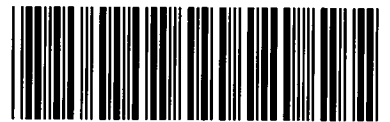


Aberforth Geared Income Trust plc

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*REGISTERED IN ENGLAND AND WALES
NO. 07189761*

Annual Report and Financial Statements

30 June 2015

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Strategic Report

The Board is pleased to present the Strategic Report (pages 1 to 16) which incorporates the Chairman's Statement.

The investment objective of Aberforth Geared Income Trust plc (AGIT) is to provide Ordinary Shareholders with a high level of income, with the potential for income and capital growth, and to provide Zero Dividend Preference Shareholders with a pre-determined final capital entitlement of 159.7p per Share on the planned winding-up date on 30 June 2017.

Financial Highlights

Total Return Performance¹

Periods to 30 June 2015	Total Assets ¹	Ordinary Share NAV ¹	Ordinary Share Share Price	ZDP Share NAV ¹	ZDP Share Share Price
1 Year	15.4%	19.6%	15.8%	6.75%	2.9%
Annualised					
3 years	25.0%	36.6%	35.5%	6.75%	7.2%
5 years	19.6%	27.8%	20.4%	6.75%	7.3%
Since Launch ¹	16.7%	22.6%	19.0%	6.75%	8.1%
Cumulative					
3 years	95.5%	154.7%	148.8%	21.6%	23.2%
5 years	145.0%	241.5%	152.7%	38.6%	42.1%
Since Launch ¹	122.7%	187.1%	145.7%	40.2%	49.3%

Ordinary Share

At 30 June	Net Asset Value per Share	Share Price	Discount/ Premium ¹	Ordinary Dividends per Share	Special Dividends per Share	Retained Revenue per Share ¹	Ongoing Charges ¹	Gearing ¹
2015	228.8p	191.0p	16.5%	8.0p	1.8p	4.8p	1.47%	39.6%
2014	200.0p	173.5p	13.2%	7.17p	1.2p	3.6p	1.40%	42.9%
2013	147.5p	126.8p	14.1%	6.7p	1.0p	2.7p	1.51%	53.0%
Launch ¹	100.0p	100.0p	–	n/a	n/a	n/a	n/a	66.7%

Zero Dividend Preference Share (ZDP Share)

At 30 June	Net Asset Value per Share	Share Price	Discount/ Premium ¹	Projected Final Cumulative Cover ¹	Redemption Yield ¹
2015	140.2p	149.2p	(6.5%)	2.8x	3.4%
2014	131.3p	145.0p	(10.4%)	2.5x	3.3%
2013	123.0p	136.6p	(11.1%)	2.0x	4.0%
Launch ¹	100.0p	100.0p	–	1.4x	6.75%

Source: Aberforth Partners LLP

¹ Defined in the Glossary on page 56.

The valuation statistics above consisting of Redemption Yields and Final Cumulative Cover are projected, illustrative and do not represent profit forecasts. There is no guarantee these returns will be achieved.

Chairman's Statement

Performance

The second half of AGIT's financial year ending 30 June 2015 proved less challenging for equity markets than the first. Developments at a fundamental level were encouraging as evidence of a cautious optimism on the part of the boards of small UK quoted companies mounted; the Managers expand on this theme in their report. The UK equity markets also received the fillip of a decisive general election result that portends a continuation of economic policies that appear to have served the UK well over the past five years, at least relative to its continental peers. However, at the time of writing, equity valuations are bedevilled by issues around the globe. In the US economic growth paused in the early part of 2015, and in China the authorities are striving to wean their economy off its reliance on investment led expansion. Meanwhile, although an exit by Greece from the Euro has been avoided, at least for the time being, uncertainty over the timing and deliverability of the reforms agreed by the Greek parliament casts a shadow over the Eurozone economies as a whole and financial markets more generally.

The FTSE-All Share, which is representative of larger UK companies, turned around a decline of 0.4% in the six months to 31 December 2014 and recorded a positive total return of 2.6% for the year ended 30 June 2015 as a whole. The change of fortunes for small companies was more marked: the Numis Smaller Companies Index (excluding Investment Companies) (NSCI (XIC)), which defines AGIT's opportunity base, went from a total return of -1.3% after six months to +10.4% after twelve. This was the fourth year of strong performance from small companies since AGIT launched on 30 April 2010. The cumulative total return of the NSCI (XIC) over AGIT's life so far has been 103% or 14.7% on an annualised basis. When adjusted for inflation, this average annual return is roughly 2% per annum better than the long term record of the asset class.

This has been an ideal environment for an investment trust such as AGIT, where the existence of ZDP Shares creates a form of gearing on the Ordinary Shares. Over the twelve months to 30 June 2015, its total asset total return – essentially the ungeared return from the portfolio – was 15.4%. Since launch, this takes the total asset total return to 123%. On an annualised basis, the return is 16.7%, which, even with the contribution from income excluded, is well above the hurdle imposed by the ZDP Shares. This hurdle represents the rising entitlement due to the ZDP Shareholders, which increases at 6.75% per annum to culminate at 159.7p on 30 June 2017. The strong portfolio performance has helped the final cumulative cover of the ZDP Shares rise to 2.8x from 1.4x at launch. It has also helped returns from the Ordinary Shares: over the twelve months to 30 June 2015, the NAV total return of the Ordinary Shares was 19.6%, which brings the total return over the course of AGIT's life to 187%.

Earnings and Dividends

AGIT's geared structure affects the income experience of Ordinary Shareholders, to whom belongs all income earned by the portfolio. Portfolio dividend performance in the twelve months to 30 June 2015 was strong, thus benefiting the revenue account. The Managers' Report provides details in respect of the portfolio itself and small companies as a whole.

Investment income over the period totalled £13.3m, which was 18% higher than the previous year's £11.2m. Special dividends treated as revenue made a significant contribution of £2.0m. With special dividends in both years excluded, the underlying rate of growth was still strong at 17%. Revenue earnings per share were 11.05p, which represented growth of 19% from the previous year's 9.28p.

In view of this positive dividend experience, the Board has declared a second interim dividend of 5.50p per Ordinary Share for the year ended 30 June 2015. Together with the first interim dividend of 2.50p, the total underlying dividend with respect to the year is therefore 8.00p, which represents a 12% increase on the underlying dividend of 7.17p for the previous year. In addition, the Board has declared a special dividend of 1.80p per Ordinary Share, which reflects the contribution to AGIT's income from the special dividends received in the year from portfolio companies. These special dividends are by their nature unpredictable and, while their occurrence within the small company universe has increased in recent years, it would be imprudent to assume that AGIT will continue to benefit from them. The second interim dividend of 5.50p and the special dividend of 1.80p will be paid on 27 August 2015 to Ordinary Shareholders on the register on 7 August 2015. The ex dividend date is 6 August 2015.

After accounting for these dividends, AGIT's cumulative revenue reserve amounted to £5.3m or 4.84p per Ordinary Share at the year end. These reserves belong to Ordinary Shareholders and may be used to support future dividend payments.

Your Company operates a Dividend Reinvestment Plan. Details of the plan, including the Form of Election, are available from Aberforth Partners LLP or on its website, www.aberforth.co.uk.

Chairman's Statement

Management Fees

The Board and Managers are conscious of the pressure on investment trusts to remain competitive within the broad range of equity savings products, particularly following the Retail Distribution Review. Accordingly, and as announced on 13 May 2015, the Board was pleased to accept an offer of reduced fees from the Managers following a review of fees across their product range. The change takes effect from 1 July 2015 and is described in greater detail in the Directors' Report on page 19. The actual benefit will depend on the level of Net Assets in the future, but, for illustration purposes only and based on data at 30 June 2015, the change would equate to a saving for shareholders of approximately £250,000 per annum.

Outlook

With the penultimate year of AGIT's planned life to 30 June 2017 now underway, the Board is mindful of its commitment to examine means by which Ordinary Shareholders may have the option to continue their investment while allowing ZDP Shareholders to realise their investment. The Board continues to review future options with input from the Managers.

AGIT's first five years have been favourable for both classes of shareholder: while trading conditions for small companies have been mixed, albeit improving overall, a crucial influence has been the low valuations accorded to the majority of the asset class at the start of the Company's life in 2010. Today, valuations are higher and the trading outlook appears more positive, notwithstanding a range of macro economic and political challenges around the globe. It would be imprudent, however, simply to extrapolate forward the returns of the last five years. In the round, acceptable returns from small UK quoted companies over the next two years still look achievable, helped by a broadening appreciation of the asset class's income credentials.

Jonathan Cartwright
Chairman
28 July 2015

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Investment Objective, Policy and Strategy

Investment Objective

The investment objective is to provide Ordinary Shareholders with a high level of income, with the potential for income and capital growth, and to provide Zero Dividend Preference Shareholders with a pre-determined final capital entitlement of 159.7p on the planned winding-up date on 30 June 2017.

Investment Policy

The Company aims to achieve its objective by investing in a diversified portfolio (typically between 50 and 100 individual investments) of small UK quoted companies. Small UK quoted companies are those having a market capitalisation, at time of purchase, equal to or lower than the largest company in the bottom 10% of the London Stock Exchange's Main Market for listed securities by market capitalisation or companies in the NSCI (XIC). As at 1 January 2015 (the date of the last annual NSCI (XIC) index rebalancing), the NSCI (XIC) index consisted of 369 companies, with an aggregate market capitalisation of £157 billion. Its upper market capitalisation limit was £1.3 billion, although this limit will change owing to movements in the stockmarket. If any holding no longer falls within the definition of a small UK quoted company its securities will become candidates for sale.

The Company may, at time of purchase, invest up to 15% of its assets in any one security although, in practice, each investment will typically be substantially less and, at market value, represent less than 5% of the portfolio on an on-going basis. The Company will not invest in any securities issued by other closed ended UK listed investment companies with the exception of real estate investment trusts (REITs) that are eligible to be included in the NSCI (XIC). As at 30 June 2015 no security had a value greater than 5% of total portfolio value.

Investment will only be made in companies with securities traded on the London Stock Exchange or, in limited circumstances, in AIM listed investments. AIM listed investments will only be held in the portfolio if they have given a formal commitment to move to the Main Market, or in the situation where an existing investee company has moved its listing from the Main Market to AIM.

The managers will aim to keep the Company near to fully invested in equities or securities convertible to equities at all times and there will normally be no attempt to engage in market timing by holding high levels of liquidity. The Company does not intend to utilise any bank borrowings other than short-term overdraft or working capital facilities. The Directors expect that, in normal market conditions, bank borrowings will not exceed 2.5% of Total Assets. The Articles limit the level of such bank borrowings to a maximum of 5% of Total Assets at the time of drawdown. The Company has a gearing policy to maintain total gearing, including the ZDP Shares, below the total of: (i) the accrued capital entitlement of the ZDP Shares from time to time; plus (ii) 5% of its Total Assets at the time of drawdown. The Directors have delegated responsibility to the Managers for the operation of the Company's overdraft and working capital facilities within the above parameters. Subject to the prior approval of the Board of Directors the Company may use derivative instruments, such as financial futures and options, for the purposes of efficient portfolio management. It is not anticipated that regular use of derivatives will be made.

The Board believes that small UK quoted companies have the potential to generate capital and dividend growth, and to provide a positive total return over the long term. Any material changes to the Company's investment objective and policy will be subject to Shareholder approval.

Investment Strategy

Aberforth Partners LLP (the Managers) adhere to a value investment philosophy. In practice, this approach utilises several valuation metrics, recognising that flexibility is required when assessing businesses in different industries and that buyers of these businesses may include other corporates as well as stockmarket investors. As a result of this philosophy, the average valuation metrics of the Company's holdings will usually be more attractive than those of the NSCI (XIC), the investment universe. While there is good evidence that a value approach within small UK quoted companies results in superior returns over the long term, there can be extended periods when the value style is out of favour.

The Managers select companies for the portfolio on the basis of fundamental or "bottom-up" analysis. The disposition of the portfolio by sector is a result of this "bottom-up" stock selection, though a "top-down" evaluation is undertaken regularly. Analysis involves scrutiny of businesses' financial statements and assessment of their market positions. An important part of the process is regular engagement with board members of prospective and existing investments. Holdings are sold when their valuations reach targets determined by the Managers.

In order to improve the odds of achieving the investment objective, the Managers believe that the portfolio must be adequately differentiated from the NSCI (XIC), the investment universe. Therefore, within the diversification parameters described in Investment Policy, the Managers regularly review the level of differentiation, with the aim of achieving a high active weight for each holding within the portfolio.

Principal Risks

Principal Risks and Risk Management

The Directors have established an on-going process for identifying, evaluating and managing the principal risks faced by the Company. This process was in operation during the year and continues in place up to the date of this report. Investment in small companies is generally perceived to carry more risk than investment in large companies. By investing in a diversified portfolio the risk of investments in small companies should be lower than investing directly in an individual company.

The principal risks faced by the Company, together with the approach taken by the Board towards them, have been summarised as follows:

(i) Investment policy/performance

The principal risks facing the Company are market related and include market price, credit, liquidity and interest rate risk. An explanation of these risks and how they are managed is set out in Note 20 to the financial statements on pages 51 to 53. The Board has outsourced portfolio management to experienced Managers and receives regular and detailed reports on investment performance.

(ii) Structural conflicts of interest

The different rights and expectations of the holders of Ordinary Shares and the holders of ZDP Shares may give rise to conflicts of interest between them. While the Company's investment objective and policy seeks to strike a balance between the interests of both classes of Shareholder, there can be no guarantee that such a balance will be achieved and maintained during the planned life of the Company.

(iii) Significant fall in investment income

A significant fall in investment income could lead to the inability to provide a high level of income and income growth. The Board has outsourced portfolio management to experienced Managers and receives regular and detailed reports on income performance together with income forecasts.

(iv) Managing regulatory and statutory changes

Breach of regulatory rules could lead to suspension of the Company's share price listings, financial penalties or a qualified audit report. Breach of section 1158 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on its capital gains. The Board reviews quarterly compliance reports from the Secretaries to monitor compliance with regulations.

(v) Loss of key investment personnel

The Board believes that a risk exists in the loss of key investment personnel at the Managers. The Board recognises the collegiate approach employed by the Managers mitigates this risk. Board members are in regular contact with the partners and staff of Aberforth Partners and monitor personnel changes.

(vi) Inability to provide ZDP Shareholders with 159.7p on wind-up

If the capital value of the Company's portfolio falls by more than 40.8% per annum compounded over the remainder of the planned life of the Company, the ZDP Shareholders will receive less than 159.7p per ZDP Share on the planned winding up date. The Board reviews regular reports on the hurdle rate required to return 159.7p per ZDP Share on the planned winding-up date.

(vii) Significant failure in a key service provider

Failure of the Managers' key operational systems (i.e. accounting system, IT infrastructure) or those of other third party service providers could lead to an inability to provide accurate reporting and monitoring, or potentially lead to misappropriation of assets. The Board reviews regular reports on the internal controls of the Managers and other key third party service providers.

Key Performance Indicators

The Board assesses the Company's performance in meeting its objectives against the following key performance indicators:

- Total Assets total return;
- Ordinary Share Net Asset Value total return;
- Ordinary Share Net Asset Value;
- Ordinary Share Price discount;
- Dividend per Share;
- ZDP Share Net Asset Value;
- ZDP Share Projected Final Cumulative Cover; and
- Hurdle Rates.

A record of these measures is provided within Financial Highlights (page 1), Other Financial Information (page 7) and Hurdle Rates and Redemption Yields (page 6). Further analysis is provided within the Chairman's Statement (pages 2 to 3) and the Managers' Report (pages 8 to 11). The Managers' Report has been prepared by Aberforth Partners LLP and the Board endorses the analysis provided in respect of the key performance indicators.

Hurdle Rates & Redemption Yields

Hurdle Rates¹

At 30 June	Ordinary Shares Hurdle Rates to return ²			ZDP Shares Hurdle rates to return
	100p	Share Price	Zero Value	159.7p
2015	(17.8%)	(1.4%)	(40.8%)	(40.8%)
2014	(8.8%)	0.9%	(26.8%)	(26.8%)
2013	(1.1%)	1.9%	(16.2%)	(16.2%)
2012	4.0%	3.1%	(8.9%)	(8.9%)
2011	2.5%	3.3%	(8.2%)	(8.2%)
Launch ¹	3.9%	n/a	(5.3%)	(5.3%)

Redemption Yields¹ as at 30 June 2015 (Ordinary Shares)

Capital Growth (per annum)	Ordinary Share Redemption Yields ¹ Dividend Growth (per annum)				Terminal NAV ¹
	0.0%	+2.5%	+5.0%	+7.5%	
0.0%	+7.3%	+7.6%	+7.9%	+8.2%	199.5p
+2.5%	+11.1%	+11.4%	+11.7%	+12.0%	215.0p
+5.0%	+15.0%	+15.3%	+15.6%	+15.9%	230.9p
+7.5%	+18.8%	+19.1%	+19.4%	+19.7%	247.1p

¹ Defined in the Glossary on page 56.

Other Financial Information

	30 June 2015	30 June 2014	% Change
	£'000	£'000	
Shareholders' Funds:			
Ordinary Shares	£250,511	£219,044	+14.4%
ZDP Shares	£102,315	£95,850	+6.75%
Total	£352,826	£314,894	+12.0%
Market Capitalisation:			
Ordinary Shares	£209,145	£189,982	+10.1%
ZDP Shares	£108,952	£105,850	+2.9%
Total	£318,097	£295,832	+7.5%

Other Business Information

Board Diversity

The Company's policy on diversity is set out on page 24 within the Corporate Governance Report.

Social and Environmental Matters

The Company has no employees, property or activities outwith its investment management activities and as a consequence an environmental policy has limited application. The approach by the Company and the Managers to Social, Environmental and Ethical issues is set out on page 23 within the Corporate Governance Report.

Managers' Report

Introduction

AGIT's financial year to 30 June 2015 started poorly but ended well for UK equities. The first six months saw total returns of -0.4% for the FTSE All-Share, which is representative of larger companies, and -1.3% for the NSCI (XIC), which is AGIT's investment universe. A better second half took the total returns over the full year to 2.6% and 10.4% for large and small companies respectively. This good outcome for the small company asset class represented a favourable backdrop for AGIT: its total asset total return was 15.4% over the year to 30 June 2015.

These returns have come despite the usual assortment of geopolitical and macro economic concerns. Several of these have loomed for some time, notably the risk of a "Grexit", China's slowdown and Russian sabre-rattling. On top of these, the US economy, which led the initial recovery from the recession and global financial crisis, performed less smoothly in the early months of 2015; the strong dollar and another bad winter were widely blamed. Stockmarkets, which remain hyper-sensitive to the timing of interest rate rises, have so far taken this soft patch in their stride.

Closer to home, the UK's domestic economy has sustained the improvement of recent years but has had to cope with the uncertainties of a general election. These uncertainties were manifest in several forms, from delayed investment decisions, through a rush to complete IPOs before a potential change of government, to a widening of discounts among smaller company investment trusts. The eventual result was deemed by the financial markets as business friendly and, despite the promise of further cuts in public expenditure, small company share prices rose and discounts narrowed in the aftermath.

Top-down uncertainty contrasts with a more positive message emanating from companies themselves. The Managers' commentary in the Interim Report for the six months to 31 December 2014 noted a cautious optimism on the part of company boards. It may be argued that company managers fall victim to the human failing of poor forecasting, but evidence of this improved optimism has built over the past six months and is being reflected in more than just words, as the following points illustrate.

- The ratio of a company's capital expenditure to depreciation indicates its appetite for investment: a ratio above one suggests investment for growth. The Managers follow closely 98% by value of the NSCI (XIC), a subset of 294 companies termed the "tracked universe". Even with the capex-heavy resources companies excluded from this population, the average capex to depreciation ratio in 2014 was over 1.5x. This indicates that small and medium sized companies, after a hiatus in the wake of the recession, are sufficiently confident to invest again.
- One-off returns of cash, whether through special dividends or buy-backs, have also been a feature of the NSCI (XIC) in recent years. In the year to 30 June 2015, AGIT itself received nine special dividends from its investee companies. Again, this trend may be interpreted as an indication of increased confidence among small company boards.
- These factors, combined with more frequent acquisitions by small companies, have reduced the proportion of companies with net cash on their balance sheets. At 30 June 2015, 21% of AGIT's portfolio was invested in companies with net cash, against 38% three years ago. The corresponding figures for the tracked universe are 28% and 31%. Clearly, this shift will prove to have been unhelpful in the eventuality of another recession. However, the deployment of cash, assisted by an easier credit environment, should bode well for shareholders and the broader economy.

In rationalising the good stockmarket returns from small companies over the twelve months to 30 June 2015, and indeed over recent years, an appreciation of these bottom-up dynamics helps. Macro economics certainly cannot be ignored, and here there is evidence that one of the top-down concerns that have bedevilled the recovery – confidence on the part of companies to spend their cash – is now being addressed.

Investment Performance

AGIT's total asset total return in the year to 30 June 2015 was 15.4%. Crucial to this return was the performance of the investment universe from which AGIT's portfolio is selected: the NSCI (XIC)'s total return was 10.4%. Additionally, there are other more specific influences on AGIT's returns, some of which are described in the following paragraphs. In summary, AGIT's performance came despite headwinds from the portfolio's bias towards the smaller constituents of the NSCI (XIC) and from the Managers' value style. These were offset by contributions from individual stocks, some of which benefited from takeover activity.

Managers' Report

Style & Size

AGIT enjoyed a good period of performance despite challenges from its size and style positioning. Over the year to 30 June 2015, the NSCI (XIC) was led by its larger constituents, i.e. those companies that form the overlap with the FTSE 250. AGIT's portfolio has a relatively low exposure to these "larger small" companies – 51% against 68% for the NSCI (XIC). This positioning reflects the much lower valuations still ascribed to the "smaller small" companies, which are perceived by many investors as too illiquid or too risky.

Additionally, AGIT's style positioning, which is a function of the Managers' value investment philosophy and which history has shown to work well over the long term, was a hindrance over the year to 30 June 2015. To the extent that today's value stocks have a higher cyclical exposure, the recent out-performance of growth stocks may be a reflection of general macro economic concerns. There is also a sector influence at work: the NSCI (XIC)'s weighting in the Oil & Gas sector increased substantially on its annual rebalancing on 1 January 2015. This was because several larger oil companies performed very poorly in the latter part of 2014 in response to the drop in the oil price. These companies became small enough to be included in the NSCI (XIC) and were mostly designated as value stocks. Therefore, the continued weakness of the oil sector so far in 2015 has represented a greater drag on the value style.

Sectors

AGIT's exposure to different stockmarket sectors is influenced by its objective to generate a high level of income for Ordinary shareholders, while supporting the returns necessary to meet its obligations to ZDP Shareholders. The low yields from the denizens of certain sectors mean that AGIT has little representation there. This income discipline has been both an advantage and a disadvantage, as illustrated below by the fortunes of the Oil & Gas and Healthcare sectors over the past five years.

Oil & Gas has been very weak, with a total return of -16% over the five years to 30 June 2015. Having enjoyed a bull market for much of the previous decade, the share prices of oil companies came under pressure as cost inflation eroded returns on capital. The reversal of fortunes was confirmed with 2014's collapse in the oil price. While the mature and productive assets of the large oil companies such as Shell and BP allow dividend payments, the cash-consuming exploration activity of the typical small oil company limits its income attractions. On the rare occasion when productive assets have combined with boards sufficiently enlightened to pay a dividend, AGIT has been able to invest in the sector. However, its income discipline has limited exposure and, on the basis of five years of history, this has been to AGIT's advantage.

In contrast, Health Care has been the strongest performing sector over the last five years, boasting a total return of 208%. The stockmarket has been enthused by a combination of attractive growth stories: an ageing population, "Obamacare" and the future role of genomics. If oil companies were the stockmarket leaders for much of the previous decade, the baton has been passed to health care businesses in the current decade. AGIT is confronted with a familiar predicament. While large health care companies – principally the established pharmaceutical producers – are extremely profitable and pay substantial dividends, their smaller peers are more narrowly focused and generally consume cash on R&D programmes. As a consequence, dividends are uncommon among the health care constituents of the NSCI (XIC) and AGIT has no exposure to the sector. This positioning, though, sits comfortably with the Managers' value investment philosophy: given the stockmarket's decided fondness for the sector at present, value is hard to identify, a situation that a dividend yield would not alter.

Dividends

The special dividends noted in the introduction have been one part of what has been a very favourable dividend experience for investors in small companies generally and AGIT specifically. Data from the London Business School suggest that dividends from NSCI (XIC) constituents have grown by 10% per annum in real terms over the last five years. To put the strength of this performance in context, since 1955 real dividend growth from small companies has averaged 2½% per annum and 1% from large companies. Clearly, the five year data are flattered by the starting point: many dividends were cut in 2009 as the financial crisis and recession took their toll. An element of the growth experienced by the NSCI (XIC) has been driven by the return to the dividend register of companies that passed their dividends in 2009.

The strength of dividend growth from small companies has been remarkable and helps in understanding the good share price performance of the asset class in recent years. But there are a couple of caveats.

Managers' Report

First, it is important not to get carried away: 10% per annum real dividend growth is unsustainable and will revert to the long term average. With recession not apparently imminent, it does not look likely that this reversion will happen abruptly. However, over a period of years, it must take place. Second, demonstrations of capital discipline, whether through the articulation of a progressive dividend policy or the announcement of a special dividend, are being rewarded by the stockmarket in the form of higher share prices. This may have introduced an element of faddishness: it is not clear that all dividend decisions are being made for the right reasons. Then again, the re-emergence of the importance of dividends was overdue: one of the lingering effects of the TMT bubble was to condition a generation of managers to view dividends as obsolete.

Corporate activity

Corporates were increasingly active as the year to 30 June 2015 progressed. Calendar 2014 witnessed a recovery in M&A activity, with twelve deals for members of the NSCI (XIC) completed against just five in 2013. The recovery continued in the first six months of calendar 2015: 11 deals were completed, some of which were announced in 2014. On top of these, offers or approaches for another 15 companies were outstanding at 30 June 2015. Of those 26 companies affected by M&A, AGIT has or had holdings in six.

The resurgence in IPO activity also continued. In calendar 2014, 27 IPOs eligible for inclusion in the NSCI (XIC) were completed. In the first half of calendar 2015, there were another 14 such IPOs. Among this more recent crop, some vendors appear to have been keen to list their businesses before the general election, perhaps worried about the chances of a less business friendly regime thereafter. The Managers believe that this eagerness may have nudged the pricing of the deals in favour of the buyers. At 30 June 2015, AGIT had holdings in three of 2015's IPOs, which accounted for 1.8% of the portfolio.

Turnover

Over the twelve months to 30 June 2015, portfolio turnover was 28%. This number is boosted by two situations in which AGIT may be considered a forced seller. First, takeovers of portfolio companies require the sale of the holdings to the acquirer. Second, companies that have become too large for the NSCI (XIC) on its annual rebalancing on 1 January become candidates for sale. Stripping out the impact of these, the underlying rate of portfolio turnover was 14%.

Active share

Active share is a measure of how different a portfolio is from an index. The higher the active share ratio, the greater the difference. A higher active share increases the chances that a portfolio will perform differently from the index, for better or worse. The Managers use it as a tool to ensure that the portfolio does not become a closet index tracker and target a ratio of at least 70%. At 30 June 2015, the ratio was 75%, which is unchanged on its level at the previous year end.

Valuations

The table below provides historic valuation data for the portfolio and NSCI (XIC). Consistent with the strong returns from the asset class, the 15.7x PE ratio of the index has moved up sharply from 13.2x at 31 December 2014. The corresponding figures for the FTSE All-Share, which is representative of large companies, are 16.9x and 13.8x. At 30 June 2015, small companies were on a 7% discount to large, which is in line with the long term average. In terms of dividend yield, large companies appear to offer superior value: their 3.5% yield at 30 June compares with 2.4% for small companies. However, small companies benefit from much higher dividend cover – 2.6x against 1.7x – and their income is less concentrated than is the case in the large cap world.

Characteristics	30 June 2015		30 June 2014	
	AGIT	NSCI (XIC)	AGIT	NSCI (XIC)
Number of companies	73	357	72	358
Weighted average market capitalisation	£763m	£874m	£709m	£812m
Price earnings ratio (historic)	13.9x	15.7x	13.3x	15.2x
Dividend yield (historic)	3.2%	2.4%	3.2%	2.4%
Dividend cover	2.2x	2.6x	2.3x	2.8x

Managers' Report

The Managers prefer the ratio of enterprise value to earnings before interest, tax and amortisation (EV/EBITA) to the PE, since the former metric is unaffected by a company's capital structure. The following table indicates the EV/EBITA ratios on a forward looking basis to December 2016.

2016 EV/EBITA ratio

<i>Tracked Universe</i>			
<i>42 growth companies</i>	<i>252 other companies</i>	<i>Tracked Universe</i>	<i>Portfolio</i>
15.1x	10.9x	11.5x	9.7x

A re-rating, driven by rising stockmarkets, is evident: in last year's Managers' Report, the comparable EV/EBITA ratios for 18 months out were 8.7x in the case of the portfolio and 10.0x in the case of the tracked universe. Despite these higher valuations, the Managers are not struggling to identify attractive investment opportunities. It remains the case that these are concentrated down the market capitalisation scale, where many investors, deterred by illiquidity, are reluctant to venture. The Managers welcome such inefficiencies and have retained a bias within the portfolio to "smaller small" companies: a general reluctance to embrace small size and illiquidity is what history suggests should drive superior future returns.

The table of EV/EBITA ratios also shows that there remains a wide stretch between the value stocks that inhabit the portfolio and the 42 growth companies within the tracked universe. The 56% premium of the latter to the former suggests that the value stretch remains wide, which, as it narrows over time, should be to the benefit of the value style and therefore to AGIT.

Outlook & conclusion

With the S&P 500 in its fourth longest bull market in 100 years and with a bubble in the Chinese stockmarket apparently in the process of bursting, it is not hard to spot reasons for caution among equity markets. This is particularly so because they continue to feel the pleasant effects of extraordinary monetary stimulus: the Eurozone has finally adopted quantitative easing, Japan continues its own programme and China is now loosening monetary policy. In contrast, the US is confronted by the prospect of tighter monetary policy: short term volatility is inevitable as markets attempt to anticipate and react to the Federal Reserve's first interest rate increase in the current cycle.

The 125% total return from the NSCI (XIC) over the five years to 30 June 2015 suggests that small UK quoted companies have also benefited from this climate of extremely accommodative monetary policy. Much more recently, their share prices have received an additional boost from the outcome of the general election, as the prospects of domestically oriented businesses have been re-evaluated. The upshot of this strong performance is a PE valuation for the NSCI (XIC) as a whole that is one fifth higher than its long term average. This again counsels caution.

In mitigation, small companies are, in general, trading well. Though austerity and nascent wage inflation bring their own challenges, the promising outlook for the domestic economy and the cautious optimism on the part of boards appear justified. The Managers also take reassurance from the wide range of valuations within the small company universe: with a value investment discipline, there is no need to flirt with the higher than average valuations for the NSCI (XIC) as a whole. The portfolio is thus able to retain a distinct valuation advantage over the index. This, alongside the attractive income dynamics presently at work within the small cap world, might be considered to offer some protection in the advent of an investment backdrop less benign than has been the case for some time.

Aberforth Partners LLP
Managers
28 July 2015

Thirty Largest Investments

		Value as at		
		30 June		
No.	Company	2015	% of	
		£'000	Total	Business Activity
1	RPC Group	16,855	4.8	Plastic packaging
2	e2v technologies	15,854	4.5	Electronic components & subsystems
3	JD Sports Fashion	13,510	3.9	Retailing – sports goods & clothing
4	Vesuvius	12,365	3.5	Metal flow engineering
5	Galliford Try	11,463	3.3	Housebuilding & construction
6	Morgan Advanced Materials	9,927	2.8	Manufacture of carbon & ceramic materials
7	QinetiQ Group	9,256	2.6	R&D and consulting services
8	International Personal Finance	9,255	2.6	Home credit provider
9	Go-Ahead Group	8,892	2.6	Bus & rail operator
10	Hilton Food Group	8,556	2.5	Food manufacturer
Top Ten Investments		115,933	33.1	
11	Hogg Robinson Group	8,131	2.3	Travel & expense management
12	Novae Group	7,603	2.2	Lloyd's insurer
13	Shanks Group	7,545	2.2	Waste services
14	National Express Group	7,143	2.0	Bus & rail operator
15	Brewin Dolphin Holdings	6,484	1.9	Private client fund manager
16	Connect Group	6,361	1.8	Newspaper distribution
17	Hansteen Holdings	6,277	1.8	Property – industrial
18	TT Electronics	6,218	1.8	Sensors & other electronic components
19	Bovis Homes Group	6,003	1.7	Housebuilding
20	Computacenter	5,924	1.7	IT services
Top Twenty Investments		183,622	52.5	
21	Vitec Group	5,598	1.6	Photographic & broadcast accessories
22	Assura	5,590	1.6	Property – healthcare
23	Trinity Mirror	5,461	1.6	UK newspaper publisher
24	KCOM Group	5,191	1.5	Telecoms & related services
25	RPS Group	5,045	1.5	Energy & environmental consulting
26	Paragon Group	5,040	1.4	Specialist finance provider
27	Chime Communications	4,986	1.4	Public relations, advertising & marketing
28	Ladbrokes	4,964	1.4	Bookmaker & online gaming
29	Northgate	4,711	1.3	Van rental
30	Laird	4,665	1.3	Electronic systems & controls
Top Thirty Investments		234,873	67.1	
Other Investments (43)		114,952	32.9	
Total Investments		349,825	100.0	
Net Liabilities		(99,314)		
Total Net Assets		250,511		

Investment Portfolio

Sector/Security	Business Activity	Value as at 30 June 2015 £'000	% of Total Investments
Oil & Gas Producers		4,338	1.2
Nostrum Oil & Gas	Oil & gas exploration & production	2,866	0.8
SOCO International	Oil & gas exploration & production	1,472	0.4
Chemicals		5,931	1.7
Carclo	Technical plastic products	1,287	0.4
Synthomer	Speciality chemicals	4,644	1.3
Mining		5,883	1.6
Anglo Pacific Group	Natural resources royalties	2,289	0.6
Centamin	Gold miner	3,594	1.0
Construction & Materials		9,317	2.6
Eurocell	Manufacture of UPVC building products	2,281	0.6
Keller	Ground engineering services	3,922	1.1
Low & Bonar	Manufacture of industrial textiles	3,114	0.9
Aerospace & Defence		11,395	3.2
Chemring Group	Defence products, including countermeasures	2,139	0.6
QinetiQ Group	R&D and consulting services	9,256	2.6
General Industrials		29,220	8.3
RPC Group	Plastic packaging	16,855	4.8
Vesuvius	Metal flow engineering	12,365	3.5
Electronic & Electrical Equipment		31,999	9.1
e2v technologies	Electronic components & subsystems	15,854	4.5
Morgan Advanced Materials	Manufacture of carbon & ceramic materials	9,927	2.8
TT Electronics	Sensors & other electronic components	6,218	1.8
Industrial Engineering		16,286	4.7
Bodycote	Engineering - heat treatment	2,304	0.7
Castings	Engineering - automotive castings	4,087	1.2
Hill & Smith Holdings	Engineering - infrastructure products	4,297	1.2
Vitec Group	Photographic & broadcast accessories	5,598	1.6
Support Services		47,934	13.8
Acal	Electronic component distribution	1,792	0.5
Connect Group	Newspaper distribution	6,361	1.8
De La Rue	Bank note printer	2,323	0.7
Electrocomponents	Electronic component distribution	2,646	0.8
Hogg Robinson Group	Travel & expense management	8,131	2.3
Management Consulting Group	Management consultancy	1,002	0.3
John Menzies	Distribution & aviation services	175	0.1
Northgate	Van rental	4,711	1.3
Premier Farnell	Electronic component distribution	4,267	1.2
RPS Group	Energy & environmental consulting	5,045	1.5
Shanks Group	Waste services	7,545	2.2
SThree	Recruitment	3,936	1.1

Investment Portfolio

Sector/Security	Business Activity	Value as at 30 June 2015 £'000	% of Total Investments
Food Producers		8,832	2.6
Hilton Food Group	Food manufacturer	8,556	2.5
R.E.A. Holdings	Palm oil producer	276	0.1
Household Goods & Home Construction		17,466	5.0
Bovis Homes Group	Housebuilding	6,003	1.7
Galliford Try	Housebuilding & construction	11,463	3.3
Leisure Goods		2,471	0.7
Games Workshop Group	Tabletop fantasy wargames	2,471	0.7
Food & Drug Retailers		4,042	1.2
McColl's Retail Group	Retailing - convenience stores	4,042	1.2
General Retailers		23,886	6.8
Card Factory	Retailing - greetings cards	4,638	1.3
DFS Furniture	Furniture retailer	2,181	0.6
JD Sports Fashion	Retailing - sports goods & clothing	13,510	3.9
Pendragon	Automotive retailer	3,557	1.0
Media		18,381	5.2
Centaur Media	B2B publishing	3,303	0.9
Chime Communications	Public relations, advertising & marketing	4,986	1.4
Future	Special interest consumer publisher	1,033	0.3
Huntsworth	Public relations	3,598	1.0
Trinity Mirror	UK newspaper publisher	5,461	1.6
Travel & Leisure		24,264	7.0
Air Partner	Aircraft charter	1,667	0.5
Go-Ahead Group	Bus & rail operator	8,892	2.6
Ladbrokes	Bookmaker & online gaming	4,964	1.4
National Express Group	Bus & rail operator	7,143	2.0
Revolution Bars Group	Managed pub operator	1,598	0.5
Fixed Line Telecommunications		5,191	1.5
KCOM Group	Telecoms & related services	5,191	1.5
Nonlife Insurance		7,603	2.2
Novae Group	Lloyd's insurer	7,603	2.2
Life Insurance		5,479	1.6
Hansard Global	Life assurance savings products	2,778	0.8
Just Retirement Group	Individually underwritten annuities	2,701	0.8
Real Estate Investment & Services		4,064	1.2
Countrywide	Property - estate agency	4,064	1.2
Real Estate Investment Trusts		15,449	4.4
Assura	Property - healthcare	5,590	1.6
Hansteen Holdings	Property - industrial	6,277	1.8
McKay Securities	Property - London & South East offices	3,582	1.0

Investment Portfolio

Sector/Security	Business Activity	Value as at 30 June 2015 £'000	% of Total Investments
Financial Services		24,279	6.9
Brewin Dolphin Holdings	Private client fund manager	6,484	1.9
Charles Stanley Group	Stockbroker & private client fund manager	3,371	1.0
International Personal Finance	Home credit provider	9,255	2.6
Paragon Group	Specialist finance provider	5,040	1.4
River & Mercantile Group	Investment manager	129	–
Software & Computer Services		18,918	5.4
Anite	Telecoms test software	3,604	1.0
Computacenter	IT services	5,924	1.7
Microgen	Software - workflow & financial services	1,767	0.5
Phoenix IT Group	IT services & disaster recovery	3,719	1.1
RM	IT services for schools	3,904	1.1
Technology Hardware & Equipment		7,197	2.1
Laird	Electronic systems & controls	4,665	1.3
Promethean World	Educational technology	891	0.3
Spirent Communications	Telecoms test equipment	1,641	0.5
Total Investments		349,825	100.0

Other Portfolio Information

Summary of Material Investment Transactions¹

For the year ended 30 June 2015

	Cost £'000		Proceeds £'000
Purchases		Sales	
International Personal Finance	9,464	Spirit Pub Company	10,578
Paragon Group	5,070	JD Sports Fashion	8,517
Premier Farnell	4,427	Beazley	7,875
Ladbroke's	4,168	WH Smith	7,665
Trinity Mirror	3,764	Micro Focus	7,259
Pendragon	3,605	Tullett Prebon	7,117
Centamin	3,467	Carillion	4,471
Keller	3,290	Hyder Consulting	4,247
Hogg Robinson Group	3,121	Acal	4,191
Nostrum Oil & Gas	2,929	Galliford Try	3,982
Just Retirement Group	2,542	FirstGroup	3,824
TT Electronics	2,444	Halfords Group	3,745
Bovis Homes Group	2,348	Mecom Group	3,498
McColl's Retail Group	2,341	Interserve	2,625
DFS Furniture	2,177	Stock Spirits Group	1,648
Eurocell	1,938	McBride	1,306
Anite	1,857	Laird	1,213
Acal	1,830	RPC Group Nil Paid Rights	988
Morgan Advanced Materials	1,668	office2office	841
Revolution Bars Group	1,567	Card Factory	753
Other Purchases	24,110	Other Sales	1,570
Total Cost of Purchases	88,127	Total Proceeds of Sales	87,913

¹ Includes transaction costs of £732,000.

Other Portfolio Information

FTSE Industry Classification Exposure Analysis

Sector	← 30 June 2014 →				← 30 June 2015 →	
	Portfolio Weight %	Portfolio Valuation £'000	Net Purchases/ (Sales) ¹ £'000	Net Appreciation/ (Depreciation) ¹ £'000	Portfolio Valuation £'000	Portfolio Weight %
Oil & Gas	1.2	3,671	2,814	(2,147)	4,338	1.2
Basic Materials	1.7	5,415	5,931	468	11,814	3.4
Industrials	45.1	141,105	(6,724)	11,770	146,151	41.7
Consumer Goods	5.0	15,735	11,691	1,343	28,769	8.2
Health Care	—	—	—	—	—	—
Consumer Services	23.6	73,809	(16,608)	13,372	70,573	20.2
Telecommunications	1.5	4,697	418	76	5,191	1.5
Utilities	—	—	—	—	—	—
Financials	14.0	43,812	6,159	6,903	56,874	16.3
Technology	7.9	24,715	(3,467)	4,867	26,115	7.5
	100.0	312,959	214	36,652	349,825	100.0

FTSE Index Classification Exposure Analysis

Index Classification	← 30 June 2014 →			← 30 June 2015 →		
	Number of Companies	Portfolio Valuation £'000	Weight %	Number of Companies	Portfolio Valuation £'000	Weight %
FTSE 100	—	—	—	—	—	—
FTSE 250	29	171,935	54.9	27	178,380	51.0
FTSE SmallCap	32	118,703	37.9	34	149,624	42.8
FTSE Fledgling	6	8,233	2.7	6	7,201	2.0
Other	5	14,088	4.5	6	14,620	4.2
	72	312,959	100.0	73	349,825	100.0

Active Share & Portfolio Turnover

At 30 June	Active Share ²	Portfolio Turnover ²
2015	75%	27.8%
2014	75%	24.1%
2013	75%	32.5%
2012	79%	23.9%
2011	79%	26.7%
2010	77%	n/a

¹ Includes transaction costs of £732,000.

² Defined in the Glossary on page 56.

The Strategic Report, contained on pages 1 to 16, has been approved by the Board of Directors on 28 July 2015 and signed on its behalf by:

Jonathan Cartwright
Chairman

X *J.H. Cartwright*

X

Governance Report

Jonathan Cartwright (Chairman) FCA

Appointed: 30 March 2010

Jonathan Cartwright is a Chartered Accountant and is a former Finance Director of Caledonia Investments plc having retired in 2009. He joined Caledonia Investments plc, one of the UK's largest investment trusts, in 1989 having previously held the role of Financial Controller at Hanson plc and qualifying as a Chartered Accountant with KPMG. He is a non-executive Director of The Income & Growth VCT plc and Chairman of BlackRock Income & Growth Investment Trust plc.

Michael Greig FCMA, MA, MSc

Appointed: 30 March 2010

Michael Greig is Chairman of the Audit Committee. He is a Chartered Management Accountant and was until March 2010 the Chief Financial Officer of RM plc. Prior to joining RM plc as Finance Director in 1989, he was Finance Director at Case Group plc. He is a former non-executive Director of CODA plc and Comino Group plc.

Dominic Fisher OBE

Appointed: 30 March 2010

Dominic Fisher is a member of the Audit Committee. He is the founder of Thistledown Investment Management Ltd and has worked as an investment manager since 1989. From 1992 to 2001 he worked for Mercury Asset Management (subsequently Merrill Lynch Investment Managers) heading the charities division responsible for management of £2.4 billion of funds and was a member of the smaller companies team. He is a Director of the Armed Forces Charities Advisory Company and head of its investment sub-committee.

Graham Menzies BSc, MSc

Appointed: 15 October 2010

Graham Menzies spent fourteen years from 1985 until 1999 at Adwest Automotive plc, the last nine years as Group CEO. From 2000 until 2008, he was Group CEO of Senior plc. He is also a non-executive Director of RLC (UK) Ltd, a privately owned aerospace manufacturing group.

John Richards CA

Appointed: 12 August 2011

John Richards is a member of the Audit Committee and is a Chartered Accountant. He spent 26 years at The Miller Group Limited and was Group Finance Director from 1994 to 2013. He was a Director of Aberforth Geared Capital & Income Trust plc from 2003 until August 2011 and chaired its Audit and Management Engagement Committee from 2004.

Directors' Report

The Directors present their Annual Report together with the audited financial statements for the year ended 30 June 2015.

Investment Objective, Investment Policy, Investment Strategy and Risks

The Investment Objective, Investment Policy, Investment Strategy and Risks are explained in the Strategic Report on pages 4 to 5.

Return and Dividends

The total return attributable to Ordinary Shareholders for the year ended 30 June 2015 was a gain of £40,829,000 (2014: gain of £66,133,000). As at 30 June 2015 the net asset value per Ordinary Share was 228.78p (2014: 200.04p) and per ZDP Share was 140.16p (2014: 131.30p).

Your Board is pleased to declare a second interim dividend of 5.5p (2014: 4.85p) per Ordinary Share and a special dividend of 1.8p (2014: 1.2p) per Ordinary Share, which results in total dividends for the year ended 30 June 2015 of 9.8p (2014: 8.37p) per Ordinary Share. The second interim dividend and the special dividend will be paid on 27 August 2015 to Ordinary Shareholders on the register at close of business on 7 August 2015. The first interim dividend of 2.5p (2014: 2.32p) per Ordinary Share was paid on 27 February 2015.

Directors

The Directors of the Company during the financial year are listed on page 17. Further information concerning the Board and their responsibilities can be found in the Corporate Governance Report, which forms part of this Directors' Report.

It is the responsibility of the Board to ensure that there is effective stewardship of the Company's affairs. In common with the majority of Investment Trusts, the Company has neither executive directors nor any employees. However, the Board has engaged external firms to undertake the investment management, secretarial, depositary and registrar activities of the Company.

Jonathan Cartwright and Graham Menzies retire as Directors at the Annual General Meeting to be held on 27 October 2015 and, being eligible, they offer themselves for re-election. Their biographical details are shown on page 17. The Board believes that both Jonathan Cartwright and Graham Menzies continue to be effective in their role as Chairman and non-executive Director respectively, bringing a wealth of knowledge and experience and recommends their re-election to Shareholders.

Details of Directors' remuneration and shareholdings are shown within the Directors' Remuneration Report on pages 31 and 32.

Company Status

The Company is registered as a public limited company and is an investment company as defined by Section 833 of the Companies Act 2006. The Directors are of the opinion that the Company has conducted its affairs during the year ended 30 June 2015 so as to maintain approval as an Investment Trust under section 1158 of the Corporation Tax Act 2010.

The Company has share capital consisting of Ordinary Shares and Zero Dividend Preference Shares (ZDP Shares). The Company is listed and its two share classes trade on the London Stock Exchange. Furthermore the Company is subject to the laws and regulations relating to UK listed companies. It is the responsibility of the Board to ensure that there is effective stewardship of the Company's affairs.

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

Investment Trust Status

The Company is exempt from corporation tax on capital profits, provided it qualifies as an Investment Trust. In respect of the year ended 30 June 2015, the main qualifying requirements included:

- the Company must invest in shares, land or other assets with the aim of spreading investment risk and giving members of the Company the benefit of the results of the management of its funds;
- the Company's Shares are listed on a regulated market such as the London Stock Exchange;
- the Company must not retain in respect of each accounting period more than 15% of its total income; and
- the Company must not be a close company.

The Company has been approved by HM Revenue & Customs as an Investment Trust for accounting periods commencing on or after 1 July 2012 subject to the Company continuing to meet the eligibility conditions. The Company will continue to conduct its affairs as an Investment Trust.

Directors' Report

Duration of the Company

The Company has a planned life lasting until 30 June 2017. The Directors are required by the Company's Articles of Association to convene a general meeting of the Company on, or within the three months prior to 30 June 2017, at which a special resolution will be proposed to wind up the Company voluntarily by not later than the planned winding-up date. As these arrangements are designed to ensure that the ZDP Shareholders will be entitled to realise their investment, weighted voting provisions shall apply so as to ensure that this resolution will be passed if any Shareholder votes in favour. However, before this date, the Directors will examine means whereby holders of Ordinary Shares may effectively continue their investment while allowing the ZDP Shareholders to realise their investment. The Directors may be released from the obligation to call a general meeting if a special resolution has been passed to that effect not later than 30 June 2017.

Managers

The Company appointed Aberforth Partners LLP (Aberforth Partners) as Investment Managers and Company Secretaries at its launch in April 2010.

In accordance with the Alternative Investment Fund Managers Directive (AIFMD) the Company, with effect from 1 July 2014, appointed Aberforth Partners as its Alternative Investment Fund Manager (AIFM).

Aberforth Partners provides investment management, administration and company secretarial services to the Company. Aberforth Partners was formed in 1990 and is an investment management firm providing institutional and wholesale investors with a high level of resources focussed exclusively on small UK quoted companies. Funds under the management of Aberforth Partners as at 30 June 2015 totalled around £2.3bn. Aberforth Partners is wholly owned by six partners, five of whom are fund managers. The Company's portfolio is collectively managed by Aberforth Partners' investment management team of six fund managers and further information on the partners and the investment team is available at www.aberforth.co.uk. The services provided by Aberforth Partners can be terminated by either party at any time by giving six months' notice of termination.

During the year ended 30 June 2015 the management fee received by Aberforth Partners totalled £2,875,000 (2014: £2,636,000). In respect of the year ended 30 June 2015 the management fee equalled the sum of:

- 1% of the Company's net assets attributable to Ordinary Shareholders; and
- 5% of the total income (excluding any tax credit); and
- Base fee of £70,000.

With effect from 1 July 2015 the net assets component of the management fee will fall from 1% to 0.9%. Accordingly, with effect from 1 July 2015, the management fee will equal the sum of:

- 0.9% of the Company's net assets attributable to Ordinary Shareholders; and
- 5% of the total income (excluding any tax credit); and
- Base fee of £70,000.

The management fee is calculated on a quarterly basis and is paid in advance. The base fee is adjusted annually in line with the Retail Prices Index. The management fee is charged 70% to capital reserves and 30% to the revenue account.

The Board considers the Company's investment management and secretarial arrangements on an on-going basis and conducts a formal review annually. The Board considers the following topics in its review: investment performance in relation to the investment objective; the continuity of personnel managing the assets and reporting to the Board; the level of service provided in terms of the accuracy and timeliness of reports to the Board; and the frequency and quality of both verbal and written communications with Shareholders. Following the most recent review the Board is of the opinion that the continued appointment of Aberforth Partners as Managers, on the terms agreed, is in the best interests of Shareholders as a whole.

Depository

National Westminster Bank plc (NatWest) was appointed with effect from 1 July 2014 to carry out the duties of Depository as specified in the AIFMD in relation to the Company, including:

- Holding or controlling all assets of the Company which are entrusted to it for safekeeping;
- Cash monitoring and verifying the Company's cash flows; and
- Oversight of the Company and the Managers.

Directors' Report

In carrying out such duties, the Depositary is required to act in the best interests of the Shareholders of the Company. NatWest is contractually liable to the Company for the loss of any assets entrusted to it and is also liable to the Company for all other losses suffered as a result of the Depositary's fraud, negligence and/or failure to fulfil its duties properly.

NatWest receives an annual fee, payable quarterly in arrears, of 0.0125% of the net assets of the Company and their appointment may be terminated at any time by giving at least six months notice. A Depositary may only be removed from office when a new Depositary is appointed by the Company. The Depositary has delegated the custody function to The Northern Trust Company.

Overdraft facility

The Company has a £2 million overdraft facility with The Royal Bank of Scotland plc, which is subject to renewal on 31 October 2015. The interest rate applying to overdrawn balances is 2.25% over the UK Base Rate and an arrangement fee of £20,000 (2014: £20,000) was incurred in respect of the facility. During the year ended 30 June 2015 the highest utilisation of the overdraft facility was £1.7 million (2014: £1.5 million).

Dividend Policy

To maintain its Investment Trust status the Company, amongst other conditions, must not retain more than 15% of its total income which ordinarily requires a significant proportion of the Company's total income to be distributed as dividends. The Company's dividend policy is to pay two dividends in respect of each financial year: a first interim dividend is paid in February and a second interim dividend is paid in August. A second interim dividend is paid rather than a final dividend in order to expedite the disbursement for the benefit of Shareholders.

Capital Structure

The Company has two classes of Shares. At 30 June 2015 the Company's share capital consisted of Ordinary Shares, of which 109.5 million were issued, allotted and fully paid and, ZDP Shares, of which 73 million were issued, allotted and fully paid. The Ordinary Shares represent 60% of the Company's issued share capital and the ZDP Shares represent 40% of the Company's issued share capital. No Shares were held in treasury as at 30 June 2015.

Ordinary Shares

Ordinary Shareholders are entitled to the net assets of the Company on a winding-up, after all liabilities of the Company have been settled and the entitlements of the ZDP Shares have been met. In addition, Ordinary Shareholders will be entitled on a winding-up to receive any undistributed revenue reserves of the Company, which will be paid in the form of a pre-liquidation dividend or during the course of the liquidation, subject to all creditors of the Company having been paid out in full and even if the cover on the ZDP Shares is at the time less than one. The Company's capital structure is such that the underlying value of assets attributable to the Ordinary Shares will be geared by the rising capital entitlements of the ZDP Shares. Accordingly, the Ordinary Shares should be regarded as carrying above average risk.

Zero Dividend Preference Shares

The ZDP Shares were issued with a targeted final capital entitlement of 159.7p per ZDP Share on the planned winding-up date of 30 June 2017. This represents a redemption yield of 6.75% per annum over the life of the ZDP Shares, based on the issue price of 100p at launch on 30 April 2010. Under current legislation, the increase from the Issue Price to 159.7p per ZDP Share will generally be treated as a capital gain for UK tax purposes. The holders of ZDP Shares are not entitled to receive dividend payments. ZDP Shares have been recorded as a liability in the Company's Balance Sheet.

Going Concern

In accordance with the report "Going Concern and Liquidity Risk : Guidance for Directors of UK Companies 2009" issued by the Financial Reporting Council, the Audit Committee has undertaken and documented an assessment of whether the Company is a going concern, reporting this assessment to the Board.

The Company's investment objective, policy and strategy, together with the factors likely to affect its development, performance and position are set out in the Strategic Report. In addition, the Annual Report includes the Company's objectives, policies and processes for managing its capital, its financial risk

Directors' Report

management objectives, details of its financial instruments and its exposures to credit risk and liquidity risk. The Company's assets comprise mainly readily realisable equity securities which, if necessary, can be sold to meet any funding requirements. The Company has appropriate financial resources to enable it to meet its day-to-day working capital requirements and the Directors believe the Company is well placed to continue to manage its business risks and has adequate resources to continue in operational existence for the foreseeable future.

In summary and taking into consideration all available information, the Directors have concluded it is appropriate to continue to prepare the financial statements on a going concern basis.

Corporate Governance Report

The Corporate Governance Report, which details compliance with the UK Corporate Governance Code issued in September 2012, can be found on pages 23 to 26 and forms part of this report.

Greenhouse Gas Emissions

As the Board has engaged external firms to undertake the principal operational activities of the Company, it has no greenhouse gas emissions to report, nor does it have responsibility for any other emissions-producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Voting Rights of Shareholders

Ordinary Shareholders have the right to receive notice of, to attend and to vote at general meetings of the Company. Each Ordinary Shareholder has one vote on a show of hands and, on a poll, one vote for every Ordinary Share held. The right of Ordinary Shareholders to vote on certain resolutions on the winding-up, reconstruction or reorganisation of the Company is subject to the restrictions set out in the Articles. Votes are required to be lodged with the Company's Registrar 48 hours before a meeting (excluding non-working days). The holders of ZDP Shares do not have the right to receive notice of any general meeting of the Company or to attend or vote at any such meeting except in respect of any resolution: (i) to vary the special rights or privileges attached to the ZDP Shares; (ii) to wind up the Company. Their separate approval as a class will be required for certain proposals that would be likely to affect their position materially.

Notifiable Share Interests

The Board has received notifications of the following interests in 3% or more of the total voting rights of the Company as at 30 June 2015 and at 28 July 2015. The percentage calculation is based on the total voting rights of 109,500,000 Ordinary Shares.

Interested person	Percentage of Voting Rights Held
CCLA Investment Management Ltd	10.2%
Witan Investment Trust plc	6.1%
Baillie Gifford & Co	5.2%
David Ross	4.1%

Annual General Meeting

The AGM will be held at 14 Melville Street, Edinburgh EH3 7NS at 1.00 pm on 27 October 2015. The Notice of the Meeting and explanatory notes are set out on pages 58 to 60 of the Annual Report and Financial Statements.

The Directors consider each resolution being proposed at the AGM to be in the best interests of Shareholders as a whole and they unanimously recommend that all Shareholders vote in favour of them, as they intend to do so in respect of their own beneficial shareholdings.

Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances, ZDP Shares, receivables and payables that arise directly from its operations, such as sales and purchases of securities awaiting settlement, and accrued income. The main risks that the Company faces arising from its financial instruments are disclosed in Note 20 to the financial statements.

Directors' Report

Section 992 of the Companies Act 2006

The following information is disclosed in accordance with section 992 of the Companies Act 2006.

- The Company's capital structure and voting rights are summarised on pages 20 to 21.
- Details of the substantial Ordinary Shareholders in the Company are listed on page 21.
- The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are set out on page 31.
- Amendment of the Company's Articles of Association and powers to issue on a non pre-emptive basis or buy back the Company's Shares require a special resolution to be passed by Shareholders.
- There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements to which the Company is party that might affect its control following a takeover bid.
- There are no agreements between the Company and its Directors concerning compensation for loss of office.

Bribery Act 2010

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

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to be re-appointed as Auditors and a resolution proposing their re-appointment will be put to the forthcoming Annual General Meeting.

Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information, and to establish that the Company's Auditors are aware of that information.

Future Developments

The future success of the Company is dependent primarily on the performance of its investment portfolio. Although the Company invests in companies that are listed or quoted in the United Kingdom, the underlying businesses of those companies are affected by various economic factors, many of an international nature. The Board's intention is that the Company will continue to pursue its investment objective and the stated investment policy and strategy.

By Order of the Board

For and on behalf of Aberforth Partners LLP, Secretaries

14 Melville Street, Edinburgh EH3 7NS

28 July 2015

Corporate Governance Report

Introduction

The Board is committed to maintaining and demonstrating high standards of corporate governance. This Corporate Governance Report, which forms part of the Directors' Report, outlines how the Company has applied the principles of the UK Corporate Governance Code, issued by the Financial Reporting Council ("FRC") in September 2012.

The Board has also considered the principles and recommendations of the AIC Code of Corporate Governance by reference to the AIC Corporate Governance Guide for Investment Companies, both issued in February 2013. The AIC Code of Corporate Governance addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting in accordance with the principles and recommendations of the AIC Code of Corporate Governance will provide more relevant information to Shareholders, whilst meeting the Board's obligations under the UK Corporate Governance Code. The Board is available to discuss corporate governance matters with Shareholders.

Compliance with the UK Corporate Governance Code and the AIC Code of Corporate Governance

Throughout the year ended 30 June 2015 the Company has complied with the recommendations of the AIC Code of Corporate Governance and the relevant provisions of the UK Corporate Governance Code, except as explained below where the Company does not believe it appropriate to comply.

The Board, being small in size and composed entirely of independent non-executive Directors, has not appointed a Remuneration or a Nomination Committee. Directors' fees and the appointment of new Directors are considered by the Board as a whole. The Board has also decided not to nominate a Deputy Chairman or a Senior Independent Director, although Michael Greig, as Chairman of the Audit Committee, fulfils this role when necessary, for example, in taking the lead in the annual evaluation of the Chairman.

The UK Corporate Governance Code includes provisions relating to the role of the chief executive, executive Directors' remuneration and the need for an internal audit function. The Board considers these provisions are not relevant to the company as it is an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive Directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

Stewardship

The Board and the Managers support the UK Stewardship Code, issued by the FRC in September 2012, which sets out the principles of effective stewardship by institutional investors. The Company's investment portfolio is managed by Aberforth Partners LLP who invest exclusively in small UK quoted companies and as a significant investor within this asset class, the Managers have a strong commitment to effective stewardship.

The Board has reviewed, and endorses, the Managers' Corporate Governance and Stewardship Code Policy Statement which is available within the literature library section of the Managers' website, at www.aberforth.co.uk.

Socially Responsible Investment

The Directors, through the Managers, encourage investee companies to adhere to best practice in the area of Corporate Governance and Socially Responsible Investment. The Managers believe that sound social, environmental and ethical policies make good business sense and take these issues into account when investment decisions are taken. However, the Managers do not exclude companies from their investment universe purely on grounds of social, environmental and ethical concerns. Instead, the Managers adopt a positive approach whereby such matters are discussed with management with the aim of improving procedures and attitudes.

Voting Policy

The Board has given discretionary voting powers to the Managers who exercise these voting rights on every resolution that is put to shareholders of the companies in which the Company is invested. The Managers vote against resolutions that they believe may damage shareholders' rights or economic interests and under normal circumstances these concerns would have been raised with directors of the company concerned.

The Board receives quarterly reports from the Managers on governance issues (including voting) arising from investee companies and periodically reviews and, if appropriate, endorses the Managers' voting guidelines and their stance towards socially responsible investment and social, environmental and ethical matters.

Corporate Governance Report

The Board

The Board is responsible for the effective stewardship of the Company's affairs. Strategic issues and all operational matters of a material nature are determined by the Board. A formal schedule of matters reserved for decision of the Board has been adopted. The Board of Directors comprises five independent non-executive Directors of whom Jonathan Cartwright is Chairman. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Company has neither executive Directors nor employees. However, the Board has engaged external firms to provide investment management, secretarial, registrar, depositary and custodial services to the Company. Documented contractual arrangements are in place between the Company and these firms, which clearly set out the areas where the Board has delegated authority to them.

The Board carefully considers the various guidelines for determining the independence of non-executive Directors, placing particular weight on the view that independence is evidenced by an individual being independent of mind, character and judgement. The Board considers all of the Directors to be independent of the Managers and free of any business or other relationship that could interfere with the exercise of their independent judgement.

The Board as a whole acts as the Management Engagement Committee under the chairmanship of Jonathan Cartwright and reviews the terms of appointment and remuneration of all the Company's third party service providers. The Board formally evaluates the Managers, including performance and quality of reporting to the Board and Shareholders. A summary of the evaluation process is set out in the Directors' Report on page 19.

Board Performance

The Board undertakes a formal annual self-assessment of its collective performance on a range of issues including its role, processes and interaction with the Managers. This review covers the performance of the Board, the Audit Committee, and each Director and is conducted by way of an evaluation questionnaire. The Board then considers the results of this exercise, together with other relevant discussion areas. The appraisal of the Chairman is led by Michael Greig as Chairman of the Audit Committee. The Board does not currently consider that the use of an external consultant to facilitate this evaluation would provide any meaningful benefit, though the option to do so is kept under review.

Board Structure & Diversity

The Board continually reviews its composition having regard to the present and future needs of the Company. This includes consideration of the diversity and balance of expertise and skills of individual Directors. The Board comprises five male and no female Directors. As the Company has no employees and the Board is small in number, the Board does not consider it appropriate to set a policy on gender diversity.

Should the Board conclude that additional Directors are required, the appointment process would be initiated. Potential Directors would be invited to meet the members of the Board prior to a decision on their appointment being made by the Board as a whole. To date, the Board has not found it necessary to appoint external search consultants nor to use open advertising.

Induction, Training and Advice

New Directors are provided with an induction programme that is tailored to the particular requirements of the appointee. All Directors are entitled to receive appropriate training when required and the Company provides the necessary resources for developing and updating Directors' industry knowledge. Directors, in the furtherance of their duties, may seek independent professional advice at the expense of the Company. No Director took such advice during the financial year under review.

All Directors have access to the advice and services of the company secretarial services provided by Aberforth Partners LLP, who are responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Directors' Insurance and Indemnification

The Company maintains Directors' and Officers' liability insurance cover in respect of legal action against its Directors.

The Company has also entered into a qualifying third party deed of indemnity with each Director. The deeds were in force during the year ended 30 June 2015 and as at the date on which the financial statements were approved. The deeds cover any liabilities that may arise to a third party, other than the Company, for

Corporate Governance Report

negligence, default or breach of trust or duty. The Directors are not indemnified in respect of liabilities to the Company or costs incurred in connection with criminal proceedings in which the Director is convicted or required to pay any regulatory or criminal fees.

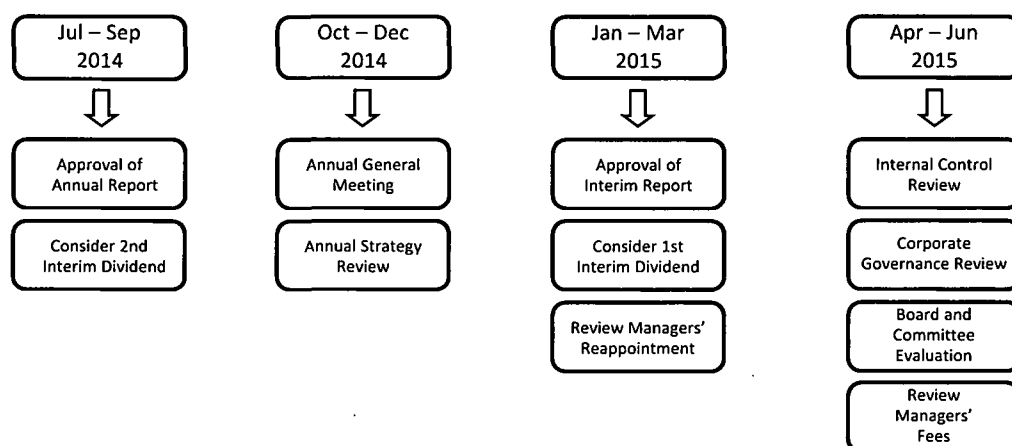
Meetings

The Board meets at least quarterly to review the overall business of the Company and to consider the matters specifically reserved for it. Detailed information is provided by the Managers and Secretaries for these meetings and additionally at regular intervals to enable the Directors to monitor compliance with the investment objective and the Company's investment performance. The Directors also review important areas including:

- the Company's investment activity over the quarter relative to its investment policy;
- the stockmarket environment;
- the revenue, balance sheet and gearing position;
- performance in relation to comparable investment trusts;
- share price discount or premium (both absolute levels and volatility);
- regulatory matters;
- relevant industry issues;
- composition of the Company's share register; and
- significant changes in Shareholders.

The Board also holds an annual strategy meeting to consider, amongst other matters, the Company's objective, and investment focus and style.

The following summarises the timetable of specific matters considered by the Board during the year ended 30 June 2015.



The following table sets out the number of scheduled Board and Audit Committee Meetings and other meetings held during the year ended 30 June 2015 and the number of meetings attended by each Director (whilst a Director or Committee member). All Directors also attended the AGM in October 2014.

Director	Board	Audit Committee	Other Committee meetings
Number of Meetings:	4	3	1
Directors' Attendance:			
Jonathan Cartwright	4	–	1
Michael Greig ¹	4	3	–
Dominic Fisher ¹	4	3	–
Graham Menzies	4	–	–
John Richards ¹	4	3	–

¹Member of the Audit Committee

Corporate Governance Report

Risk Management and Internal Control

The Board is ultimately responsible for the Company's risk management and internal control systems. The Directors apply the guidance published by the FRC: "Internal Control: Revised Guidance for Directors on the Combined Code" and confirm they have conducted a review of the effectiveness of the Company's internal control systems. This review process principally comprises the Audit Committee receiving and examining reports from Aberforth Partners LLP, the Northern Trust Company (the Company's Custodian) and Capita Registrars Limited (the Company's Registrar). The reports detail the internal control objectives and procedures adopted by each service provider and the reports have been independently reviewed by their respective external Auditors. No internal control report is prepared by National Westminster Bank plc in respect of the depositary services provided to the Company, although the Secretaries regularly report to the Board on the service provided.

The Audit Committee then submits a detailed report on its findings to the Board. The Directors have not identified any significant failures or weaknesses in respect of the Company's risk management and internal control systems. Internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve the business objective and can only provide reasonable and not absolute assurance against material mis-statement or loss. These controls aim to ensure that the assets of the Company are safeguarded, that proper accounting records are maintained and that the financial information of the Company is reliable.

The Directors have an on-going process for identifying, evaluating and managing the significant risks faced by the Company and these are recorded in a Risk Matrix. The Board considers each risk as well as reviewing the controls in place to mitigate them. Each risk is rated for its "likelihood" and "impact" and the risk's resultant numeric rating determines its ranking into "Red – High Risk", "Amber – Medium Risk" or "Green – Low Risk". This process was in operation during the year and continues in place up to the date of this report. The principal risks faced by the Company, together with the approach taken by the Board to manage them are summarised on page 5.

Conflicts of Interest

Company directors have a statutory obligation to avoid a situation in which they (and connected persons) have, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the Company. The Board has in place procedures for authorising any actual or potential conflicts of interest though no such conflicts arose during the year under review.

Communication with Shareholders

The Board places great importance on communication with Shareholders and receives regular reports from the Managers on views and attitudes of Shareholders. The Managers endeavour to meet all of the larger Shareholders twice a year and provide them with a detailed report on the progress of the Company. Directors of the Company are available to meet with any Shareholder. In addition to the Annual and Interim reports, daily Net Asset Values of the Company's Share classes, monthly factsheets and other relevant information are published on the Managers' website www.aberforth.co.uk. The Directors may be contacted through the Secretaries whose details are shown on page 57 or through the Chairman's email address which is jonathan.cartwright@aberforth.co.uk.

Shareholders have the opportunity to attend and vote at the AGM during which the Directors and Managers are available to discuss issues affecting the Company. Proxy voting figures are announced at the AGM and are available via the Managers' website shortly thereafter.

Audit Committee Report

Audit Committee

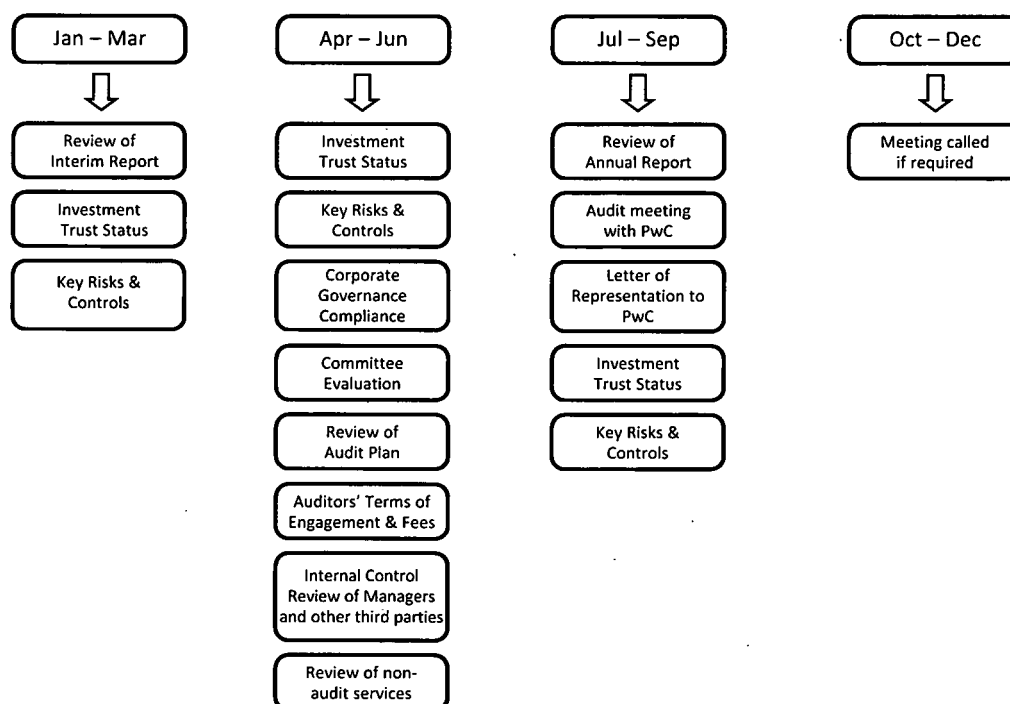
The members of the Audit Committee are Michael Greig (Chairman), Dominic Fisher and John Richards all of whom are independent non-executive Directors. The Committee members have been selected to provide a wide range of financial and commercial expertise necessary to fulfil the Committee's duties. The biographies of the Committee members can be found on page 17. Committee meetings are attended by the members and, by invitation, the Directors who are not members, and representatives of the Secretaries. The Committee met three times in the year and details of attendance at meetings is set out on page 25. PricewaterhouseCoopers LLP ("PwC"), the external Auditors, attended the July 2014 and July 2015 meetings. The Chairman of the Committee reports formally to the Board on the Committee's proceedings after each meeting.

The objective of the Committee is to provide assurance to the Board as to the effectiveness of the Company's internal controls and the integrity of its financial records and externally published results. In doing so the Committee operates within terms of reference that have been agreed by the Board. These terms of reference are reviewed annually and are available upon request. They will also be available for inspection at the AGM.

Under its terms of reference the Committee has been given the following key responsibilities:

- reviewing the interim and annual financial statements and other formal announcements relating to the Company's financial performance with specific focus on accounting policies adopted, judgemental areas and corporate governance;
- reviewing the effectiveness of the Company's internal control and risk management systems;
- making recommendations to the Board on the appointment and remuneration of the external Auditors and approving their terms of engagement and remuneration;
- assessing the Auditors' independence, objectivity and effectiveness;
- reviewing the terms for any non-audit work to be carried out by the external Auditors;
- considering the need for the Company to have its own internal audit function; and
- monitoring compliance with relevant statutory and investment trust requirements.

Audit Committee Annual Plan



Audit Committee Report

Significant matters considered by the Committee

The Committee considered the following significant matters during the year:

Matter Considered	Action taken by the Committee
Valuation and Ownership of Investments	<p>As part of its review of the Interim Report for the six months ended 31 December 2014 and the Annual Report for the year ended 30 June 2015 the Committee verified that the investments were valued in accordance with the stated accounting policy, namely their fair value which is represented by the bid price at the Balance Sheet date.</p> <p>The Committee received confirmation from the Secretaries that no investee company's were suspended at the Balance Sheet date.</p> <p>The Committee noted National Westminster Bank plc were appointed by the Company as Depositary with effect from 1 July 2014 and their responsibility included checking the consistency and accuracy of asset records held by Northern Trust, the Company's Custodian, on a monthly basis and to report its findings to the Company. Additionally the investment portfolio is reconciled on a monthly basis by the Managers and a further reconciliation is performed by the Auditors as at the year end.</p> <p>The Committee noted that all of the Company's investments are considered to be liquid and are categorised as Level 1 within the IFRS 13 fair value hierarchy.</p>
Recognition of Income	<p>As part of its review of the Interim Report for the six months ended 31 December 2014 and the Annual Report for the year ended 30 June 2015 the Committee reviewed the underlying basis for special dividends declared by investee companies. Following the review the Committee concluded the recording of certain dividend entitlements as capital returns was appropriate and was in accordance with the AIC SORP.</p> <p>The Committee noted that as part of their audit the Auditors did not find any special dividends that were not treated in accordance with the AIC SORP.</p>
Investment Trust Status	<p>The Committee noted the Company has been approved by HMRC as an Investment Trust under Sections 1158 and 1159 of the Corporation Tax Act 2010 for accounting periods on or after 1 July 2012. The Committee concluded the Company satisfied the eligibility conditions to continue its approval as an Investment Trust for the year ended 30 June 2015.</p>
Going Concern	<p>The Committee received a report from the Secretaries on going concern, including guidance published by the FRC, and discussed the liquidity of the portfolio, trading activity during the year ended 30 June 2015, portfolio diversification, operating expenses and the utilisation of the £2m overdraft facility. The Committee after due consideration concluded it was appropriate to prepare the 2015 Annual Report on a going concern basis and made this recommendation to the Board.</p>
Cyber Security	<p>The Committee considered the increasing risk to the Company arising from cyber threats. In conjunction with the Secretaries and the Company's insurance broker they assessed the likely risk and reviewed the controls of the Company and third party service providers.</p>
Key Risks and Controls	<p>The Committee reviewed the Company's Key Risks and Controls Matrix and identified the controls established by the Board, the Managers and other service providers to mitigate the risks. During the year the Committee enhanced the design and content of the Key Risks and Controls Matrix to ensure it continued to reflect the changing risk environment.</p> <p>The Committee considered the Managers' Report on Internal Controls, including an assurance report issued by PwC. In addition, the Committee received internal control reports from each of the Company's Custodian and Registrar. The Committee reviewed all three reports and was satisfied that there were no significant issues. The Committee also considered a report from the Secretaries on the service provided by the Depositary.</p>

Audit Committee Report

Matter Considered	Action taken by the Committee
Key Risks and Controls (continued)	The Committee also considered whether there was a need for an internal audit function. The Committee concluded that, as the Company has no employees and receives internal control reports, including independent assurance reports, from its key third party suppliers, an internal audit function is not necessary.
Audit Planning & Audit Fees	The Committee received a detailed audit plan from PwC in April 2015, before work started on the 2015 audit. This plan set out the scope of the audit work, principal audit risks, the proposed timetable, confirmation of PwC's independence and the quality of their work, and a formal fee proposal. The key risks identified by PwC included the valuation and ownership of investments. The Committee held direct discussions with the Auditors, providing an opportunity for dialogue on any potentially sensitive matters or concerns without the Secretaries being present. Fees payable to PwC relating to the 2015 audit amounted to £24,720 (2014: £24,000).
Evaluation of the Auditors	PwC have provided audit services to the Company from its incorporation in 2010 to date. Following completion of the audit the Committee reviewed the audit process with the PwC partner and senior manager noting that there were no material variations from the pre-agreed audit plan. The Committee acknowledged that the PwC audit team comprised staff with appropriate levels of experience and a good knowledge of the investment trust sector and the current audit partner had served for three years. The Committee also noted the positive feedback provided by the Secretaries on PwC's execution of the audit process. Additionally PwC provided confirmation that they had complied with the relevant UK professional and regulatory requirements on independence. The Committee agreed that there was no evidence to suggest that PwC's independence has been impaired. Taking into account the findings of its evaluation, the Committee considered PwC to be independent of the Company and that they had carried out the audit and their duties as auditor in a professional and effective manner. The Committee recommended to the Board that the reappointment of PwC as Auditors be put to Shareholders for approval at the forthcoming AGM.

Non-Audit Services

Fees of £4,900 (incl. VAT) were paid during the year to PwC relating to routine tax compliance services, including the completion and submission of the corporation tax return and the preparation of iXBRL formatted accounts. Prior to any engagement for non-audit services the Committee considers whether PwC is a suitable supplier of these services and whether there is a threat to objectivity and independence in the conduct of their audit. The Committee is satisfied that the nature and extent of the tax work undertaken did not impair PwC's objectivity and independence in the conduct of the audit.

Committee Evaluation

A formal annual review of the Committee's effectiveness, using an evaluation questionnaire, was undertaken during the year. The conclusion was that the Committee continues to operate effectively with no significant concerns expressed.

Michael Greig

Chairman of the Audit Committee

28 July 2015

Directors' Remuneration Policy

This section provides details of the remuneration policy for the Directors of the Company. All Directors are appointed under the terms of letters of appointment and none has a service contract. The Company has no employees.

The Board has prepared this policy in accordance with the requirements of the Companies Act 2006. This policy was previously approved by Ordinary Shareholders at the Annual General Meeting held on 16 October 2014 and the policy provisions continue to apply until they are next put to Ordinary Shareholders for approval, which must be at intervals not exceeding three years. This Policy, together with the Directors' letters of appointment may be inspected at the Company's registered office.

The Board is composed wholly of non-executive Directors who together consider and determine all matters relating to the Directors' remuneration at the beginning of each financial year. A Remuneration Committee has not been formed as all of the Directors are non-executive and considered independent.

Policy on Directors' Remuneration

The Company's policy is that the remuneration of the Directors should be commensurate with the duties and responsibilities of the role and consistent with the requirement to attract and retain Directors of appropriate quality and experience. No Shareholder has expressed views to the Company in respect of Directors' remuneration. Remuneration Policy is not subject to employee consultation as the Company has no employees.

The Board, at its discretion, shall determine Directors' remuneration subject to the aggregate annual fees not exceeding £150,000 in accordance with the Company's Articles of Association. Such remuneration is solely composed of Directors' fees and Directors are not eligible for any other remuneration.

The fees paid to Directors in respect of the year ended 30 June 2015 and the fees payable in respect of the year ending 30 June 2016 are set out in the table below. The fees payable to Directors in subsequent financial periods will be determined following an annual review.

	Fees for year ending 30 June 2016	Fees for year ended 30 June 2015
	£	£
Chairman of the Company	28,690	28,690
Director and Chairman of the Audit Committee	26,390	26,390
Director and Member of the Audit Committee	22,950	22,950
Director	22,950	22,950

It is intended that this policy will remain in place for the following financial year and subsequent years.

Loss of Office

A Director may be removed without notice and no compensation will be due on loss of office.

Expenses

All Directors are entitled to the reimbursement of expenses paid by them in order to perform their duties as a Director of the Company.

Review of the Remuneration Policy

The Board has agreed to review the above policy at least annually to ensure that it remains appropriate.

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30 June 2015 which has been prepared in accordance with the requirements of the Companies Act 2006. An ordinary resolution for the approval of this report will be put to members at the forthcoming Annual General Meeting. The remuneration policy which is subject to a triennial vote by shareholders is set out on page 30. The law requires the Company's Auditors' to audit certain elements of this report and these elements are described below as "Audited". The Auditors' opinion is included in the Independent Auditors' Report on pages 34 to 37.

Statement by the Chairman

The Board reviewed the level of fees payable to Directors and concluded that no changes should be made for the year ending 30 June 2016. The basis for determining the level of fees is set out in the Directors' Remuneration Policy on page 30. In reaching the conclusion on the level of fees payable the Board also took into account the rate of inflation and reviewed the level of remuneration in comparison with other investment trusts of a similar size and/or mandate.

Directors' Letters of Appointment

Each Director has entered into a letter of appointment with the Company for an initial period of service of three years, subject to re-election by Shareholders. Directors are subject to election by Shareholders at the first Annual General Meeting after their appointment and thereafter no less frequently than at every third subsequent Annual General Meeting. The terms also provide that a Director may be removed without notice and that no compensation will be due on loss of office. The terms and conditions of appointment of Directors are available for inspection at the office of Aberforth Partners LLP during normal business hours and at the registered office of the Company on request.

The following Directors held office during the year:

Director	Date of Appointment	Date of Re-appointment	Unexpired Term
Jonathan Cartwright, Chairman	30 March 2010	30 March 2013	8 months ¹
Michael Greig	30 March 2010	30 March 2013	8 months
Dominic Fisher	30 March 2010	30 March 2013	8 months
Graham Menzies	15 October 2010	15 October 2013	1 year 9 months ¹
John Richards	12 August 2011	25 July 2014	2 years 0 months

¹ The unexpired term for Jonathan Cartwright and Graham Menzies are subject to their re-election at the Annual General Meeting on 27 October 2015.

Directors' Fees (Audited)

The emoluments of the Directors who served during the year were as follows:

Directors are remunerated exclusively by fixed fees in cash and do not receive bonuses, share options, pension contributions or other benefits.

Director	Fees (Total Emoluments)	
	2015 £	2014 £
Jonathan Cartwright, <i>Chairman</i>	28,690	27,850
Michael Greig, <i>Chairman of the Audit Committee</i>	26,390	25,620
Dominic Fisher	22,950	22,280
Graham Menzies	22,950	22,280
John Richards	22,950	22,280
	123,930	120,310

The following table shows the remuneration of the Directors in relation to distributions to Shareholders by way of dividends:

	2015 £'000	2014 £'000	Absolute change £'000
Total Directors' remuneration	124	120	+4
Total dividends in respect of that year	10,730	9,166	+1,564

Directors' Remuneration Report

Share Price Performance

As required by the Companies Act 2006, the adjacent graph compares the performance of the Ordinary Share price with the performance of an index on a total return basis (assuming all dividends reinvested). The NSCI (XIC) has been selected since it represents the universe of companies in which the Company may invest. However, the more important influence on the share price performance of the Ordinary Shares over the Company's lifetime is likely to be its success in meeting the investment objective, as described on page 4. Specifically, the portfolio must generate a high level of income and sufficient capital growth to pay the final entitlement of the ZDP Shareholders and the costs incurred by the Company.

Statement of Directors' Shareholdings and Share Interests (Audited)

The Directors who held office at any time during the year ended 30 June 2015 and their interests (in respect of which transactions are notifiable to the Company under DTR 3.1.2R) in the Shares of the Company as at 30 June 2015 were as follows:

Directors	Nature of Interest	Ordinary Shares		ZDP Shares	
		30 June 2015	30 June 2014	30 June 2015	30 June 2014
Jonathan Cartwright	Beneficial	12,240	12,240	8,160	8,160
Michael Greig	Beneficial	66,516	66,516	8,160	8,160
Dominic Fisher	Beneficial	67,739	79,106	—	—
Graham Menzies	Beneficial	97,800	97,800	—	—
	Non-beneficial	33,065	33,065	—	—
John Richards	Beneficial	27,935	—	—	—

There has been no change in the beneficial or non-beneficial holdings of the Directors between 30 June 2015 and 28 July 2015. The Company has no share options or any share schemes. Directors are not required to own Shares in the Company.

Statement of Voting at the last Annual General Meeting

At the Annual General Meeting held on 16 October 2014, Shareholders, on a show of hands, passed the resolution to approve the Directors' Remuneration Report. Proxy votes cast in favour of the resolution amounted to 40,704,524 (100.0%) and proxy votes cast against were 544 (0.0%). A further 1,000 votes were withheld.

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Directors' Remuneration Report summarises, as appropriate, for the year ended 30 June 2015:

- (a) the major decisions on Directors' remuneration;
- (b) any substantial changes relating to Directors' remuneration made during the year; and
- (c) the context in which those changes occurred and decisions have been taken.

Jonathan Cartwright
Chairman
28 July 2015

X  X

Directors' Responsibilities Statement

Statement of Directors' Responsibilities in Relation to the Financial Statements

The Directors are responsible for preparing the Annual Report, the Strategic Report, the Report of the Directors, the Corporate Governance Statement, the Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, that disclose with reasonable accuracy at any time the financial position of the Company and that enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of the Company are published on www.aberforth.co.uk. This website is maintained by Aberforth Partners LLP and its integrity is, so far as it relates to the Company, the responsibility of Aberforth Partners LLP. 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 other jurisdictions.

Responsibility Statement under the Disclosure and Transparency Rules

The Directors who were in office at the date of approving these financial statements, and who are listed on page 17, confirm to the best of their knowledge that:

- the financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

For and on behalf of the Board
Jonathan Cartwright, *Chairman*
28 July 2015



Independent Auditors' Report

To the Members of Aberforth Geared Income Trust plc

Report on the financial statements

Our opinion

In our opinion, Aberforth Geared Income Trust plc's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Aberforth Geared Income Trust plc's financial statements comprise:

- the Balance Sheet as at 30 June 2015;
- the Statement of Comprehensive Income for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report and Accounts (the "Annual Report"), rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

Our audit approach

Overview

- Materiality:

Overall materiality: £2.5 million which represents approximately 1% of net assets.

Audit Scope:

- The Company is a standalone Investment Trust Company and engages Aberforth Partners LLP (the "Manager") to manage its assets and provide administrative and company secretarial services.
- We conducted our audit of the financial statements at Aberforth Partners LLP.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the Manager, the accounting processes and controls, and the industry in which the Company operates.

Areas of Focus:

- Income
- Valuation and existence of investments

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Independent Auditors' Report

Area of focus	How our audit addressed the area of focus
<p>Income Refer to pages 27 to 29 (Audit Committee Report), pages 42 to 44 (Accounting Policies) and pages 45 to 54 (Notes to the financial statements).</p> <p>ISAs (UK & Ireland) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve capital and revenue growth in line with the objective of the Company.</p> <p>We focused on the accuracy and completeness of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP').</p> <p>This is because incomplete or inaccurate income could have a material impact on the Company's net asset value.</p>	<p>We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy.</p> <p>We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy.</p> <p>We understood and assessed the design and implementation of key controls surrounding income recognition. In addition, we tested dividend receipts by agreeing the dividend rates from a sample of investments to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance.</p> <p>To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared by a sample of investment holdings in the portfolio. Our testing did not identify any unrecorded dividends.</p> <p>We tested the allocation and presentation of dividend income between the income and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP. We then tested the validity of income and capital special dividends to independent third party sources. We did not find any special dividends that were not treated in accordance with the AIC SORP.</p>
<p>Valuation and existence of investments Refer to pages 27 to 29 (Audit Committee Report), pages 42 to 44 (Accounting Policies) and pages 45 to 54 (Notes to the financial statements).</p> <p>The investment portfolio at the year-end comprised listed equity investments valued at £350 million.</p> <p>We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Balance Sheet in the financial statements.</p>	<p>We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance.</p> <p>We tested the existence of the investment portfolio by agreeing the holdings for investments to an independent custodian confirmation from The Northern Trust Company. No differences were identified.</p>

How we tailored the audit scope

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

As part of our risk assessment, we assessed the control environment in place at the Manager to the extent relevant to our audit. This assessment involved obtaining and reading the relevant control reports, issued by the independent Auditor of the Manager in accordance with generally accepted assurance standards for such work, to gain an understanding of the control environment and to consider the operating and accounting structure at the Manager. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Independent Auditors' Report

Materiality

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

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

Overall materiality	£2.5 million (2014: £2.2 million).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £125,000 (2014: £110,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 21, in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the Company's financial statements using the going concern basis of accounting. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:		
<ul style="list-style-type: none">information in the Annual Report is:<ul style="list-style-type: none">materially inconsistent with the information in the audited financial statements; orapparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; orotherwise misleading.the statement given by the Directors on page 33, in accordance with provision C.1.1 of the UK Corporate Governance Code ("the Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit.the section of the Annual Report on pages 27 to 29, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.		
	We have no exceptions to report arising from this responsibility.	
	We have no exceptions to report arising from this responsibility.	
	We have no exceptions to report arising from this responsibility.	

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or

Independent Auditors' Report

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' Remuneration Report - Companies Act 2006 opinion

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

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 33, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through understanding the control environment at the Manager and substantive procedures.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Allan McGrath (*Senior Statutory Auditor*)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
28 July 2015

Statement of Comprehensive Income

Year ended 30 June 2015

		Year ended 30 June 2015			Year ended 30 June 2014		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income							
Investment income	3	13,295	575	13,870	11,242	–	11,242
Other income	3	3	–	3	7	–	7
Gains on investments held at fair value through profit or loss	12	–	37,384	37,384	–	64,568	64,568
Total income and gains		13,298	37,959	51,257	11,249	64,568	75,817
Expenses							
Transaction costs	7	–	(732)	(732)	–	(681)	(681)
Investment management fee	5	(863)	(2,012)	(2,875)	(791)	(1,845)	(2,636)
Other operating expenses	6	(333)	–	(333)	(288)	–	(288)
Total expenses		(1,196)	(2,744)	(3,940)	(1,079)	(2,526)	(3,605)
Profit before finance costs and taxation		12,102	35,215	47,317	10,170	62,042	72,212
Finance costs							
Appropriation to ZDP Shares	8	–	(6,465)	(6,465)	–	(6,056)	(6,056)
Interest expense	8	(7)	(16)	(23)	(7)	(16)	(23)
Total finance costs		(7)	(6,481)	(6,488)	(7)	(6,072)	(6,079)
Profit before taxation		12,095	28,734	40,829	10,163	55,970	66,133
Taxation	9	–	–	–	–	–	–
Profit after taxation for the year		12,095	28,734	40,829	10,163	55,970	66,133
Earnings per Ordinary Share	11	11.05p	26.24p	37.29p	9.28p	51.11p	60.39p

The Company does not have any other comprehensive income or expenses and hence the profit after taxation for the year as disclosed above is the same as the Company's total comprehensive income.

The Total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRS as adopted by the European Union. The supplementary revenue return and capital returns columns are both prepared in accordance with the Statement of Recommended Practice published by the Association of Investment Companies in January 2009.

All of the profit and total comprehensive income for the year is attributable to the equity holders of the Company. There are no controlling interests.

The Company does not have any dilutive securities and therefore the Earnings per Share and the Diluted Earnings per Share are the same.

The accompanying notes form part of these financial statements.

Balance Sheet

As at 30 June 2015

	Notes	2015 £'000	2014 £'000
Non-current assets			
Investments held at fair value through profit or loss	12	349,825	312,959
Current assets			
Receivables	13	1,553	1,826
Cash and cash equivalents	19	2,212	211
Total current assets		3,765	2,037
Total assets		353,590	314,996
Current liabilities			
Payables	14	(764)	(102)
Non-current liabilities			
Zero Dividend Preference Shares	15	(102,315)	(95,850)
Total liabilities		(103,079)	(95,952)
Total Net Assets		250,511	219,044
Equity attributable to Equity Shareholders			
Share capital	18	1,095	1,095
Share premium	18	67,345	67,345
Special reserve	18	43,480	43,480
Capital reserve	18	125,292	96,558
Revenue reserve	18	13,299	10,566
Total Equity Shareholders' Funds		250,511	219,044
Net asset value per Ordinary Share	17	228.78p	200.04p
Net asset value per ZDP Share	17	140.16p	131.30p

The financial statements on pages 38 to 54 were authorised for issue by the Board of Directors on 28 July 2015 and were signed on its behalf by:



 Jonathan Cartwright, *Chairman*

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

Year ended 30 June 2015

	Notes	Share Capital £'000	Share Premium £'000	Special Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
At 1 July 2014		1,095	67,345	43,480	96,558	10,566	219,044
Total Comprehensive Income:							
Profit for the year		–	–	–	28,734	12,095	40,829
Transactions with owners, recorded directly to equity:							
Dividends paid	10	–	–	–	–	(9,362)	(9,362)
At 30 June 2015		1,095	67,345	43,480	125,292	13,299	250,511

Year ended 30 June 2014

	Notes	Share Capital £'000	Share Premium £'000	Special Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
At 1 July 2013		1,095	67,345	43,480	40,588	8,999	161,507
Total Comprehensive Income:							
Profit for the year		–	–	–	55,970	10,163	66,133
Transactions with owners, recorded directly to equity:							
Dividends paid	10	–	–	–	–	(8,596)	(8,596)
At 30 June 2014		1,095	67,345	43,480	96,558	10,566	219,044

The accompanying notes form part of these financial statements.

Cash Flow Statement

Year ended 30 June 2015

	Notes	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Cash flows from operating activities			
Profit before finance costs and taxation		47,317	72,212
Adjustments for:			
Gains on investments held at fair value through profit or loss	12	(37,384)	(64,568)
Transaction costs for acquiring or disposing of investments	7	732	681
Decrease in receivables	13	15	351
Decrease in payables	14	(12)	(2)
Purchases of investments including transactions costs		(87,453)	(78,480)
Sales of investments after transaction costs		88,171	71,568
Net cash inflow from operating activities		11,386	1,762
Cash flows from financing activities			
Interest paid	8	(23)	(23)
Dividends paid on Ordinary Shares	10	(9,362)	(8,596)
Net cash outflow from financing activities		(9,385)	(8,619)
Net increase/(decrease) in cash and cash equivalents		2,001	(6,857)
Cash and cash equivalents at the start of the year		211	7,068
Cash and cash equivalents at the end of the year		2,212	211

Cash and cash equivalents comprise cash at bank.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

Year ended 30 June 2015

1 General Information

The Company was incorporated on 15 March 2010 and started trading on 30 April 2010 and has a planned fixed life expiring on 30 June 2017. It is incorporated in England and Wales under the Companies Act 2006. These are financial statements drawn up for the year ended 30 June 2015.

2 Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and in accordance with the Companies Act 2006 applicable to companies reporting under IFRS. These comprise standards and interpretations of the IFRS Interpretations Committee ("IFRS IC") that remain in effect, to the extent that IFRS have been adopted by the European Union.

The financial statements have been prepared in accordance with the Association of Investment Companies ("AIC") Statement of Recommended Practice ("SORP") for Investment Trusts issued in January 2009.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include the revaluation of investments at fair value through profit or loss.

The Company's presentation currency is pounds sterling. Pounds sterling is also the functional currency because it is the currency that is most relevant to the majority of the Company's Shareholders and creditors and the currency in which the majority of the Company's operating expenses are paid.

Standards, amendments and interpretations to existing standards that become effective in future accounting periods and have not been adopted early by the Company:

- Amendments to IAS 1, 'Presentation of Financial Statements', Disclosure Initiative (effective for financial period beginning on or after 1 January 2016). Amendments to revise the way other comprehensive income is presented.
- IFRS 9, 'Financial Instruments' (effective for financial periods beginning on or after 1 January 2018) replaces IAS39 and simplifies accounting for financial assets, replacing the current multiple measurement categories with a single principle-based approach to classification. The standard requires that all financial assets are to be measured at either amortised cost or fair value. The Company will apply IFRS 9 from 1 July 2018, subject to endorsement by the EU.

(b) Presentation of the Statement of Comprehensive Income

To reflect better the activities of an investment trust Company and in accordance with the guidance issued by the AIC, supplementary information that analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income.

In accordance with the Company's Articles of Association, net capital returns may not be distributed by way of a dividend. Additionally, the net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in section 1158 of the Corporation Tax Act 2010.

(c) Investments

The Company's investments have been categorised as "financial assets at fair value through profit or loss" as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income. Listed investments are valued at their fair value, which is represented by the market bid price at the Balance Sheet date, without deduction of estimated future selling costs. Where trading in the securities of an investee company is suspended, the investment is valued at the Board's estimate of its fair value.

As investments have been categorised as "financial assets at fair value through profit or loss", gains and losses arising from changes in fair value are included in the Statement of Comprehensive Income as "Gains/(losses) on investments held at fair value through profit and loss". Acquisitions and disposals of investments are accounted for on a trade date basis.

Notes to the Financial Statements

2 Accounting policies (continued)

All investments, classified as fair value through profit or loss, are further categorised into the following fair value hierarchy:

Level 1 – Unadjusted prices quoted in active markets for identical assets and liabilities;

Level 2 – Having inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 – Having inputs for the asset or liability that are not based on observable data.

(d) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost. Receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

(e) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash.

(f) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Accordingly Ordinary Shares are classified as equity and ZDP Shares are classified as financial liabilities.

(g) Payables

Payables are initially recognised at fair value and subsequently measured at amortised cost. Payables are not interest-bearing and are stated at their nominal value.

(h) Reserves

- (i) **Share Premium** – Represents the premium paid on the issue of Ordinary Shares on 10 August 2011.
- (ii) **Special reserve** – The special reserve may be treated as distributable profits for all purposes, excluding the payment of dividends. The cost of purchasing Ordinary Shares for cancellation would be accounted for in this reserve. This reserve was created in July 2010 subsequent to the cancellation of the value of the share premium reserve at the time.
- (iii) **Capital reserve** – Accounted for within the capital reserve are gains and losses on the sale of investments, gains on the return of capital by investee companies paying special dividends, expenses charged in accordance with the policies set out below, and increases and decreases in the valuation of investments held at the reporting date. As a result of technical guidance by the Institute of Chartered Accountants in England and Wales in TECH 02/10: "Distributable Profits", changes in fair value of investments that are readily convertible to cash, without accepting adverse terms at the Balance Sheet date, can be treated as realised. At the Balance Sheet date all investments held by the Company were listed on a recognised stock exchange and were considered to be readily convertible to cash.
- (iv) **Revenue reserve** – the net profit/(loss) arising in the revenue column of the Statement of Comprehensive Income is added to or deducted from this reserve. Dividends distributed to Shareholders are accounted for in this reserve.

(i) Income

Dividends receivable on listed equity shares are taken to the revenue return column of the Statement of Comprehensive Income on the ex-dividend date except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in capital. Dividend income is shown excluding any related tax credit. Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised as income. Other income is accounted for on an accruals basis.

(j) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged to revenue except for transaction costs and expenses incurred in connection with the maintenance or enhancement of the Company's investment portfolio, which are charged to the capital reserve. Taking into account the Board's expectation of the long-term split of returns in the form of capital and income, investment management fees and finance costs in the form of bank interest are charged 70% to capital and 30% to revenue.

Notes to the Financial Statements

2 Accounting policies (continued)

(k) Finance costs

The ZDP Shares are designed to provide a pre-determined capital growth from their original issue price of 100p on 30 April 2010 to a final capital entitlement of 159.7p on 30 June 2017, on which date the Company is planned to be wound up. The initial capital of 100p at 30 April 2010 will increase at a compound interest rate of 6.75% per annum. No dividends are payable on the ZDP Shares. The provision for the capital growth entitlement of the ZDP Shares is included as a finance cost and charged 100% to capital within the Statement of Comprehensive Income.

Finance costs incurred with the overdraft facility are accounted for on an accruals basis.

(l) Taxation

Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other financial periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the Balance Sheet date.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of Comprehensive Income is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Balance Sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Investment trusts that have approval as such under section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to Equity, in which case the deferred tax is also dealt with in Equity.

(m) Dividends

Dividend distribution to equity Shareholders is recognised as a liability in the financial statements in the period when the Company's obligation to make payment is established.

(n) Share issue costs

Costs incurred directly in relation to the offers for subscription and placings of Ordinary Shares together with additional share listing costs have been deducted from equity.

(o) Critical Accounting Estimates and Judgements

The facts and circumstances of all dividend entitlements are considered to determine whether such distributions are accounted for as revenue or capital. Determining whether a dividend is a *return on capital* (accounted for as revenue) or a *return of capital* (accounted for as capital) requires judgement to be applied.

In the event a security held within the portfolio is suspended then judgement is applied in the valuation of that security.

Notes to the Financial Statements

3 Income

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Investment income		
UK dividends	12,612	10,681
Overseas dividends	528	481
Property income distributions (PID's)	155	80
	13,295	11,242
Other income		
Deposit interest	3	7
Total income	13,298	11,249
Total income comprises:		
Dividends	13,295	11,242
Deposit interest	3	7
Total income	13,298	11,249

During the year ended 30 June 2015 the Company received nine (2014: five) special dividends totalling £2,560,000 (2014: £1,573,000). Of the nine special dividends a total of £1,985,000 (2014: £1,573,000) were recorded as revenue and £575,000 (2014: nil) were recorded as capital.

4 Operating Segments

The Board has considered the requirements of IFRS 8 "Operating Segments" and is of the view that the Company is engaged in a single segment of business, investing in securities listed in the UK, and that therefore the Company has only a single operating segment. In respect of the investment portfolio the chief operating decision makers are the Managers, within guidelines set by and oversight from the Board. An important measure of performance used by the Managers and the Board to assess the Company's investment performance is the total assets total return.

5 Investment Management Fee

Details of the investment management fee arrangements can be found on page 19.

Notes to the Financial Statements

6 Other operating expenses

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Directors' fees	124	120
Depositary fee	32	–
Auditors' fees – Audit services (recurring)	25	24
Auditors' fees – Taxation services	5	5
Registrars' fees	24	20
AIC fees	21	21
Custodian fees	16	16
Printing	13	10
Financial Conduct Authority	11	9
Legal fees	10	10
LSE and UKLA listing fees	10	6
Directors' and Officers' liability insurance	7	8
Other general administrative expenses	35	39
	333	288

The other operating expenses set out in the table above include VAT, where applicable, and were charged to revenue. Auditors' fees for taxation services relate to tax compliance services. The Company had no employees in either year above.

Full details of Directors' fees is provided in the Directors' Remuneration Report on page 31.

7 Transaction costs

Expenses incurred in acquiring or disposing of investments classified at fair value through profit or loss are analysed below.

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Analysis of purchases		
Purchase consideration before expenses	87,578	73,192
Broker commissions	167	177
Taxes	382	320
Total purchase costs	88,127	73,689
Analysis of sales		
Sales consideration before expenses	88,096	71,975
Broker commissions	(183)	(184)
Total sales proceeds	87,913	71,791
Total transaction costs	732	681

Notes to the Financial Statements

8 Finance Costs

	Year ended 30 June 2015			Year ended 30 June 2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Appropriation to ZDP Shares	–	6,465	6,465	–	6,056	6,056
Overdraft facility – fee and interest	7	16	23	7	16	23
	7	6,481	6,488	7	6,072	6,079

The Company has a £2 million overdraft facility with The Royal Bank of Scotland plc, which is subject to renewal on 31 October 2015. The interest rate applying to overdrawn balances is 2.25% over the UK Base Rate and an arrangement fee of £20,000 was incurred in respect of the existing facility. During the year ended 30 June 2015 the highest utilisation of the overdraft facility was £1.7 million (2014: £1.5 million).

9 Taxation

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
--	-------------------------------------	-------------------------------------

Analysis of tax charged on ordinary activities

Current tax charge for the year	–	–
Irrecoverable overseas tax suffered	–	–
Total tax charge for the year	–	–

Factors affecting current tax charge for the year

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the year. The differences are explained below:

Profit before taxation	40,829	66,133
Notional corporation tax at 20.75% (2014: 22.5%)	8,472	14,880
Non-taxable UK dividends	(2,736)	(2,403)
Non-taxable capital returns	(7,757)	(14,528)
Non-taxable overseas dividend income	(110)	(108)
Expenses not deductible for tax purposes	152	153
Appropriation to ZDP Shares	1,341	1,363
Movement in unutilised excess expenses	638	643
Total current tax charge for the year	–	–

There are unutilised expenses of £10,678,000 (2014: £7,625,000), resulting in an unprovided deferred taxation asset of £2,136,000 (2014: £1,601,000) as at 30 June 2015 (at 20%). It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

Owing to the Company's status as an Investment Trust Company and the intention to continue as such in the foreseeable future, the Company has not provided for tax on any capital gain arising on the revaluation or disposal of investments held.

The standard rate of Corporation Tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Company's effective tax rate for the year to 30 June 2015 was 20.75%.

Notes to the Financial Statements

10 Dividends paid

Amounts recognised as dividends to Shareholders in the year:

	Year ended 30 June 2015			Year ended 30 June 2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
In respect of the period ended 30 June 2013:						
Second interim dividend of 4.53p	–	–	–	4,960	–	4,960
Special dividend of 1.0p	–	–	–	1,095	–	1,095
In respect of the year ended 30 June 2014:						
First interim dividend of 2.32p	–	–	–	2,541	–	2,541
Second interim dividend of 4.85p	5,311	–	5,311	–	–	–
Special dividend of 1.2p	1,314	–	1,314	–	–	–
In respect of the year ended 30 June 2015:						
First interim dividend of 2.5p	2,737	–	2,737	–	–	–
	9,362	–	9,362	8,596	–	8,596

The second interim dividend for the year ended 30 June 2015 of 5.5p per Ordinary Share and the special dividend for the year ended 30 June 2015 of 1.8p per Ordinary Share, both payable on 27 August 2015, have not been included as a liability in these financial statements.

Set out below are the total dividends paid and payable in respect of the year ended 30 June 2015, which is the basis on which the requirements of section 1158 of the Corporation Tax Act 2010 are considered.

	Year ended 30 June 2015 £'000
Revenue available for distribution by way of dividends for the year	12,095
Dividends in respect of the year ended 30 June 2015:	
– First interim dividend of 2.5p (paid 27 February 2015)	2,737
– Second interim dividend of 5.5p (payable 27 August 2015)	6,022
– Special dividend of 1.8p (payable 27 August 2015)	1,971
Undistributed revenue for the purposes of section 1158 of the Corporation Tax Act 2010	1,365

11 Earnings per Share

	Year ended 30 June 2015	Year ended 30 June 2014
Revenue profit for the year	£12,095,000	£10,163,000
Weighted average Ordinary Shares in issue during the year	109,500,000	109,500,000
Revenue Earnings per Ordinary Share	11.05p	9.28p
Capital profit for the year	£28,734,000	£55,970,000
Weighted average Ordinary Shares in issue during the year	109,500,000	109,500,000
Capital Earnings per Ordinary Share	26.24p	51.11p
Appropriation to ZDP Shares for the year	£6,465,000	£6,056,000
Weighted average ZDP Shares in issue during the year	73,000,000	73,000,000
Earnings per ZDP Share	8.86p	8.30p

Notes to the Financial Statements

12 Investments held at fair value through profit or loss

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Investments at fair value through profit or loss		
Opening fair valuation	312,959	247,174
Opening fair value adjustment	(67,849)	(32,966)
Opening book cost	245,110	214,208
Purchases at cost	87,578	73,192
Sale proceeds	(88,096)	(71,975)
Realised gains on sales	31,534	29,685
Closing book cost	276,126	245,110
Closing fair value adjustment	73,699	67,849
Closing fair valuation	349,825	312,959
All investments are Level 1 assets under the definition of IFRS 13 and are traded on a recognised stock exchange.		
Gains on investments		
Realised gains on sales	31,534	29,685
Increase in fair value adjustment	5,850	34,883
Gains on investments	37,384	64,568

13 Receivables

	2015 £'000	2014 £'000
Amounts due from brokers	57	315
Investment income receivable	1,460	1,491
Other receivables and prepayments	36	20
	1,553	1,826

The carrying values of receivables approximate to their fair value.

14 Payables

	2015 £'000	2014 £'000
Amounts due to brokers	674	–
Other payables	90	102
	764	102

The carrying values of payables approximate to their fair value.

Notes to the Financial Statements

15 Zero Dividend Preference Shares

	2015 £'000	2014 £'000
Opening balance	95,850	89,794
Capital growth of ZDP Shares	6,465	6,056
Closing balance	102,315	95,850

16 Share Capital

	Shares	2015 £'000	Shares	2014 £'000
Issued, Allotted and Fully paid				
Ordinary Shares of 1p	109,500,000	1,095	109,500,000	1,095
Total Ordinary Shares	109,500,000	1,095	109,500,000	1,095
Issued, Allotted and Fully paid				
ZDP Shares of 1p	73,000,000	730	73,000,000	730
Total ZDP Shares	73,000,000	730	73,000,000	730

At 30 June 2015 there were 109,500,000 Ordinary Shares in issue (30 June 2014: 109,500,000) and 73,000,000 ZDP Shares in issue (30 June 2014: 73,000,000).

17 Net asset value ("NAV") per Share

	2015	2014
Net assets attributable to Equity Shareholders	£250,511,000	£219,044,000
Ordinary Shares in issue at the end of the year	109,500,000	109,500,000
Net asset value per Ordinary Share	228.78p	200.04p
Calculated entitlement of ZDP Shares	£102,315,000	£95,850,000
ZDP Shares in issue at the end of the year	73,000,000	73,000,000
Net asset value per ZDP Share	140.16p	131.30p

The Company does not have any dilutive securities.

Notes to the Financial Statements

18 Capital and Reserves

	Share Capital £'000	Share Premium £'000	Special Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
At 30 June 2013	1,095	67,345	43,480	40,588	8,999	161,507
Retained revenue profit for the year	—	—	—	—	10,163	10,163
Realised net gains on sales	—	—	—	29,685	—	29,685
Movement in fair value adjustment	—	—	—	34,883	—	34,883
Investment management fee charged to capital	—	—	—	(1,845)	—	(1,845)
Transaction costs	—	—	—	(681)	—	(681)
Interest charged to capital	—	—	—	(16)	—	(16)
Dividends paid	—	—	—	—	(8,596)	(8,596)
ZDP Appropriation	—	—	—	(6,056)	—	(6,056)
At 30 June 2014	1,095	67,345	43,480	96,558	10,566	219,044
Retained revenue profit for the year	—	—	—	—	12,095	12,095
Investment income recorded as capital	—	—	—	575	—	575
Realised net gains on sales	—	—	—	31,534	—	31,534
Movement in fair value adjustment	—	—	—	5,850	—	5,850
Investment management fee charged to capital	—	—	—	(2,012)	—	(2,012)
Transaction costs	—	—	—	(732)	—	(732)
Interest charged to capital	—	—	—	(16)	—	(16)
Dividends paid	—	—	—	—	(9,362)	(9,362)
ZDP Appropriation	—	—	—	(6,465)	—	(6,465)
At 30 June 2015	1,095	67,345	43,480	125,292	13,299	250,511

Subsequent to the issue of Ordinary Shares on 30 April 2010 the Court confirmed, in July 2010, the cancellation of the entire amount standing to the credit of the Share Premium account and the creation of a Special Reserve, the balance of which may be treated as distributable profits for all purposes, excluding the payment of dividends. The Special Reserve is available to be used for any buy-back of Ordinary Shares and ZDP Shares.

The balance on the Capital Reserve of £125,292,000 (2014: £96,558,000) represents a profit of £73,699,000 (2014: £67,849,000) on investments held and a profit of £51,593,000 (2014: profit of £28,709,000) on investments sold after deducting expenses charged to the Capital Reserve.

19 Cash and cash equivalents

	2015 £'000	2014 £'000
Cash and cash equivalents	2,212	211

Cash held as at 30 June 2015 amounted to £2,159,000 (2014: £10,000) at The Royal Bank of Scotland plc and £53,000 (2014: £201,000) at The Northern Trust Company.

20 Financial Instruments

The Board has established an on-going process for identifying, evaluating and managing the key risks associated with financial instruments. As the Company's investments consist of small UK quoted companies, the principal risks facing the Company are market related and include market price, credit, liquidity and interest rate risk.

The Company's financial instruments comprise its investment portfolio (pages 13 to 15), cash balances, ZDP Shares, receivables and payables that arise directly from its operations such as sales and purchases of securities awaiting settlement and accrued income. Note 2 sets out the accounting policies, including criteria for recognition of and the basis of measurement applied for significant financial instruments excluding cash at bank, which is carried at fair value. Note 2 also includes the basis on which income and expenses arising from financial assets and liabilities are recognised and measured.

Notes to the Financial Statements

20 Financial Instruments (continued)

Market price risk

Market price risk is the risk that the market value of investment holdings will fluctuate as a result of factors other than interest rate or currency rate movement.

The Company is normally a shareholder in between 50 and 100 small quoted companies. Day to day management of the Company's investment portfolio is carried out by its Managers, Aberforth Partners LLP. The Managers have a consistent and well-defined investment process based on fundamental analysis of the constituents of the Company's investment universe. The Board monitors the market price risk inherent in the investment portfolio by ensuring full and timely access to portfolio information provided by the Managers including details of the diversification of the portfolio. The Board meets regularly and at each meeting reviews investment performance and the investment portfolio. It also checks the rationale for the current investment positioning is consistent with the Company's investment objective and investment policy. No derivative or hedging instruments are currently utilised specifically to manage market price risk. It is not the Managers' policy to use derivatives to manage portfolio risk.

If the investment portfolio valuation had fallen by 20% at 30 June 2015, the impact on the profit or loss and therefore Shareholders' equity would have been negative £70.0 million (2014: negative £62.6 million). If the investment portfolio valuation had risen by 20% at 30 June 2015, the impact on the profit or loss and therefore Shareholders' equity would have been positive £70.0 million (2014: positive £62.6 million).

The financial instruments exposed to market price risk were:

	2015 £'000	2014 £'000
Investments held at fair value through profit or loss	349,825	312,959

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

The Company invests in UK equities traded on the London Stock Exchange. Investment transactions are carried out with a number of FCA regulated brokers. Trades are typically undertaken on a delivery versus payment basis.

Cash at bank is held with reputable banks with acceptable external credit ratings. The investment portfolio assets of the Company are held by The Northern Trust Company, the Company's Custodian, in a segregated account. In the event of the bankruptcy or insolvency of Northern Trust the Company's rights with respect to the securities held by the Custodian may be delayed or limited. The Board monitors the Company's risk by reviewing Northern Trust's internal control report.

The maximum exposure to credit risk on the Company's financial instruments was:

	2015 £'000	2014 £'000
Amounts due from brokers	57	315
Investment income receivable	1,460	1,491
Other receivables	13	3
Cash and cash equivalents	2,212	211
Total	3,742	2,020

All of the above financial assets are current, their fair values are considered to be the same as the values shown, and the likelihood of a material credit default is considered to be low.

Notes to the Financial Statements

20 Financial Instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty raising funds to meet its cash commitments as they fall due. Liquidity risk may result from either the inability to sell financial instruments quickly at their fair values or from the inability to generate cash inflows as required.

The Company's assets comprise mainly readily realisable equity securities, which, if necessary, can be sold to meet funding requirements, though short-term funding flexibility can typically be achieved through the use of bank debt facilities. The Company's current liabilities all have a payment date of less than three months. The ZDP Shares have a planned repayment date of 30 June 2017.

The remaining contractual maturities were:

	2015 £'000	2014 £'000
Due within 1 month:		
Amounts due to brokers	674	–
Accrued expenses	90	102
Due in 1 - 5 years:		
ZDP Shares	116,581	116,581

Interest rate risk

Interest rate risk is the risk that the interest receivable/payable and, indirectly, the market value of investment holdings may fluctuate because of changes in market interest rates. The Company's investment portfolio is not directly exposed to interest rate risk.

Cash balances over £25,000 held at The Royal Bank of Scotland plc yields interest at 0.1% (2014: 0.1%).

If the bank base rate had increased by 1 percentage point, the impact on the profit or loss and therefore Total Equity Shareholders' Funds would have been nil. If the bank base rate had decreased by 0.5 percentage points, the impact on the profit or loss and therefore Total Equity Shareholders' Funds would have been nil. There would be no direct impact on the portfolio valuation. The calculations are based on the cash balances as at the Balance Sheet date and are not representative of the financial year as a whole and assume all other variables remain constant.

The Company's financial instruments are all denominated in sterling and therefore the Company is not directly exposed to any significant currency risk. However, it is recognised that most investee companies, whilst listed in the UK, will be exposed to global economic conditions and currency fluctuations.

The financial instruments exposed to interest rate risk were:

	2015 £'000	2014 £'000
Cash and cash equivalents	2,212	211

Fair value of financial assets and liabilities

Investments are carried in the Balance Sheet at their fair value, which is represented by their bid price valuation. All investments held as at 30 June 2015 are categorised as Level 1 using the IFRS 13 fair value hierarchy and are traded on the London Stock Exchange. The ZDP Shares and all other financial assets and financial liabilities are carried in the Balance Sheet at amortised cost.

Notes to the Financial Statements

21 Capital management policies and procedures

The capital of the Company is set out in note 16 on page 50 and details of the Company's reserves are shown in the Statement of Change in Equity on page 40. The investment objective, investment policy and investment strategy of the Company are set out on page 4.

To achieve the investment objective the Board has a responsibility to ensure the Company is able to continue as a going concern and details of the principal risks and how they are managed is set out on page 5. The Board monitors and reviews the structure of the Company's capital including the extent to which revenue in excess of that which is required to be distributed should be retained. The Companies Act 2006 and Corporation Tax Act 2010 impose capital requirements on the respective ability and obligation to pay dividends. The Board monitors, and has complied with, the externally imposed capital requirements. The Company's investment objective, capital management policies and monitoring processes are unchanged during the year.

22 Contingencies, guarantees and financial commitments

The Company had no contingencies, guarantees or financial commitments as at 30 June 2015.

23 Related party transactions

Under IFRS, the Directors have been identified as related parties and their fees and interests have been disclosed in the Directors' Remuneration Report on pages 31 and 32. During the year no Director or entity controlled by a Director was interested in any contract or other matter requiring disclosure under section 412 of the Companies Act 2006.

Shareholder Information

Shareholder register enquiries

Capita Registrars Limited maintains the share register on behalf of the Company. All administrative enquiries relating to Shareholders, such as queries concerning holdings, dividend payments, notification of change of address, loss of certificate or an addition to a mailing list should be directed to Capita Registrars Limited on 0371 664 0300 (calls cost 10p per minute plus network extras).

Electronic payment of dividends

Dividends can be received more quickly by instructing Capita Registrars, whose telephone number is given above, to pay them directly into a bank account, with tax vouchers mailed separately. This method is more efficient and avoids the risk of dividend cheques being either delayed or lost in the post.

Dividend Reinvestment Plan (DRIP)

Capita Registrars, on behalf of the Company, operate a DRIP, which can be used to buy additional Ordinary Shares instead of receiving a cash dividend. For further information call 0371 664 0381 (calls cost 10p per minute plus network extras).

Key Dates

Ordinary Shareholders will normally receive two dividends in respect of each financial year: the first interim dividend in February and the second interim dividend in August. The Interim Report for the 6 months to 31 December is normally published in January and the Annual Report for the year to 30 June in July. The Annual General Meeting is normally held in October.

Sources of further information

The prices of the Ordinary Shares and ZDP Shares are quoted daily in the Financial Times in the Investment Companies section under the abbreviation of "AbfGd Inc". These prices, together with the Net Asset Values and other financial data, can be found on the TrustNet website at www.trustnet.com. Other websites containing useful information on the Company are www.ft.com, www.theaic.co.uk and www.morningstar.co.uk. Company performance and other information are available on the Aberforth Partners LLP website at www.aberforth.co.uk.

How to invest

The Company's Ordinary Shares and ZDP Shares are traded on the London Stock Exchange. They can be bought or sold by placing an order with a stockbroker or asking a professional advisor. The Company's Managers, Aberforth Partners LLP, do not offer any packaged products such as ISAs, PEPs, Savings Schemes or Pension Plans. Each of the Company's listed securities is eligible for inclusion in the "Stocks and Shares" component of an Individual Savings Account (ISA).

Retail Distribution

The Company currently conducts its affairs, and intends to continue to conduct its affairs, so that its Ordinary Shares and Zero Dividend Preference Shares can be recommended by Independent Financial Advisers (IFAs) to ordinary retail investors in accordance with the rules of the Financial Conduct Authority (FCA) in relation to non-mainstream investment products. The Company's Ordinary Shares and Zero Dividend Preference Shares are excluded from the FCA's restrictions that apply to non-mainstream investment products because they are shares in an Investment Trust.

Alternative Investment Fund Managers (AIFM) Directive

In accordance with the AIFM Directive, information in relation to the Company's leverage is required to be made available to Shareholders. The Company's maximum and actual leverage levels as at 30 June 2015 are shown below:

Leverage Exposure	Commitment Method	Gross Method
Maximum Limit	2.00:1	2.00:1
Actual Level	1.40:1	1.40:1

Furthermore, in accordance with the Directive, the AIFM's remuneration policy is available on request from Aberforth Partners LLP and numerical disclosure in respect of the AIFM's first relevant reporting period (year ending 30 April 2016) will be made available in due course.

Security Codes

	ISIN	SEDOL	Bloomberg/Reuters
Ordinary Shares of 1p	GB00B4TR3444	B4TR344	AGIT
ZDP Shares of 1p	GB00B4WLXD25	B4WLXD2	AGIZ

Company Identification Numbers

Global Intermediary Identification Number (GIIN)	AHY315.99999.SL.826
Legal Entity Identifier (LEI)	2138008A77WGCP5LV740

AIC

The Company is a member of The Association of Investment Companies, which produces a detailed Monthly Information Service on the majority of investment trusts. This is available at www.theaic.co.uk.

Glossary

Active Share Ratio	The sum of the absolute differences between a portfolio's weight in a stock and an index's weight in a stock for all stocks in the portfolio or index. The total is then divided by two to give a ratio between 0% and 100%. Active Share is addressed in "How Active is Your Fund Manager?" (Antti Petajisto and Martijn Cremers, Yale School of Management, 2009).
Discount	The amount by which the stockmarket price per Share is lower than the Net Asset Value per Share. The discount is normally expressed as a percentage of the NAV per Share.
Gearing/Leverage	The percentage by which the total value of investments exceeds Total Equity Shareholders' Funds.
Hurdle Rate	The rate of capital growth per annum in the Company's investment portfolio to return the stated amount per Share at the planned winding-up date.
Launch Date	30 April 2010
NAV Total Return (Ordinary Share)	The return on Equity Shareholders' Funds assuming that net dividends paid to Ordinary Shareholders are reinvested at the time the Shares went ex-dividend.
NAV Total Return (ZDP Share)	The return on the entitlement value of a ZDP Share
NAV	Net Asset Value
Ongoing Charges	The percentage per annum of investment management fees and other operating expenses to the average published Ordinary Shareholders' NAV over the period.
Planned Winding-Up Date	30 June 2017
Portfolio Turnover	The lesser of purchases and sales over a one year period divided by the average portfolio value for that year.
Premium	The amount by which the stockmarket price per Share exceeds the NAV per Share. The premium is normally expressed as a percentage of the NAV per Share.
Projected Final Cumulative Cover	The ratio of the total assets of the Company as at the calculation date, to the sum of the assets required to pay the final capital entitlement of 159.7p per ZDP Share on the planned winding-up date plus future estimated investment management fees charged to capital and estimated winding-up costs.
Redemption Yield (Ordinary Share)	The annually compounded rate of interest at which projected future income and capital cash flows (based on assumed future capital/dividend growth rates) produce an amount equal to the share price at the date of calculation.
Redemption Yield (ZDP Share)	The annually compounded rate of interest at which the total discounted value of the planned future payment of capital equates to its share price at the date of calculation.
Retained Revenue per Share	A cumulative figure calculated after accounting for dividends, including those not yet recognised in the financial statements.
Terminal NAV (Ordinary Share)	The projected NAV per Share at the planned winding-up date at the stated rate of capital growth in the Company's investment portfolio after taking into account the final capital entitlement of the ZDP Shares, future estimated costs charged to capital and planned winding-up costs.
Total Assets Total Return	The return of the combined funds of the Ordinary Shareholders and ZDP Shareholders assuming that net dividends paid to Ordinary Shareholders are reinvested at the time the Shares went ex-dividend.
Total Leverage	For the purposes of the AIFM Directive is any method which increases the Company's exposure to stock markets whether through borrowings, derivatives or any other means. It is expressed as a ratio of the Company's exposure to its Net Asset Value. In summary, the Gross method measures the Company's exposure before applying hedging or netting arrangements. The Commitment method allows certain hedging or netting arrangements to be offset. AGIT has no hedging or netting arrangements.
Total Returns	Capital returns with dividends reinvested.

Corporate Information

Investment Managers and Secretaries

Aberforth Partners LLP
14 Melville Street
Edinburgh EH3 7NS
Tel: 0131 220 0733
enquiries@aberforth.co.uk
www.aberforth.co.uk

Registered Office and Company Number

c/o Dickson Minto W.S.
Broadgate Tower
Primrose Street
London EC2A 2EW
Registered in England and Wales
Number 07189761

Depository

National Westminster Bank plc
Trustee & Depository Services
Younger Building
3 Redheughs Avenue
Edinburgh EH12 9RH

Custodian

The Northern Trust Company
50 Bank Street
Canary Wharf
London E14 5NT

Bankers

The Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh EH2 2YB

Registrars

Capita Asset Solutions
Shareholder Solutions
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Tel: 0371 664 0300 (Calls cost 10p per
minute plus network extras)
ssd.services@capitaregistrars.com
www.capitaassetservices.com

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory
Auditors
Atria One
144 Morrison Street
Edinburgh EH3 8EX

Solicitors

Dickson Minto W.S.
16 Charlotte Square
Edinburgh EH2 4DF

Sponsors

JP Morgan Securities Limited
25 Bank Street
Canary Wharf
London E14 5JP

Notice of the Annual General Meeting

Notice is hereby given that the fifth Annual General Meeting of Aberforth Geared Income Trust plc will be held at 14 Melville Street, Edinburgh EH3 7NS on 27 October 2015 at 1.00 p.m. for the following purposes:

Ordinary Business

To consider and, if thought fit, pass the following Ordinary Resolutions:

1. That the Report and Financial Statements for the year ended 30 June 2015 be adopted.
2. That the Directors' Remuneration Report be approved.
3. That Jonathan Cartwright be re-elected as a Director.
4. That Graham Menzies be re-elected as a Director.
5. That PricewaterhouseCoopers LLP be re-appointed as Auditors and that the Directors be authorised to determine their remuneration.

Aberforth Partners LLP, *Secretaries*
14 Melville Street, Edinburgh EH3 7NS

28 July 2015

Notes to the Notice of the Annual General Meeting

1. Attending the Annual General Meeting in person

A member who is entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend, speak and vote on his/her behalf. Such a proxy need not also be a member of the Company.

2. Appointment of Proxy

A Form of Proxy for use by Shareholders is enclosed. Completion of the Form of Proxy will not prevent a Shareholder from attending the meeting and voting in person. To register your vote electronically, log on to the Registrars' website at www.capitaregistrars.com and follow the instructions on screen. You will require your investor code. CREST users should note they can lodge their proxy votes for the meeting through the CREST proxy voting system. For further instructions users should refer to the CREST User Manual. Any CREST personal members or other CREST sponsored members and other CREST members who have appointed a voting service provider(s) should contact their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID R055) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

Notes to the Notice of the Annual General Meeting

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Shares. You may not appoint more than one proxy to exercise rights attached to any one Share. To appoint more than one proxy, please contact the Registrars of the Company. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

To be valid the proxy form must be completed and lodged, together with the power of attorney or any authority (if any) under which it is signed, or a notarially certified copy of such power of authority, with the Registrars of the Company no later than 48 hours (excluding non-working days) before the time set for the meeting, or any adjourned meeting.

3. Entitlement to attend and vote

To be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at 6.00 p.m. on 23 October 2015 (or, if the Annual General Meeting is adjourned, 6.00 p.m. on the day two days (excluding non working days) prior to the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.

4. Questions and Answers

Pursuant to section 319A of the Companies Act 2006, the Company must provide an answer to any question that is put by a member attending the AGM relating to the business being considered, except if a response would not be in the interest of the Company or for the good order of the meeting or if to do so would involve the disclosure of confidential information. The Company may however elect to provide an answer to a question within a reasonable period of days after the conclusion of the AGM.

5. Total Voting Rights

As at 28 July 2015, the latest practicable date prior to publication of this document, the Company had 109,500,000 Ordinary Shares and 73,000,000 ZDP Shares in issue. The holders of ZDP Shares will not normally be entitled to vote at general meetings of the Company. In respect of the resolutions the Ordinary Shareholders have a total of 109,500,000 voting rights.

6. Shareholder disclosure obligations

Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party comply with their respective disclosure obligations under the Disclosure and Transparency Rules.

7. Information on the Company's website

In accordance with section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of Shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Managers' website at www.aberforth.co.uk.

Notes to the Notice of the Annual General Meeting

8. Nominated Persons

Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between such person and the Shareholder nominating such person, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise such right, the Nominated Person may, under any such agreement, have a right to give instructions to the registered Shareholder as to the exercise of voting rights.

9. Audit concerns

The members of the Company may require the Company (without payment) to publish, on its website, a statement (which is also to be passed to the Auditors) setting out any matter relating to the audit of the Company's Financial Statements, including the Auditors' report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of the Company or at least 100 members who have a relevant right to vote and hold Shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing, state full names and addresses, and be sent to the registered address of the Company.

10. Documents available for inspection

The Directors' letters of appointment and a copy of the articles of association of the Company will be available for inspection prior to the Annual General Meeting and during the meeting.

11. Members' rights

Pursuant to section 338 of the Companies Act 2006, a member or members meeting the qualification criteria set out below, may, subject to certain conditions, require the Company to circulate to members notice of a resolution that may properly be moved and is intended to be moved at that meeting. The conditions are that: (i) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (ii) the resolution must not be defamatory of any person, frivolous or vexatious; and (iii) the request: (a) may be in hard copy form or in electronic form; (b) must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identifying the resolution which is being supported; (c) must be authenticated by the person or persons making it; and (d) must be received by the Company not later than six weeks before the meeting to which the requests relate.

Pursuant to section 338A of the Companies Act 2006, a member or members meeting the qualification criteria set out below, may, subject to certain conditions, require the Company to include in the business to be dealt with at the Meeting a matter (other than a proposed resolution) that may properly be included in the business (a matter of business). The conditions are that: (i) the matter of business must not be defamatory of any person, frivolous or vexatious; and (ii) the request: (a) may be in hard copy form or in electronic form; (b) must identify the matter of business by either setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported; (c) must be accompanied by a statement setting out the grounds for the request; (d) must be authenticated by the person or persons making it; and (e) must be received by the Company not later than six weeks before the meeting to which the requests relate.

In order to be able to exercise the members' right to require: (i) circulation of a resolution to be proposed at the meeting; or (ii) a matter of business to be dealt with at the meeting, the relevant request must be made by: (a) a member or members having a right to vote at the meeting and holding at least 5 per cent. of total voting rights of the Company; or (b) at least 100 members having a right to vote at the meeting and holding, on average, at least £100 of paid up share capital.