year under review the Combined Code on Corporate Governance issued by the London Stock Exchange in 1998 was in force. The Financial Reporting Council issued a revised Combined Code on Corporate Governance in July 2003 (the “revised Code”), which is effective for financial years beginning on or after 1 November 2003. In addition, the Association of Investment Trust Companies in July 2003 issued the AITC Code of Corporate Governance (the “AITC Code”). The Board believes it has achieved full compliance with the revised Code and the AITC Code in the year under review.

### Application of the Principles of the Code

The Company is committed to high standards of corporate governance and the Board attaches importance to the matters set out in the Code and applies its principles. However, as an investment trust company, most of the Company’s day to day responsibilities are delegated to third parties and the Directors are all non-executive. Thus not all the provisions of the Code are directly applicable to the Company. To ensure that the appropriate level of corporate governance is attained, the Board has confirmed that arrangements are in place to enable compliance with Section 1 of the Combined Code, as required by Listing Rule 12.43A issued by the Financial Services Authority.

The Board considers that unless otherwise stated the Company has complied with the provisions, other than those it believes are not appropriate to an investment trust company, of Section 1 of the Combined Code throughout the year ended 30 September 2004, and the additional requirements of the revised Code and the AITC Code.

### Internal Control

The Directors are responsible for overseeing the effectiveness of the internal control systems for the Company, which are designed to ensure that proper accounting records are maintained, that the financial information on which the business decisions are made and which are issued for publication is reliable, and that the assets of the Company are safeguarded. Such a system of internal control is designed to manage rather than eliminate the risks of failure to achieve the Company’s business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Combined Code also requires the Directors to review the effectiveness of the Company’s internal controls. The Directors, through the procedures outlined below, have kept the effectiveness of the Company’s internal controls under review throughout the period covered by these financial statements and up to the date of approval of the Annual Report and Financial Statements. The Board has identified risk management controls in the key areas of business objectives, accounting, compliance, operations and secretarial as areas for the extended review. This accords with the guidance in “Internal Control – Guidance for Directors on the Combined Code” (the “Turnbull Report”).

The Board recognises its ultimate responsibilities for the Company’s system of internal controls and for monitoring its effectiveness. It receives regular reports on all aspects of internal control (including financial, operational and compliance control, risk management and relationships with external service providers). It is believed that an appropriate framework is in place to meet the requirements of the Combined Code.

The Company does not have an internal audit department. The Company does not have any employees and all of the Company’s management and administrative functions are delegated to independent third parties and it is therefore felt there is no need for the Company to have an internal audit facility. However this need is reviewed periodically.

## CORPORATE GOVERNANCE (continued)

### Principles of the Combined Code

#### Directors

The Board currently consists of four members, all of whom are non-executive. The Board considers that all of the Directors are independent, notwithstanding that two of them, including the Chairman, have served at least nine years on the Board. This circumstance is cited by the Combined Code as relevant in determining whether Directors retain independence of character and judgement. In the Board's view, particularly where non-executive Directors are concerned, continuity of service and lengthy investment experience can be a positive asset to a company. In the particular circumstance of the Directors involved, this is well evidenced by their important contributions to the highly successful outturn to the year under review. The Board considers that these two Directors remain independent. The Directors' biographical details set out on page 4 demonstrate a breadth of investment, commercial and professional experience.

There is no position of Chief Executive Officer and the Board believes that the appointment of a senior independent Director is not appropriate for a Board which has only non-executive Directors, the Board considers that all the Directors have different qualities and areas of expertise on which they may lead when issues arise. Accordingly, concerns can be conveyed to any one of them.

The Board meets at least on a quarterly basis and at other times as necessary. The Board is responsible for the important aspects of the Company's affairs, including the setting of parameters for and the monitoring of investment strategy and the review of investment performance and investment policy. The Board has contractually delegated to external agencies the management of the investment portfolio, the custodial services which includes safeguarding of the assets, and the day-to-day accounting and company secretarial requirements. Each of these contracts is only entered into after proper consideration of the quality and cost of services.

A full report is received from the Investment Adviser at each quarterly meeting on the investment holdings and performance. In the light of these reports, the Board gives direction to the Investment Adviser as to the investment objectives and guidelines. The Investment Adviser takes decisions as to the purchase and sale of individual investments. The Investment Manager ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information.

Representatives of the Manager and Adviser attend each Board meeting, enabling the Directors to seek clarification on specific issues or to probe further on matters of concern. There is a formal schedule of matters reserved for the decision of the Board and there is an agreed procedure for Directors, in the furtherance of their duties, to take independent professional advice if necessary at the Company's expense. The Directors have access to the advice and services of the corporate company secretary, through its appointed representative, who is responsible to the Board for ensuring that Board procedures are followed.

When a Director is appointed he or she is offered an induction briefing, which is organised by the Investment Manager. Directors are also provided, on a regular basis, with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise.

#### Board Committees

##### *Audit Committee*

The Company's Audit Committee meets at least twice per year, is chaired by Stewart Urry a consultant contracted to the Board, and comprises the entire Board. The Audit Committee is responsible for the review of the annual report and the interim report, the nature and scope of the external audit and the findings therefrom, and the terms of appointment of the auditors, including their remuneration and the provision of any non-audit services by them. The Audit Committee meets representatives of the Investment Manager and its Compliance Officer who report as to the proper conduct of business in accordance with the regulatory environment in which both the Company and the Investment Manager operate. The Company's external Auditors also attend this Committee at its request and report on their work procedures, the quality and effectiveness of the Company's accounting records and their findings in relation to the Company's statutory audit.

## **CORPORATE GOVERNANCE (continued)**

### *Management Engagement Committee*

The Management Engagement Committee, which was founded in May 2004, is chaired by Michael Reeve, meets at least once per year and is composed of the entire Board. The Management Engagement Committee is responsible for the regular review of the terms of the management and advisory contracts with the Investment Manager and Investment Adviser and for making recommendations to the Board in respect of such contracts.

### *Nominations Committee*

The Board as a whole fulfils the function of a Nominations Committee, which is chaired by Michael Reeve with the exception of matters concerning the role of the Chairman which are presided over by a nominated Director. The Nominations Committee is responsible for the Board appraisal process and for making recommendations on the appointment of new Directors. Where appropriate each Director is invited to submit nominations and external advisers may be used to identify potential candidates. Directors are not appointed for specified terms, but are subject to re-election, in accordance with the Company's Articles of Association. New Directors stand for election at the first Annual General Meeting following their appointment and as agreed by the Board at every third Annual General Meeting thereafter.

### *Remuneration Committee*

The Board as a whole fulfils the function of a Remuneration Committee, which is chaired by John Allard. The level of Directors' and Consultant fees is reviewed on a regular basis relative to other comparable companies and in the light of their responsibilities. Details of the fees paid to the Directors in the year under review are detailed in the Directors' Remuneration Report on pages 23 and 24.

## **Relations with Shareholders**

The Company has regular contact with its institutional shareholders and the Investment Adviser regularly attends meetings with current and potential new investors. The Board supports the principle that the Annual General Meeting be used to communicate with private investors. The full Board attends the Annual General Meeting and the Chairman of the Board chairs the Annual General Meeting. Details of the proxy votes received in respect of each resolution are made available to shareholders at the meeting. The Investment Adviser attends to give a presentation to the meeting. The Company has adopted a nominee share code which is set out on page 43.

## **Accountability and Audit**

The Directors' statement of responsibilities in respect of the accounts is set out on page 18. The report of the auditors is set out on pages 25 and 26. The Board has delegated contractually to external agencies, including the Investment Manager, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the day to day accounting, company secretarial and administration requirements and the registration services.

Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company. The Board receives and considers regular reports from the Investment Manager and ad hoc reports and information are supplied to the Board as required.

The Investment Manager has established an internal control framework to provide reasonable assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the Investment Manager's compliance and risk department on an ongoing basis.

## **Exercise of Voting Powers**

The Board has delegated authority to the Investment Adviser to vote the shares held by the Company which accords with current best practice whilst maintaining a primary focus on financial returns. The Investment Adviser may refer to the Board on any matters of a contentious nature.

## **DIRECTORS' REMUNERATION REPORT**

The Board has prepared this report, in accordance with the requirements of Schedule 7A to the Companies Act 1985. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires your Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on page 26.

### **Remuneration Committee**

The Company has four non-executive directors. The Board as a whole fulfils the function of a Remuneration Committee. The Board has appointed the Company Secretary, Close Finsbury Asset Management Limited, to provide advice when the Directors consider the level of Directors' fees.

The Board carried out a review of the level of Directors' fees during the year, and concluded that the amounts should remain unchanged.

### **Policy on Directors' Fees**

The Board's policy is that the remuneration of non-executive directors should reflect the experience of the Board as a whole, be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure (Ordinary shares), and have a similar investment objective. It is intended that this policy will continue for the year ending 30 September 2005 and subsequent years.

The fees for the non-executive directors are determined within the limits set out in the Company's Articles and Association, the maximum aggregate amount being £100,000, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

### **Directors' Service Contracts**

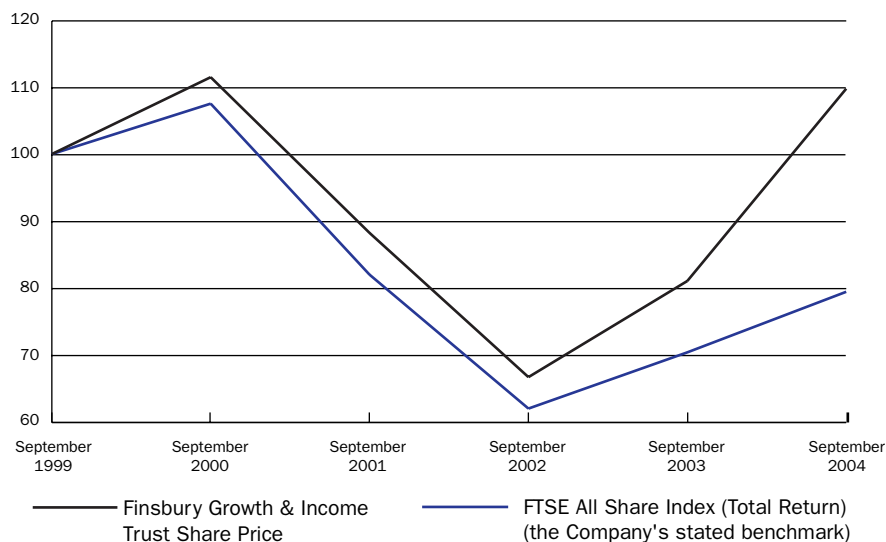
It is the Board's policy that none of the Directors has a service contract. The terms of their appointment provide that Directors shall retire and be subject to re-election at the first annual general meeting after their appointment, and at least every three years after that. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

### **Your Company's Performance**

The Regulations require a line graph be included in the Directors' Remuneration Report showing total shareholder return for each of the financial years in the relevant period. The graph set out on page 24 compares, on a cumulative basis, the total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total shareholder return on a notional investment made up of shares of the same kind and number as those by reference to which the FTSE All-Share Index (the Company's stated benchmark) is calculated.

## DIRECTORS' REMUNERATION REPORT (continued)

### Total Shareholder Return for the five years to 30 September 2004



Rebased to 100 at 30 September 1999.  
Source: Close Finsbury Asset Management.

### Directors' Emoluments for the Year (audited)

The Directors who served in the year received the following emoluments in the form of fees:

	Fees 2004 £'000	Fees 2003 £'000
Michael Reeve (Chairman of the Board)	24	24
John Allard	12	12
Vanessa Renwick	12	12
Anthony Townsend*	6	12
Giles Warman	12	12
	<b>66</b>	72

\*Anthony Townsend resigned as a director on 1 April 2004.

Fees in respect of Michael Reeve's services were paid to The Tregear Company Ltd. Otherwise no directors' fees were paid to third parties.

### Approval

The Directors' Remuneration Report on this page was approved by the Board of Directors on 6 December 2004 and signed on its behalf by Michael Reeve (Chairman).

## **REPORT OF THE INDEPENDENT AUDITORS**

### **to the Shareholders of Finsbury Growth & Income Trust PLC**

We have audited the financial statements on pages 27 to 41. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority. We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Company and other members of the group is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises the Report of the Directors, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement, the Investment Adviser's Review, the Corporate Governance Statement and the Five Year performance summary. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

## REPORT OF THE INDEPENDENT AUDITORS (continued)

### Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and group as at 30 September 2004 and of the group's net revenue, total return and cashflow for the year then ended; and
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

### RSM Robson Rhodes LLP

Chartered Accountants and Registered Auditor  
London, England  
6 December 2004

## SHAREHOLDER ANALYSIS

	2004 number of shares	2004 % of issued share capital	2003 number of shares	2003 % of issued share capital
Nominee Companies and Private Individuals*	<b>35,253,871</b>	<b>91.67</b>	30,637,665	78.85
Other Institutions, Investment Funds, Pension Funds and Companies, Banks and Bank Nominees	<b>3,202,559</b>	<b>8.33</b>	8,218,765	21.15
Total shares in issue	<b>38,456,430</b>	<b>100.00</b>	38,856,430	100.00
*Includes				
Close Finsbury Savings Scheme	<b>1,375,737</b>	<b>3.58</b>	1,356,297	3.50
Other PEP and ISA Clients	<b>4,423,202</b>	<b>11.50</b>	4,608,383	11.86
Shares held in treasury	<b>1,972,178</b>	<b>5.13</b>	–	–

## CONSOLIDATED STATEMENT OF TOTAL RETURN

incorporating the revenue account for the year ended 30 September 2004

	Notes	Revenue 2004 £'000	Capital 2004 £'000	Total 2004 £'000	Revenue 2003 £'000	Capital 2003 £'000	Total 2003 £'000
Gains on investments	11	–	14,617	14,617	–	7,892	7,892
Exchange losses on currency balances		–	–	–	–	(1)	(1)
Income	2	3,283	–	3,283	2,654	–	2,654
Investment management fee	3	(163)	(332)	(495)	(134)	(271)	(405)
Other expenses	4	(631)	–	(631)	(449)	–	(449)
<b>Net return before finance costs and taxation</b>		<b>2,489</b>	<b>14,285</b>	<b>16,774</b>	<b>2,071</b>	<b>7,620</b>	<b>9,691</b>
Interest payable and similar charges	5	(212)	(430)	(642)	(114)	(231)	(345)
<b>Return on ordinary activities before taxation</b>		<b>2,277</b>	<b>13,855</b>	<b>16,132</b>	<b>1,957</b>	<b>7,389</b>	<b>9,346</b>
Taxation on ordinary activities	6	–	–	–	–	–	–
<b>Return on ordinary activities after taxation for the financial year</b>		<b>2,277</b>	<b>13,855</b>	<b>16,132</b>	<b>1,957</b>	<b>7,389</b>	<b>9,346</b>
Dividends in respect of equity shares	8	(2,132)	–	(2,132)	(1,942)	–	(1,942)
Transfer to reserves	15	145	13,855	14,000	15	7,389	7,404
<b>Return per share</b>	9	<b>6.12p</b>	<b>37.27p</b>	<b>43.39p</b>	<b>5.04p</b>	<b>19.01p</b>	<b>24.05p</b>

The revenue column of this statement is the profit and loss account of the Group.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the year.

*The accompanying notes are an integral part of this statement.*

## BALANCE SHEETS OF THE GROUP AND OF THE COMPANY

as at 30 September 2004

	Notes	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
<b>Fixed asset investments</b>					
Investment in subsidiary undertaking	10	–	–	645	645
Financial investments	11	90,539	73,380	90,539	73,380
		<b>90,539</b>	73,380	<b>91,184</b>	74,025
<b>Current assets</b>					
Debtors	12	530	355	530	355
Cash at bank		251	985	251	982
		<b>781</b>	1,340	<b>781</b>	1,337
<b>Creditors</b>					
Amounts falling due within one year	13	(17,090)	(10,312)	(17,735)	(10,954)
		<b>(16,309)</b>	(8,972)	<b>(16,954)</b>	(9,617)
<b>Net current liabilities</b>					
		<b>74,230</b>	64,408	<b>74,230</b>	64,408
<b>Net assets</b>					
<b>Capital and reserves</b>					
Called up share capital	14	9,614	9,714	9,614	9,714
Other reserves:					
Share premium	15	121	–	121	–
Special reserve	15	12,424	13,160	12,424	13,160
Capital redemption reserve	15	3,453	3,353	3,453	3,353
Capital reserve – realised	15	34,159	38,473	34,159	38,473
Capital reserve – unrealised	15	12,647	(1,959)	13,292	(1,314)
Revenue reserve	15	1,812	1,667	1,167	1,022
		<b>74,230</b>	64,408	<b>74,230</b>	64,408
<b>Equity shareholders' funds</b>					
		<b>203.5p</b>	165.8p	<b>203.5p</b>	165.8p
<b>Net asset value per share</b>					

The financial statements on pages 27 to 41 were approved by the Board of Directors on 6 December 2004 and were signed on its behalf by:

**Michael Reeve**  
Chairman

*The accompanying notes are an integral part of this statement.*

## CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 September 2004

	Notes	2004 £'000	2003 £'000
<b>Net cash inflow from operating activities</b>	21	<b>1,952</b>	1,927
<b>Servicing of finance</b>			
Bank overdraft and loan interest paid		(577)	(355)
<b>Taxation</b>			
Taxation recovered		–	–
<b>Financial investment</b>			
Purchases of investments		(10,169)	(7,938)
Sales of investments		7,567	9,581
<b>Net cash (outflow)/inflow from financial investment</b>		<b>(2,602)</b>	1,643
<b>Equity dividends paid</b>		<b>(1,879)</b>	(1,690)
<b>Net cash (outflow)/inflow before financing</b>		<b>(3,106)</b>	1,525
<b>Financing</b>			
Repurchase and cancellation of own shares		(736)	–
Shares purchased and held in Treasury		(7,013)	–
Treasury shares sold		3,571	–
Drawdown/(repayment) of loans		6,550	(766)
<b>Net cash inflow/(outflow) from financing</b>		<b>2,372</b>	(766)
<b>(Decrease)/increase in cash</b>	22	<b>(734)</b>	759
<b>Reconciliation of net cash flow to movement in net debt</b>			
(Decrease)/increase in cash resulting from cashflows		(734)	759
(Increase)/decrease in debt		(6,550)	766
Exchange movements		–	(1)
Movement in net (debt)/funds		<b>(7,284)</b>	1,524
Net debt at 1 October		<b>(7,715)</b>	(9,239)
<b>Net debt at 30 September</b>	22	<b>(14,999)</b>	(7,715)

The accompanying notes are an integral part of this statement.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting Policies

The principal accounting policies of the Group, all of which have been applied consistently throughout the year and in the preceding year in the preparation of its financial statements are set out below:

#### *(a) Accounting Convention*

The financial statements have been prepared under the historical cost convention, as modified to include the valuation of the subsidiary at net asset value and other investments at market value, and in accordance with applicable accounting standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' issued in January 2003.

#### *(b) Basis of Consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiary undertaking all made up to 30 September 2004.

In the Company's financial statements, the investment in the subsidiary undertaking is stated at the net asset value as shown in the most recent financial statements.

A revenue account is not presented for the Company as permitted by section 230 of the Companies Act 1985.

#### *(c) Investment Company Status*

The Company was an investment company during the year under review for the purposes of making distributions under Section 265 of the Companies Act 1985.

#### *(d) Investments held as Fixed Assets*

All fixed asset investments are listed investments stated at closing middle-market prices on recognised stock exchanges.

#### *(e) Investment Income*

Dividends receivable on quoted equity shares are taken into account on the ex-dividend date.

Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established.

Fixed returns on non-equity shares are recognised on a time apportionment basis so as to reflect the effective yield on shares. Other returns on non-equity shares are recognised when the right to the return is established.

Income from investments in fixed income securities is recognised on an accruals basis.

#### *(f) Expenditure and Finance Costs*

All expenses and finance costs are accounted for on an accruals basis. Expenses are charged through the revenue account except as follows:

- (i) expenses which are incidental to the acquisition or disposal of an investment are treated as part of the cost or proceeds of that investment;
- (ii) expenses are taken to realised capital reserve where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In line with the Board's expected long term split of returns, in the form of capital gains and income, from the Company's investment portfolio, 67% of the investment management fee and of the interest expense are taken to the realised capital reserve.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### *(g) Taxation*

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by Financial Reporting Standard 19.

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

### *(h) Foreign Currencies*

Transactions denominated in foreign currencies are recorded in the local currency at the actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in capital reserve or in the revenue account depending on whether the gain or loss is of a capital or revenue nature respectively.

### *(i) Reserves*

Capital reserves – Realised

The following are taken to this reserve:

- (i) gains and losses on the realisation of investments;
- (ii) realised exchange differences of a capital nature;
- (iii) expenses, together with the related taxation effect, charged to this reserve in accordance with the above policies;
- (iv) the cost of purchasing treasury shares and the proceeds from the sale of treasury shares up to the original purchase price; any surplus on the disposal of treasury shares (measured against the weighted average purchase price) is taken to the share premium account.

Capital reserves – Unrealised

The following are taken to this reserve:

- (i) increase and decreases in the valuation of investments held at the year end
- (ii) unrealised exchange differences of a capital nature.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Income

	2004 £'000	2003 £'000
<b>Income from UK listed investments</b>		
Franked investment income	3,214	2,627
Unfranked investment income	51	7
	<b>3,265</b>	2,634
<b>Other income</b>		
Bank interest receivable	18	17
Other income	–	3
	<b>18</b>	20
<b>Total income</b>	<b>3,283</b>	2,654
<b>Total income comprises:</b>		
Dividends	3,214	2,627
Interest from fixed interest securities	51	7
Bank interest	18	17
Other	–	3
	<b>3,283</b>	2,654

### 3. Investment Management Fees

	Revenue 2004 £'000	Capital 2004 £'000	Total 2004 £'000	Revenue 2003 £'000	Capital 2003 £'000	Total 2003 £'000
Investment management fees	138	283	421	114	231	345
Irrecoverable VAT thereon	25	49	74	20	40	60
	<b>163</b>	<b>332</b>	<b>495</b>	134	271	405

An annual fee is payable by the Company to Close Finsbury Asset Management Limited (“CFAM”) of 0.65% of the average market capitalisation of the Company over the year (“Periodic Fee”). The Investment Manager is also entitled to an annual performance fee (“Performance Fee”) amounting to 15% of the increase in the Company’s market capitalisation in any year, but only after the attainment of an absolute return hurdle, which will be the sum of the increase in the Retail Price Index in the year, plus a fixed return of 6.0%. The Periodic Fee and the Performance Fee total payable in any one year is capped at 1.25% of the year-end market capitalisation. Any outperformance, that would have resulted in a higher fee being paid had there been no cap, will be carried forward into the calculation of future years’ fees. Similarly, in the case of underperformance against the hurdle, any underperformance will have to be made up in future years before a performance fee becomes payable in those years. Since 2001 no performance fee has been payable and there is a compound deficit on the fee. The Investment Manager pays 50% of the Periodic Fee and 75% of the Performance Fee to the Investment Adviser, Lindsell Train Limited. No performance fee was payable for the year under review (2003: nil).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. Other Expenses

	Revenue 2004 £'000	Capital 2004 £'000	Total 2004 £'000	Revenue 2003 £'000	Capital 2003 £'000	Total 2003 £'000
Secretarial services	59	–	59	64	–	64
Directors' emoluments (see page 23)	66	–	66	72	–	72
Auditors' remuneration for audit services	18	–	18	18	–	18
Printing	28	–	28	33	–	33
ISA, PEP & Savings Scheme costs	51	–	51	47	–	47
Bank and custody fees	12	–	12	7	–	7
Marketing costs	65	–	65	60	–	60
Legal and professional fees#	217	–	217	39	–	39
Commitment fee for AIB facilities	39	–	39	42	–	42
Other expenses	76	–	76	67	–	67
	<b>631</b>	<b>–</b>	<b>631</b>	449	–	449

All of the above expenses include irrecoverable VAT where applicable.

Details of the amounts paid to directors are included in the directors' remuneration report on pages 23 and 24.

#The increase in fees from 2003 to 2004 were incurred in introducing new shareholders, changing the investment objective and other proposals at the EGM held on 10 May 2004.

### 5. Interest Payable and Similar Charges

	Revenue 2004 £'000	Capital 2004 £'000	Total 2004 £'000	Revenue 2003 £'000	Capital 2003 £'000	Total 2003 £'000
Interest payable on AIB revolving credit facility	203	412	615	112	228	340
Other bank interest	9	18	27	2	3	5
	<b>212</b>	<b>430</b>	<b>642</b>	114	231	345

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. Taxation Charge

(a) Analysis of charge for year

	Revenue 2004 £'000	Capital 2004 £'000	Total 2004 £'000	Revenue 2003 £'000	Capital 2003 £'000	Total 2003 £'000
<b>Corporation tax</b>	-	-	-	-	-	-

(b) Factors affecting current tax charge for year

Approved investment trusts are exempt from tax on capital gains made within the trust.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30% (2003: 30%).

The differences are explained below:

	2004 £'000	2003 £'000
Revenue return on ordinary activities before tax	2,277	1,957
Return on ordinary activities multiplied by standard tax rate of corporation tax	683	587
<i>Effects of:</i>		
Non-taxable UK investment income	(964)	(788)
Income taxable in different periods	-	18
Expenses charged to capital account available to be utilised	(229)	(150)
Excess administration expenses unused	436	296
Disallowed expenses	74	37
<b>Current tax charge for the year</b>	-	-

(c) Provision for deferred taxation

No provision for deferred taxation has been made in the current or prior accounting period.

The Company has not recognised a deferred tax asset of £6,206,000 (2003: £5,770,000) arising as a result of excess management expenses and excess business charges. These expenses will only be utilised if the Company generates sufficient taxable profits in the future.

The Company has capital losses of £3,876,000 realised during the year ended 30 September 2001, which are available to be carried forward as at 30 September 2004. The Company has now regained its investment trust status and so no chargeable gains will arise to utilise these capital losses.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7. Revenue Attributable to Shareholders

The return on ordinary activities after tax dealt with in the accounts of the Company is £2,277,000 (2003: £1,959,000). As permitted by Section 230(2) of the Companies Act 1985, a separate revenue account for the Company has not been included in these accounts.

### 8. Dividends

	2004 £'000	2003 £'000
Dividends on equity shares:		
Interim dividend paid on 28 July 2004 1.8p (2003: 1.8p)	636	699
Final dividend payable on 26 January 2005 4.1p (2003: 3.2p)	1,496	1,243
	<b>2,132</b>	1,942

### 9. Return per Share

	Revenue 2004 £'000	Capital 2004 £'000	Total 2004 £'000	Revenue 2003 £'000	Capital 2003 £'000	Total 2003 £'000
Return per share	6.12p	37.27p	43.39p	5.04p	19.01p	24.05p

Revenue return per share is based on £2,277,000 (2003: £1,957,000) net revenue on ordinary activities after taxation, and on the weighted average number of shares in issue during the year, and for this purpose, shares held in treasury are treated as not being in issue, of 37,177,663 (2003: 38,856,430). Capital return per share is based on net capital return for the financial year of £13,855,000 (2003: £7,389,000) and on the weighted average number of shares in issue during the year of 37,177,633 (2003: 38,856,430).

### 10. Investment in Subsidiary Undertaking

The Company's subsidiary undertaking Tynepower Limited, an investment dealing company, did not trade during the year. The Company owns 100% of the ordinary share capital and voting rights of Tynepower Limited, which is registered in England.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 11. Financial Investments

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Investments listed on recognised investment exchanges	<b>90,539</b>	73,380	<b>90,539</b>	73,380
	<b>90,539</b>	73,380	<b>90,539</b>	73,380

#### Movement of Listed Investments

	Group and Company		
	Listed US 2004 £'000	Listed UK 2004 £'000	Total 2004 £'000
Opening book cost	487	74,852	75,339
Opening unrealised depreciation	(222)	(1,737)	(1,959)
Opening valuation	265	73,115	73,380
Movements in the year:			
Purchases at cost	–	10,109	10,109
Sales – proceeds	–	(7,567)	(7,567)
Sales – realised gains on sales	–	11	11
(Increase)/decrease in unrealised (depreciation)/appreciation	(9)	14,615	14,606
Closing valuation	256	90,283	90,539
Closing book cost	487	77,405	77,892
Closing unrealised (depreciation)/appreciation	(231)	12,878	12,647
	256	90,283	90,539

	2004 £'000	2003 £'000
Realised gains/(losses) on sales	11	(10,677)
Amounts recognised as unrealised in previous years	935	(9,497)
Realised gains/(losses) based on carrying value at previous balance sheet date	946	(20,174)
Net movement in unrealised depreciation	13,671	28,066
<b>Gains on investments in the year</b>	<b>14,617</b>	7,892

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 12. Debtors

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Taxation recoverable	2	2	2	2
Prepayments and accrued income	528	353	528	353
	<b>530</b>	355	<b>530</b>	355

### 13. Creditors

Amounts falling due within one year

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Bank loan	15,250	8,700	15,250	8,700
Securities purchased for future settlement	149	209	149	209
Due to subsidiary undertaking	–	–	645	645
Other creditors and accruals	195	160	195	157
Proposed dividend	1,496	1,243	1,496	1,243
	<b>17,090</b>	10,312	<b>17,735</b>	10,954

### 14. Share Capital

	2004 £'000	2003 £'000
Authorised:		
Ordinary shares of 25p	13,658	13,658
	<b>13,658</b>	13,658
Allotted, issued and fully paid:		
Ordinary shares of 25p 38,456,430* (2003: 38,856,430)	9,614	9,714
	<b>9,614</b>	9,714

400,000 Ordinary shares were repurchased for cancellation on 13 May 2004.

\*At 1 December 2004 1,612,178 Ordinary shares of 25p each were held in treasury for reissue into the market or cancellation at a future date. Shares held in treasury are non-voting and not eligible for receipt of dividends.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 15. Reserves

	Share Premium £'000	Special Reserve £'000	Capital Redemption Reserve £'000	Capital Reserve realised £'000	Capital Reserve unrealised £'000	Revenue Reserve £'000
<b>Group</b>						
Balance as at 1 October 2003	–	13,160	3,353	38,473	(1,959)	1,667
Revenue surplus	–	–	–	–	–	145
Gains on investments	–	–	–	946	13,671	–
Shares purchased and cancelled	–	(736)	100	–	–	–
Treasury shares purchased	–	–	–	(7,013)	–	–
Treasury shares sold	121	–	–	3,450	–	–
Transfer on disposal of investments	–	–	–	(935)	935	–
Expenses charged to capital	–	–	–	(762)	–	–
<b>Balance as at 30 September</b>						
<b>2004</b>	<b>121</b>	<b>12,424</b>	<b>3,453</b>	<b>34,159</b>	<b>12,647</b>	<b>1,812</b>
<b>Company</b>						
Balance as at 1 October 2003	–	13,160	3,353	38,473	(1,314)	1,022
Revenue surplus	–	–	–	–	–	145
Gains on investments	–	–	–	946	13,671	–
Shares purchased and cancelled	–	(736)	100	–	–	–
Treasury shares purchased	–	–	–	(7,013)	–	–
Treasury shares sold	121	–	–	3,450	–	–
Transfer on disposal of investments	–	–	–	(935)	935	–
Expenses charged to capital	–	–	–	(762)	–	–
<b>Balance as at 30 September</b>						
<b>2004</b>	<b>121</b>	<b>12,424</b>	<b>3,453</b>	<b>34,159</b>	<b>13,292</b>	<b>1,167</b>

### 16. Net Asset Value per Share

	2004	2003
Net asset value per share	<b>203.5p</b>	165.8p

The net asset value per share is based on the net assets attributable to equity shareholders of £74,230,000 (2003: £64,408,000) and on 36,484,252\* (2003: 38,856,430) shares in issue at 30 September 2004.

\*The number of shares in issue has been adjusted for shares held in treasury which, for this purpose, are treated as not being in issue.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 17. Movement in Shareholders' Funds

	2004 £'000	2003 £'000
Opening shareholders' funds	64,408	57,004
Total recognised gains for the year	16,132	9,346
Dividends	(2,132)	(1,942)
Shares purchased and cancelled	(736)	–
Treasury shares purchased	(7,013)	–
Treasury shares issued	3,571	–
<b>Balance as at 30 September 2004</b>	<b>74,230</b>	<b>64,408</b>

### 18. Contingent Liabilities

There are no capital commitments or contingent liabilities at 30 September 2004 (2003: nil).

### 19. Related Parties

Details of the relationship between the Company and Close Finsbury Asset Management Limited are disclosed in the Report of the Directors. The management fees payable to Close Finsbury Asset Management Limited for the year ended 30 September 2004 amounted to £495,000 (2003: £405,000) of which £45,000 was outstanding at the year-end (2003: £38,000).

The Company holds an investment of £1,005,000 (2003: £885,000) in The Lindsell Train Investment Trust PLC ("LTIT"). This investment is equivalent to 5% of the issued share capital of LTIT, which is managed by Lindsell Train Limited. LTIT owns 25% of Lindsell Train Limited and accordingly the Company has an indirect interest of 1.25% in the Investment Adviser.

### 20. Risk Management

#### (a) Background

The Group's financial instruments comprise securities, cash balances, and debtors and creditors that arise directly from its operations (for example, in respect of sales and purchases awaiting settlement and debtors for accrued income). The numerical disclosures below exclude short-term debtors and creditors.

The Group has little exposure to credit and cash flow risk. Fixed asset investments in the portfolio are subject to liquidity risk. This risk is taken into account by the Investment Manager when making investment decisions.

The principal risks the Group faces in its portfolio management activities are:

- market price risks, i.e. movements in the value of investment holdings caused by factors other than interest rate or currency movement.
- interest rate risk.

#### (b) Policy

The policies for managing these risks are summarised below and have been applied throughout the year.

#### Market Price Risk

By the nature of its activities, the Group's investments are exposed to market price fluctuations. Further information on the investment portfolio and investment policy is set out in the Investment Adviser's Review.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20. Risk Management (continued)

#### Interest Rate Risk

The Group's borrowings consist of a sterling short term bank loan (2003: sterling short term bank loan).

The table below summarises the extent to which the value of the assets and liabilities are affected by changes in interest rates.

	Fixed rate interest received 2004 £'000	Floating rate interest received/paid 2004 £'000	Financial assets on which no interest is paid 2004 £'000	Total 2004 £'000	Fixed rate interest received 2003 £'000	Floating rate interest received 2003 £'000	Financial assets on which no interest is paid 2003 £'000	Total 2003 £'000
Equities								
– denominated in sterling	–	–	79,663	79,663	–	–	66,800	66,800
– denominated in US dollars	–	–	256	256	–	–	265	265
*Non equities	1,139	–	9,481	10,620	822	–	5,493	6,315
Cash balances	–	251	–	251	–	985	–	985
Total financial assets	1,139	251	89,400	90,790	822	985	72,558	74,365
Financial liabilities	–	(15,250)	–	(15,250)	–	(8,700)	–	(8,700)
Net financial assets/(liabilities)	1,139	(14,999)	89,400	75,540	822	(7,715)	72,558	65,665

\*Non-equity investments include the Halifax and HBOS (non-cumulative preference shares), UK Treasury 2.5% 29/12/49, Consolidated 2.5% 05/04/23, National Westminster 9% (non-cumulative preference shares and Warburg (SG) Group 7.625% (non-cumulative preference shares).

#### Use of Derivatives

It is not the Group's policy to enter into derivative contracts.

#### Financial Liabilities

The Group's financial liabilities at 30 September 2004 are represented by a £20,000,000 revolving credit facility, with Allied Irish Banks plc, of which £15,250,000 was drawn down (2003: £15,000,000 revolving credit facility with Allied Irish Banks plc, of which £8,700,000 was drawn down). This facility may be drawn down on either a fixed or floating rate basis.

#### Financial Assets

The Group's cash balances are generally placed on short-term deposit and earn a floating rate of interest of 1% below The Bank of New York Daily Treasury Rate.

#### Currency Exposure

The currency denomination of the Group's assets and liabilities is predominantly sterling which is the accounting currency of the Group. One security is denominated in US dollars and is valued at £256,000 (2003: £265,000).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20. Risk Management (continued)

#### Primary Financial Instruments

All of the assets and liabilities of the Group are shown at fair value.

### 21. Reconciliation of Operating Revenue to Net Cash Inflow from Operating Activities

	2004 £'000	2003 £'000
Net return before interest payable and taxation	2,489	2,071
(Increase)/decrease in accrued income	(169)	109
(Increase)/decrease in prepayments	(6)	3
(Decrease)/increase in other creditors and accruals	(30)	15
Expenses allocated to capital	(332)	(271)
<b>Net cash inflow from operating activities</b>	<b>1,952</b>	<b>1,927</b>

### 22. Analysis of Net Debt

	At 1 October 2003 £'000	Cashflow £'000	At 30 September 2004 £'000
Cash	985	(734)	251
Debt falling due within one year	(8,700)	(6,550)	(15,250)
<b>Total</b>	<b>(7,715)</b>	<b>(7,284)</b>	<b>(14,999)</b>

### 23. Substantial interests

The Company holds interests in 3% or more of any class of capital in the following companies:

Company	Shares held	% of issued share capital	Market value £'000
Glenmorangie 'A' & 'B'	658,391	8.4	12,674
Warburg (SG) Group 7.625%	765,000	7.0	818
Lindsell Train Investment Trust	10,000	5.0	1,005
Barr (AG)	885,000	4.5	6,310
Young & Co Brewery	199,873	3.9	1,944

## NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Finsbury Growth & Income Trust PLC will be held at 10 Crown Place, London EC2A 4FT on Wednesday, 19 January 2005 at 12 noon, for the following purposes:

### Ordinary Business

- 1 To receive and consider the audited accounts and the Report of the Directors for the year ended 30 September 2004.
- 2 To re-elect Michael Reeve, who retires by rotation, a Director of the Company.
- 3 To re-elect Giles Warman, who retires by rotation, a Director of the Company
- 4 To declare a final dividend of 4.10p per share.
- 5 To re-appoint RSM Robson Rhodes LLP as the Company's auditors and to authorise the Directors to determine their remuneration.
- 6 To approve the Directors' Remuneration Report.

### Special Business

To consider, and if thought fit, pass the following resolutions, of which, numbers 7 and 8 will be proposed as special resolutions:

#### Authority to allot shares

- 7 THAT in substitution for all existing authorities the Directors be generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 to exercise all powers of the Company to allot relevant securities within the meaning of that section up to a maximum aggregate nominal amount of £461,803 (representing 1,847,213 Ordinary shares of 25p each, such amount being equivalent to 5% of the present issued share capital) provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution unless previously revoked, varied or renewed, by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

#### Disapplication of pre-emption rights

- 8 THAT in substitution of all existing powers the Directors be and are hereby generally empowered pursuant to Section 95 of the Companies Act 1985 (the "Act") to allot equity securities (within the meaning of Section 94 of the Act) for cash pursuant to the authority to allot conferred on them by resolution 7 above or otherwise as if subsection (1) of Section 89 of the Act did not apply to any such allotment and to sell relevant shares (within the meaning of Section 94 of the Act) if, immediately before the sale, such shares are held by the Company as treasury shares (as defined in Section 162A of the Act ("treasury shares")) for cash as if Section 89(1) of the Act did not apply to any such sale provided that this power shall be limited to the allotment of equity securities and the issue of treasury shares:
  - (a) an offer of equity securities open for acceptance for a period fixed by the Directors where the equity securities respectively attributable to the interests of Ordinary shares of 25p each in the Company ("Ordinary shares") are proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by them but subject to such exclusions or other arrangements in connection with the issue as the Directors may consider necessary, appropriate, or expedient to deal with equity securities representing fractional entitlements or to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and

## NOTICE OF THE ANNUAL GENERAL MEETING (continued)

- (b) (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal value of £923,606 or, if less, the number representing 10 per cent. of the issued Ordinary share capital of the Company (excluding shares held in treasury) at the date of the meeting at which this resolution is passed

and expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months from the date of passing of this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the Board may allot equity securities or sell treasury shares pursuant to such offer or agreement as if the power conferred hereby had not expired.

### Authority to Repurchase Ordinary Shares

- 9 THAT the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of section 163(3) of the Companies Act 1985) of Ordinary shares of 25p in the capital of the Company ("Ordinary shares") provided that:
- (i) the maximum aggregate number of Ordinary shares authorised to be purchased is 5,537,943 or, if less, the number representing 14.99 per cent. of the issued Ordinary share capital of the Company (excluding shares held in treasury) at the date of the meeting at which this resolution is proposed;
  - (ii) the minimum price which may be paid for an Ordinary share is 25p;
  - (iii) the maximum price (excluding expenses of such purchase) which may be paid for an Ordinary share is an amount equal to 105 per cent. of the average of the middle market quotations for an Ordinary share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Ordinary share is purchased;
  - (iv) this authority expires at the conclusion of the Annual General Meeting of the Company to be held in 2006 or within 15 months from the date of the passing of this resolution whichever is earlier; and
  - (v) the Company may make a contract to purchase Ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of Ordinary shares in pursuance of any such contract.

By order of the Board

10 Crown Place  
London EC2A 4FT

### Close Finsbury Asset Management Limited

*Company Secretary*  
6 December 2004

### Nominee share code

Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at meetings when invited to do so by the Chairman.

Investors who hold shares through the Close Finsbury Savings Scheme, PEP or ISA receive all shareholder communications and a letter of direction is provided to facilitate voting at general meetings of the Company.

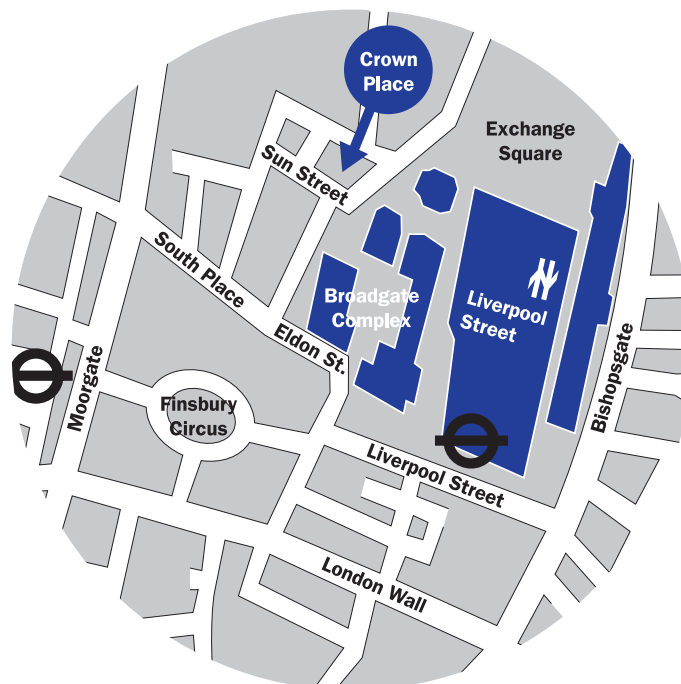
## NOTICE OF THE ANNUAL GENERAL MEETING (continued)

### Notes

- 1 Ordinary shareholders, proxies and authorised representatives of corporations which are Ordinary shareholders are entitled to attend the meeting. Pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, the Company has specified that to be entitled to attend and vote at the meeting (and for the purposes of determination by the Company of the number of votes they may cast), members must be entered on the Company's register of members by 12 noon on 17 January 2005. Changes to entries on the register of members after 12 noon on that date shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 2 A member entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
- 3 A form of proxy is provided. To be effective, a form of proxy must be completed, signed and lodged with the registrar not later than 48 hours before the time for holding the meeting. Deposit of a form or proxy will not preclude a member from attending the meeting and voting in person.
- 4 If the meeting is adjourned to a time not more than 48 hours after the time applicable to the original meeting, the specified time noted above will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If however the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at the time which is 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.
- 5 The Register of Directors' interests is available at the Company's registered office during normal business hours on any weekday and will be available for inspection at the above Meeting. No Director has a service contract with the Company.

### Location of Annual General Meeting

to be held at 10 Crown Place, London EC2A 4FT on  
19 January 2005 at 12 noon.



## GLOSSARY OF TERMS

### Investment Trust Terms

#### Net Asset Value (NAV)

The value of the company's assets, principally investments made in other companies and cash being held, minus any liabilities for which the company is responsible, eg money owed to other people. The NAV is also described as 'shareholders' funds'. The NAV is often expressed in pence per share after being divided by the number of shares which have been issued. The NAV per share is unlikely to be the same as the share price which is the price at which the company's shares can be bought or sold by an investor. The share price is determined by the relationship between the demand and supply for the shares.

#### Discount or Premium

A description of the situation when the share price is lower or higher than the NAV per share. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage (%) of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium and the percentage is commonly shown prefixed with a minus sign.

#### Initial Public Offering (IPO)

The initial offer by a company of shares to be quoted on a stock exchange. Often known as a flotation.

#### Gearing

Also known as leverage, particularly in the USA. Gearing is the process whereby capital growth (and conversely any capital depreciation) and income to the ordinary shareholders of the company are boosted by borrowings, which provide some scope for additional investment but which carry a fixed liability. The return on this extra investment minus the cost of borrowing the money gives the shareholder an enhanced or geared profit or loss.

#### Potential Gearing

Potential gearing is the amount currently available for the company to use by way of a loan already arranged. The directors may choose to draw down an amount less than the amount available, this is usually due to market conditions.

#### Actual Gearing

Actual gearing is the term used to describe the amount of available loan facility that has been invested in the stock market and is not being held in cash.

## COMPANY INFORMATION

### Directors

Michael Reeve MA, FCA (Chairman)  
John Allard  
Vanessa Renwick  
Giles Warman

### Consultant to the Board

Stewart Urry LLB, FCA

### Company Secretary

Close Finsbury Asset Management Limited  
10 Crown Place, London EC2A 4FT

### Registered Office

59 Lothian Road, Festival Square,  
Edinburgh EH3 9BY

### Company Registration Number

13958 (Registered in Scotland)

### Investment Manager

Close Finsbury Asset Management Limited  
10 Crown Place, London EC2A 4FT  
*authorised and regulated by the Financial  
Services Authority*

### Investment Adviser

Lindsell Train Limited  
35 Thurloe Street, London SW7 2LQ

### Stockbrokers

Close Brothers Securities Limited  
The Atrium Building, Cannon Bridge,  
25 Dowgate Hill, London EC4R 2GA

### Auditors

RSM Robson Rhodes LLP  
186 City Road, London EC1V 2NU

### Disability Act

Copies of this annual report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including braille, audio tape or larger type as appropriate. You can contact the Registrar to the Company, Capita IRG plc, which has installed telephones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator, for this service please call 020 8639 2062. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by The Royal National Institute for Deaf People) you should dial 18001 from your textphone followed by the number you wish to dial.

### Registrars

Capita IRG plc  
The Registry  
34 Beckenham Road, Beckenham,  
Kent BR3 4TU  
Telephone: 0870 162 3100

Please contact the Registrars if you have a query about a certificated holding in the Company's shares.

### Close Finsbury ISA, Savings Scheme and PEP

Block C, Western House  
Lynchwood Business Park  
Peterborough PE2 6BP  
Investor Helpline: 0800 169 6968\*  
Professional Advisors Helpline: 020 7426 4372  
E-Mail: [info@closefinsbury.com](mailto:info@closefinsbury.com)

Please contact the Close Finsbury Helpline to obtain information and literature concerning the Company or other Close Finsbury investment trusts, or if you have a query concerning a Close Finsbury ISA, Savings Scheme or PEP account.

\*Calls to this number are recorded for monitoring purposes.

Online investment and account management is available for the Close Finsbury ISA, Savings Scheme and PEP at [www.closefinsbury.com](http://www.closefinsbury.com)

### Share Price Listings

The price of your shares can be found in various publications including the Financial Times under the heading Investment Companies and in the Daily Telegraph under the heading Investment Trusts. The Company's net asset value per share is announced daily and is available daily on the Close Finsbury website at [www.closefinsbury.com](http://www.closefinsbury.com) and on the TrustNet website at [www.trustnet.com](http://www.trustnet.com)

The London Stock Exchange Daily Official List (SEDOL) code is 0781606

## INVESTING WITH FINSBURY GROWTH & INCOME TRUST PLC

There are a variety of ways you can buy shares in the Company. You have the choice of lump sum or regular savings within a Close Finsbury ISA or Savings Scheme. There is also a PEP transfer facility if you already hold a PEP. Alternatively you can buy shares direct through your stockbroker or bank.

As the Company pays dividends, you have the benefit of automatic income reinvestment, therefore compounding your returns.

### The **CLOSE FINSBURY ISA**

– enables investors to invest tax free up to £7,000 each year<sup>#</sup>

### The **CLOSE FINSBURY SAVINGS SCHEME**

– is open to lump sum investment or regular savings

### A **SAVING FOR CHILDREN** facility

– is available within the Savings Scheme

Investment in the ISA and Savings Scheme can be made by lump sum from £1,000 or regular monthly savings from as little as £100 per month. Once invested, you can top up your Schemes at any time subject to a minimum of £100.

### The **CLOSE FINSBURY PEP TRANSFER**

– can be used to transfer the value of your existing PEP. A minimum of £1,000 can be invested in shares of the Company.

You can open an account and deal **ONLINE** for the ISA and Savings Scheme on the Close Finsbury website [www.closefinsbury.com](http://www.closefinsbury.com). Account management for all the Investment Schemes is also available on the website. This enables you to:

Access your account 24 hours a day	Amend your personal details
Obtain up-to-date valuations	Change Direct Debit details
View current and historic statements	Set up income payments
Purchase online by debit card	Sell online

#### To find out more either:

**Phone:** 0800 169 6968\*

**Click:** [www.closefinsbury.com](http://www.closefinsbury.com)

**Email:** [info@closefinsbury.com](mailto:info@closefinsbury.com)

All of the Close Finsbury managed investment trusts are available within the Close Finsbury ISA, Savings Scheme or PEP. The range includes:

**Close Finsbury EuroTech Trust PLC**

**Finsbury Growth & Income Trust PLC**

**Finsbury Life Sciences Investment Trust PLC**

**Finsbury Technology Trust PLC**

**Finsbury Worldwide Pharmaceutical Trust PLC**

# until April 2006

\*calls to this number are recorded for monitoring purposes

Close Finsbury Asset Management Limited is authorised and regulated by the Financial Services Authority

