

F&C Income Growth Investment Trust PLC

Company Registration Number: 2895991

Interim Accounts for the Nine Months to 31 December 2001 (Unaudited)



Unaudited Statement of Total Return

(incorporating the Revenue Account)*

for the nine months ended 31 December 2001 and the year ended 31 March 2001

Revenue Notes	Capital Notes	9 Months to 31 December 2001			Year ended 31 March 2001			
		Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s	
	11	Gains and losses on investments	-	(1,817)	(1,817)	-	1,938	1,938
	19	Warrants purchased for cancellation	-	-	-	-	1	1
3		Income	1,446	-	1,446	2,136	-	2,136
4		Management fee	(157)	(157)	(314)	(216)	(216)	(432)
5		Other expenses	(160)	(3)	(163)	(233)	(2)	(235)
		Net return before finance costs and taxation	1,129	(1,977)	(848)	1,687	1,721	3,408
6		Interest payable and similar charges	(1)	(1)	(2)	(15)	(15)	(30)
		Return on ordinary activities before taxation	1,128	(1,978)	(850)	1,672	1,706	3,378
8		Taxation on ordinary activities	-	-	-	-	-	-
		Return attributable to equity shareholders	1,128	(1,978)	(850)	1,672	1,706	3,378
9		Dividends on ordinary shares (equity)	(1,000)	-	(1,000)	(1,568)	-	(1,568)
19	19	Amount transferred to reserves	128	(1,978)	(1,850)	104	1,706	1,810
10	10	Return per ordinary share – pence	2.83	(4.96)	(2.09)	4.16	4.24	8.40
10	10	Return per ordinary share (diluted) – pence	2.78	+	+	4.09	4.17	8.26

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

+ There is no dilution.

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

Unaudited Balance Sheet

at 31 December 2001 and 31 March 2001

Notes	31 December 2001		31 March 2001	
	£'000s	£'000s	£'000s	£'000s
Fixed assets				
11 Investments				
Listed in Great Britain		56,442		58,925
Current assets				
12 Debtors	189		459	
Taxation Recoverable	-		-	
Cash at bank and short-term deposits	1,594		577	
	1,783		1,036	
Current liabilities				
13 Creditors: amounts falling due within one year	(515)		(780)	
Net current (liabilities)/assets		1,268		(256)
Net assets		57,710		59,181
Capital and reserves:				
14 Called up share capital		10,002		9,907
15 Share premium	8,738		8,321	
16 Capital redemption reserve	1,020		1,020	
17 Special reserve	16,373		16,373	
18 Warrant reserve	1,339		1,472	
19 Capital reserves	19,715		21,693	
19 Revenue reserve	523		395	
		47,708		49,274
20 Total equity shareholders' funds		57,710		59,181
20 Net asset value per ordinary share				
Basic – pence		144.25		149.34
Diluted – pence		141.50		146.36

Approved by the Board on 11 February 2002



R.A.E. Herbert

Notes on the Accounts (Unaudited)

1 ACCOUNTING PERIOD

The accounts cover the nine months ended 31 December 2001. The comparatives cover the year ended 31 March 2001: the report of the auditors thereon was unqualified and did not contain a statement under Section 237 of the Companies' Act 1985.

2 ACCOUNTING POLICIES

(a) Basis of accounting

The accounts have been prepared under the historical cost convention, modified to include fixed asset investments at valuation, and in accordance with accounting standards applicable in the United Kingdom and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (SORP). The principal accounting policies are set out below.

(b) Valuation of investments

As an investment trust, the Company treats all transactions on realisation and the revaluation of investments held as transactions on the capital account. These items, whether profits or losses, are not part of, and are not reflected in the revenue account but are charged or credited to capital reserves. Listed investments are shown at middle market value.

(c) Income

Income from quoted equity shares is brought into the revenue account (except where, in the opinion of the directors, their nature indicates they should be recognised as capital) on the ex-dividend date or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield on the investment.

Franked dividends are accounted for in accordance with Financial Reporting Standard 16 (FRS16) 'Current Taxation' on the basis of the income actually receivable, without adjustment for the tax credit attaching to the dividends.

Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital reserve.

(d) Expenses

All expenses are charged to the revenue account, except:

- expenses which are incidental to the acquisition or disposal of investments are charged to capital reserve realised; and
- 50% of management fees, including related VAT, and interest expense are allocated to capital reserve realised, in accordance with the board's long-term expected split of returns from the investment portfolio of the Company. All expenses are accounted for on an accruals basis.

(e) Taxation

Deferred tax is provided in full on any material timing differences expected to crystallise in the foreseeable future. The tax effect of expenditure is allocated between capital and revenue on the same basis as the particular item to which it relates, using the Company's effective tax rate for the year.

(f) Capital reserves

Capital Reserve Realised

The following are accounted for in this reserve:

- gains and losses on the realisation of investments – realised exchange differences of a capital nature – other capital charges and credits charged or credited to this account in accordance with the above policies.

Capital Reserve Unrealised

The following are accounted for in this reserve:

- increases and decreases in the valuation of fixed assets held at the year end – unrealised exchange differences of a capital nature.

Notes on the Accounts (Unaudited) (continued)

3 INCOME

	9 months to 31 December 2001 £'000s	Year ended 31 March 2001 £'000s
Income from investments		
UK franked dividends	1,308	2,017
UK unfranked interest	103	99
Scrip dividends	-	-
	1,411	2,116
Other income		
Interest on cash and short-term deposits	35	20
Total income	1,446	2,136
Total income comprises:		
Dividends	1,308	2,017
Interest from investments	103	99
Other income	35	20
	1,446	2,136
Income from investments:		
Listed UK	1,411	2,116
	1,411	2,116

4 MANAGEMENT FEE

	9 months to 31 December 2001 £'000s	Year ended 31 March 2001 £'000s
Management fee	267	368
Irrecoverable VAT thereon	47	64
	314	432
Less: allocated to Capital Reserve Realised (see note 19)	(157)	(216)
	157	216

The Manager provides investment management and general administrative services to the Company for a quarterly fee payable in arrears equal to 0.15% of the funds under management. The management agreement may be terminated upon one year's notice given by either party.

5 OTHER EXPENSES

	9 months to 31 December 2001 £'000s	Year ended 31 March 2001 £'000s
AITC "its" campaign contribution	11	38
Auditors' remuneration:		
For audit services	12	14
For non-audit services	5	4
Directors' emoluments - fees	44	49
Irrecoverable VAT	14	16
Sundry expenses	74	112
	160	233

Notes on the Accounts (Unaudited) (continued)

6 INTEREST PAYABLE AND SIMILAR CHARGES

	9 months to 31 December 2001 £'000s	Year ended 31 March 2001 £'000s
On overdrafts, repayable within one year	2	30
Less: allocated to Capital Reserve Realised (see note 19)	(1)	(15)
	1	15

7 DIRECTORS' REMUNERATION AND CONTRACTS

Remuneration

The Company had no employees during the period.

The amounts paid by the Company to the Directors of the Company were as follows:

	9 months to 31 December 2001 £	Year ended 31 March 2001 £
Robin Herbert (Chairman)*	11,250	12,500
Michael Beckett	7,500	8,750
The Viscount Churchill	7,500	8,750
Oliver Dawson **	2,282	8,750
John Emly	7,500	1,667
Peter Wilmot-Sitwell	7,500	8,750
	43,532	49,167

No contract of significance to which the Company is a party and in which a Director is or was materially interested subsisted during the period.

*Highest paid director.

**Oliver Dawson retired as a director of the company at the AGM held on 25 June 2001.

8 TAXATION ON ORDINARY ACTIVITIES

	9 months to 31 December 2001 £'000s	Year ended 31 March 2001 £'000s
Corporation tax at 30% (31 March 2001: same)	-	-

9 DIVIDENDS ON ORDINARY SHARES

	9 months to 31 December 2001			Year ended 31 March 2001		
	pence per share	£'000s	Shares in issue	Pence per share	£'000s	Shares in issue
1st quarter payable 21 September 2001	0.80	320	40,008,437			
2nd quarter payable 20 December 2001	0.85	340	40,008,437			
3rd quarter payable 20 March 2002	0.85	340	40,008,437			
1st quarter payable 20 September 2000				0.80	320	40,029,396
2nd quarter paid 20 December 2000				0.80	320	40,029,396
3rd quarter paid 16 March 2001				0.80	317	39,629,396
Final paid 27 June 2001				1.55	615	39,629,396
Adjustment in respect of share buy backs				-	(4)	
	2.50	1,000		3.95	1,568	

Notes on the Accounts (Unaudited) (continued)

10 RETURN PER ORDINARY SHARE

The basic and diluted revenue returns per share are based on the revenue return attributable to equity shareholders of £1,128,000 (31 March 2001: £1,672,000).

The basic and diluted capital returns per share are based on the capital loss attributable to equity shareholders of £1,978,000 (31 March 2001: £1,706,000 profit).

	9 months to 31 December 2001 £'000s	Year ended 31 March 2001 £'000s
Weighted average number of ordinary shares in issue – for basic return calculation	39,841,659	40,215,171
Dilutive potential shares	816,742	712,125
Weighted average number of ordinary shares in issue – for diluted return calculation	40,658,401	40,927,296

11 INVESTMENTS

	Listed Total £'000s
Cost at 1 April 2001	44,387
Unrealised appreciation at 1 April 2001	14,538
Valuation at 1 April 2001	58,925
Movements in the period:	
Purchases at cost	3,871
Sales – proceeds	(4,537)
– realised net losses on sales	(369)
Decrease in unrealised appreciation	(1,448)
Valuation at 31 December 2001	56,442
Cost at 31 December 2001	43,351
Unrealised appreciation at 31 December 2001	13,091
Valuation at 31 December 2001	56,442

12 DEBTORS

	9 months to 31 December 2001 £'000s	Year ended 31 March 2001 £'000s
Prepayments and accrued income	189	459

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	9 months to 31 December 2001 £'000s	Year ended 31 March 2001 £'000s
Dividend on ordinary shares	340	615
Accruals	175	165
	515	780

The Company has a committed loan facility of £8 million, expiring on 10 September 2002, upon which commitment commission of 0.1% per annum is charged on any undrawn amounts.

14 EQUITY SHARE CAPITAL

Equity share capital	Authorised Number	Nominal £'000s	Issued and fully paid Number	Nominal £'000s
Ordinary shares of 25p each				
Balance brought forward at 1 April 2001	383,200,000	95,800	39,629,396	9,907
Issued on conversion of warrants	-	-	379,041	95
Balance carried forward at 31 December 2001	383,200,000	95,800	40,008,437	10,002

*No ordinary shares were purchased during the period.

Notes on the Accounts (Unaudited) (continued)

15 SHARE PREMIUM

	9 months to 31 December 2001 £'000s	Year ended 31 March 2001 £'000s
Balance brought forward	8,321	8,185
Premium on new shares issued on conversion of warrants	284	93
Transfer from warrant reserve on conversion of warrants	133	43
Balance carried forward	8,738	8,321

16 CAPITAL REDEMPTION RESERVE

	9 months to 31 December 2001 £'000s	Year ended 31 March 2001 £'000s
Balance brought forward	1,020	655
Buy back of shares (transferred from equity share capital)	-	365
Balance carried forward	1,020	1,020

17 SPECIAL RESERVE

	9 months to 31 December 2001 £'000s	Year ended 31 March 2001 £'000s
Balance brought forward	16,373	18,184
Buy back of shares	-	(1,811)
Balance carried forward	16,373	16,373

18 WARRANT RESERVE

	9 months to 31 December 2001 £'000s	Year ended 31 March 2001 £'000s
Balance brought forward	1,472	1,533
Warrants purchased for cancellation	-	(18)
Transfer to share premium account on conversion of warrants	(133)	(43)
Balance carried forward	1,339	1,472

On 31 December 2001 there were 3,823,891 (31 March 2001: 4,202,932) warrants outstanding.

On 31 July 2001, 132 holders of the Company's warrants exercised their rights to subscribe for a total of 379,041 ordinary shares at a fixed price of £1 per share.

Warrant holders have the right to subscribe for one ordinary share per warrant at £1 on the later of 30 days after the date on which the audited accounts are despatched to the shareholders or 31 July, in any of the years 2000 to 2003.

19 OTHER RESERVES

	Capital reserves Total £'000s	Revenue reserve £'000s
Realised gains and losses on investments	(369)	-
Management fees and related VAT	(157)	-
Interest expense	(1)	-
Other capital charges and credits	(3)	-
Increase in unrealised depreciation on investments	(1,448)	-
Amount transferred to revenue reserve	-	128
	(1,978)	128
Balance brought forward	21,693	395
Balance carried forward	19,715	523

Notes on the Accounts (Unaudited) (continued)

20 NET ASSET VALUE PER ORDINARY SHARE

The movements during the period in the total net assets attributable to ordinary shares, used in the calculation of both basic and diluted net asset value per ordinary share, were as follows :

	Ordinary shares £'000s
Total net assets at 31 March 2001	59,181
Total recognised gains and losses for the period	(850)
Conversion of Warrants	379
Dividends	(1,000)
Total net assets at 31 December 2001	57,710

The diluted net asset values per ordinary share have been calculated in accordance with FRS14, under which the Company's outstanding warrants are considered dilutive only if the exercise price is lower than the market price of the ordinary shares at the period end. The dilution is calculated by reference to the additional number of ordinary shares which warrant holders would have received on exercise as compared with the number of ordinary shares which the subscription proceeds would have purchased in the open market ("dilutive potential shares").

	9 months to 31 December 2001 £'000s	Year ended 31 March 2001 £'000s
Ordinary shares for basic net asset value calculation	40,008,437	39,629,396
Dilutive potential shares	776,966	806,623
Ordinary shares for diluted net asset value calculation	40,785,403	40,436,019

21 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	9 months to 31 December 2001 £'000s	Year ended 31 March 2001 £'000s
Revenue return on ordinary activities after taxation	1,128	1,672
Dividends	(1,000)	(1,568)
Capital surplus/(deficit)	(1,978)	1,706
Share Premium on conversion of warrants	284	(18)
Share capital issued on conversion of warrants	95	124
Buy back of shares	-	(1,811)
Net movement in equity shareholders' funds	(1,471)	105
Equity shareholders' funds brought forward	59,181	59,076
Equity shareholders' funds carried forward	57,710	59,181