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F&C Income Growth Investment Trust PLC

Company Registration Number: 2895991

Section 272

Accounts – Interim Accounts for the Nine Months to 31 December 2002 (Unaudited)

(incorporating the Revenue Account)*

Revenue Notes	Capital Notes	9 Months to 31 December 2002			Year ended 31 March 2002			
		Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s	
	11	Gains and losses on investments	-	(13,288)	(13,288)	-	1,439	1,439
3		Income	1,441	-	1,441	2,060	-	2,060
4		Management fee	(134)	(134)	(268)	(206)	(206)	(412)
5		Other expenses	(176)	(2)	(178)	(233)	(3)	(236)
		Net return before finance costs and taxation	1,131	(13,424)	(12,293)	1,621	1,230	2,851
7		Interest payable and similar charges	-	-	-	(1)	(1)	(2)
		Return on ordinary activities before taxation	1,131	(13,424)	(12,293)	1,620	1,229	2,849
8		Taxation on ordinary activities	-	-	-	-	-	-
		Return attributable to equity shareholders	1,131	(13,424)	(12,293)	1,620	1,229	2,849
9		Dividends on ordinary shares (equity)	(1,032)	-	(1,032)	(1,620)	-	(1,620)
19	19	Amount transferred to reserves	99	(13,424)	(13,325)	-	1,229	1,229
10	10	Return per ordinary share – pence	2.81	(33.35)	(30.54)	4.06	3.08	7.14
10	10	Return per ordinary share (diluted) – pence	2.76	†	†	3.98	3.02	7.00

† There is no dilution (see note 10).

Unaudited Balance Sheet

at 31 December 2002 and 31 March 2002

Notes	31 December 2002		31 March 2002	
	£'000s	£'000s	£'000s	£'000s
Fixed assets				
11 Investments				
Listed in Great Britain		47,123		60,195
Current assets				
12 Debtors	183		434	
Cash at bank and short-term deposits	1,479		957	
	1,662		1,391	
Current liabilities				
13 Creditors: amounts falling due within one year	(560)		(797)	
Net current assets		1,102		594
Net assets		48,225		60,789
Capital and reserves:				
14 Called up share capital		10,175		10,002
15 Share premium	9,463		8,738	
16 Capital redemption reserve	1,020		1,020	
17 Special reserve	16,373		16,373	
18 Warrant reserve	1,202		1,339	
19 Capital reserves	9,498		22,922	
19 Revenue reserve	494		395	
		38,050		50,787
20 Total equity shareholders' funds		48,225		60,789
20 Net asset value per ordinary share				
Basic – pence		118.49		151.94
Diluted – pence		117.13		147.80

Approved by the Board on 3 February 2003



R.A.E. Herbert

Notes on the Accounts (Unaudited)

1 ACCOUNTING PERIOD

The accounts cover the nine months ended 31 December 2002. The comparatives cover the year ended 31 March 2002: 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 2002 £'000s	Year ended 31 March 2002 £'000s
Income from investments		
UK franked dividends	1,293	1,912
UK unfranked interest	72	97
Scrip dividends	48	–
	1,413	2,009
Other income		
Interest on cash and short-term deposits	24	51
Underwriting commission	4	–
Total income	1,441	2,060
Total income comprises:		
Dividends	1,341	1,912
Interest from investments	72	97
Other income	28	51
	1,441	2,060
Income from investments:		
Listed UK	1,413	2,009
	1,413	2,009

4 MANAGEMENT FEE

	9 months to 31 December 2002 £'000s	Year ended 31 March 2002 £'000s
Management fee	228	351
Irrecoverable VAT thereon	40	61
	268	412
Less: allocated to Capital Reserve Realised (see note 19)	(134)	(206)
	134	206

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 2002 £'000s	Year ended 31 March 2002 £'000s
AIRC "its" campaign contribution	–	11
Auditors' remuneration:		
For audit services	11	14
For non-audit services	4	5
Directors' emoluments – fees (see note 6)	41	57
Irrecoverable VAT	17	20
Sundry expenses	103	126
	176	233

Notes on the Accounts (Unaudited) (continued)

6 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 2002 £	Year ended 31 March 2002 £
Robin Herbert (Chairman)*	11,250	15,000
Michael Beckett	7,500	10,000
The Viscount Churchill	7,500	10,000
Oliver Dawson**	—	2,282
John Emly	7,500	10,000
Peter Wilmot-Sitwell	7,500	10,000
	41,250	57,282

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.

7 INTEREST PAYABLE AND SIMILAR CHARGES

	9 months to 31 December 2002 £'000s	Year ended 31 March 2002 £'000s
On overdrafts, repayable within one year	—	2
Less: allocated to Capital Reserve Realised (see note 19)	—	(1)
	—	1

8 TAXATION ON ORDINARY ACTIVITIES

	9 months to 31 December 2002 £'000s	Year ended 31 March 2002 £'000s
Corporation tax at 30% (31 March 2002: same)	—	—

9 DIVIDENDS ON ORDINARY SHARES

	9 months to 31 December 2002			Year ended 31 March 2002		
	pence per share	£'000s	Shares in issue	pence per share	£'000s	Shares in issue
1st quarter paid 20 September 2002	0.85	343	40,399,789			
2nd quarter paid 20 December 2002	0.85	343	40,399,789			
3rd quarter payable 14 March 2003	0.85	346	40,699,789			
1st quarter paid 21 September 2001				0.80	320	40,008,437
2nd quarter paid 20 December 2001				0.85	340	40,008,437
3rd quarter paid 20 March 2002				0.85	340	40,008,437
Final paid 27 June 2002				1.55	620	40,008,437
	2.55	1,032		4.05	1,620	

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 £1,131,000 (31 March 2002: £1,620,000).

The basic and diluted capital returns per share are based on the capital loss attributable to equity shareholders of £13,424,000 (31 March 2002: £1,229,000 gain).

The diluted returns 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 average market price of the ordinary shares during the period. 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 2002 £'000s	Year ended 31 March 2002 £'000s
Weighted average number of ordinary shares in issue – for basic return calculation	40,255,958	39,882,782
Dilutive potential shares	684,164	836,476
Weighted average number of ordinary shares in issue – for diluted return calculation	40,940,122	40,719,258

11 INVESTMENTS

	Listed Total £'000s
Cost at 1 April 2002	43,396
Unrealised appreciation at 1 April 2002	16,799
Valuation at 1 April 2001	60,195
Movements in the period:	
Purchases at cost	4,022
Sales – proceeds	(3,806)
– realised net gains on sales	(267)
Decrease in unrealised appreciation	(13,021)
Valuation at 31 December 2002	47,123
Cost at 31 December 2002	43,217
Unrealised appreciation at 31 December 2002	3,906
Valuation at 31 December 2002	47,123

12 DEBTORS

	31 December 2002 £'000s	31 March 2002 £'000s
Prepayments and accrued income	183	434

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2002 £'000s	31 March 2002 £'000s
Dividend on ordinary shares	346	620
Accruals	214	177
	560	797

The Company has a committed loan facility of £8 million, expiring on 11 September 2003, upon which commitment commission of 0.1% per annum is charged on any undrawn amounts.

Notes on the Accounts (Unaudited) (continued)

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 2002	383,200,000	95,800	40,008,437	10,002
Issued on conversion of warrants**	–		391,352	98
Issue of new shares†			300,000	75
Balance carried forward at 31 December 2002*	383,200,000	95,800	40,699,789	10,175

*No ordinary shares were purchased during the period.

†On 6 December 2002 300,000 new ordinary shares were issued at a price of £1.23 per share.

** On 31 July 2002, 101 holders of the Company's warrants exercised their rights to subscribe for a total of 391,352 ordinary shares at a fixed price of £1 per share.

15 SHARE PREMIUM

	31 December 2002 £'000s	31 March 2002 £'000s
Balance brought forward	8,738	8,321
Premium on new shares issued on conversion of warrants	294	284
Transfer from warrant reserve on conversion of warrants	137	133
Premium on issue of new shares	294	–
Balance carried forward	9,463	8,738

16 CAPITAL REDEMPTION RESERVE

	31 December 2002 £'000s	31 March 2002 £'000s
Balance brought forward and carried forward	1,020	1,020

17 SPECIAL RESERVE

	31 December 2002 £'000s	31 March 2002 £'000s
Balance carried forward and carried forward	16,373	16,373

18 WARRANT RESERVE

	31 December 2002 £'000s	31 March 2002 £'000s
Balance brought forward	1,339	1,472
Transfer to share premium account on conversion of warrants	(137)	(133)
Balance carried forward	1,202	1,339

On 31 December 2002 there were 3,432,539 (31 March 2002: 3,823,891) warrants outstanding.

On 31 July 2002, 101 holders of the Company's warrants exercised their rights to subscribe for a total of 391,352 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 2003.

Notes on the Accounts (Unaudited) (continued)

19 OTHER RESERVES

	Capital reserves Total £'000s	Revenue reserve £'000s
Realised gains and losses on investments	(267)	-
Management fees and related VAT	(134)	-
Interest expense	-	-
Other capital charges and credits	(2)	-
Decrease in unrealised appreciation on investments	(13,021)	-
Amount transferred to revenue reserve	-	99
	(13,424)	99
Balance brought forward	22,922	395
Balance carried forward	9,498	494

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 2002	60,789
Total recognised gains and losses for the period	(12,293)
Conversion of warrants	392
Issue of new shares	369
Dividends	(1,032)
Total net assets at 31 December 2002	48,225

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").

	31 December 2002 £'000s	31 March 2002 £'000s
Ordinary shares for basic net asset value calculation	40,699,789	40,008,437
Dilutive potential shares	473,454	1,121,495
Ordinary shares for diluted net asset value calculation	41,173,243	41,129,932

21 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	9 months to 31 December 2002 £'000s	Year ended 31 March 2002 £'000s
Revenue return on ordinary activities after taxation	1,131	1,620
Dividends	(1,032)	(1,620)
Capital (deficit)/ surplus	(13,424)	1,229
Premium on warrants conversion	294	284
Warrants exercised	98	95
Premium on issue of new shares	294	-
Issue of new shares	75	-
Net movement in equity shareholders' funds	(12,564)	1,608
Equity shareholders' funds brought forward	60,789	59,181
Equity shareholders' funds carried forward	48,225	60,789