FINSBURY GROWTH & INCOME TRUST

Annual Report for the year ended 30 September 2017

About Finsbury Growth & Income Trust PLC

Finsbury Growth & Income Trust PLC aims to achieve capital and income growth and to provide shareholders with a total return in excess of that of the FTSE All-Share Index.

Further details of the Company's investment objective and policies are set out on page 16.

Keep up to date with Finsbury Growth & Income Trust PLC

For more information about Finsbury Growth & Income Trust PLC visit the website at www.finsburygt.com

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Winner:

- Citywire Investment Trust Awards, UK Equity Income 2017
- Money Observer Trust Awards, Best UK Income Trust 2017
- Moneywise, Investment Trust of the Year 2016 and 2015, UK Equity Income Category
- Rated Fund: Money Observer Rated Funds 2015
- FT & Investors' Chronicle Awards 2015, Best Income Fund
- Investment Week, Investment Company of the Year 2016 and 2015, UK Equity Income Category
- What Investment Trust 2016, Best UK Investment Trust

Company Summary

The Company

The Company is an investment trust and its shares are listed on the premium segment of the Official List and traded on the main market of the London Stock Exchange. The Company is a member of the Association of Investment Companies ("AIC").

The Company's net assets as at 30 September 2017 were £1,164.4 million (2016: £936.0 million) and the market capitalisation was £1,170.3 million (2016: £936.5 million).

Management

The Company is an Alternative Investment Fund ("AIF") under the European Union Alternative Investment Fund Managers' Directive ("AIFMD").

The Company has appointed Frostrow Capital LLP ("Frostrow") as Alternative Investment Fund Manager ("AIFM") to provide company management, company secretarial, administrative and marketing services. The Company and Frostrow have jointly appointed Lindsell Train Limited ("Lindsell Train") as Portfolio Manager. Further details of the terms of these appointments are provided on page 19 and full disclosures required under the AIFMD can be found on the Company's website: www.finsburygt.com.

Performance

Performance is measured against the FTSE All-Share Index (total return), the Company's benchmark.

Dividend

A first interim dividend of 6.8p per share (2016: 6.1p) was paid on 10 May 2017 to shareholders registered at the close of business on 7 April 2017. The associated ex-dividend date was 6 April 2017.

A second interim dividend of 7.4p per share (2016: 7.0p) was paid on 10 November 2017 to shareholders registered at close of business on 13 October 2017. The associated ex-dividend date was 12 October 2017. The total dividend paid for the year was 14.2p per share (2016: 13.1p per share).

ISA Status

The Company's shares are eligible for Individual Savings Accounts ('ISAs') and for Junior ISAs.

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The Company was incorporated in Scotland on 15 January 1926. Lindsell Train was appointed in December 2000. The total return of the Company's net asset value per share over the ten years to 30 September 2017 has been 205.2%*, equivalent to a compound annual return of 11.8%*. This compares to a total return of 75.2%* from the Company's benchmark, equivalent to a compound annual return of 5.8%*.

*Source: Morningstar, FTSE International Limited ("FTSE")©FTSE 2017

Ten Year Total Return Performance to 30 September 2017

Financial Highlights for the Year

Share price total return	Net asset value per share total return	FTSE All-Share Index total return
+14.2%	**+13.7%**	**11.9%**
2016: +20.8%	2016: + 20.6%	2016: 16.8%

Share price	Net asset value per share	Dividends for the year
736.5p	**732.8p**	**14.2p**
2016: 658.0p	2016: 657.7p	2016: 13.1p
+11.9%	**+11.4%**	**+8.4%**

Source: Morningstar, FTSE International Limited ("FTSE")©FTSE 2017

Strategic Report / Company Performance

Financial Highlights for the year continued

	As at 30 September 2017	As at 30 September 2016	% Change
Share price	736.5p	658.0p	+11.9%
Net asset value per share	732.8p	657.7p	+11.4%
Premium/(discount) of share price to net asset value per share	0.5%	0.0%	
Gearing	1.9%	2.2%	
Shareholders' funds	£1,164.4m	£936.0m	+24.4%
Number of shares in issue	158,896,712	142,318,212	+11.6%

	Year ended 30 September 2017	Year ended 30 September 2016	% Change
Share price total return[1]	+14.2%	+20.8%	
Net asset value per share total return[1]	+13.7%	+20.6%	
FTSE All-Share Index total return (Company benchmark)[1,2]	+11.9%	+16.8%	
Ongoing charges	0.7%	0.7%	
Revenue return per share	15.8p	15.2p	3.9%
Dividends per share:			
First interim dividend	6.8p	6.1p	+11.5%
Second interim dividend	7.4p	7.0p	+5.7%
Total dividends for the year	14.2p	13.1p	+8.4%

A glossary of terms and alternative performance measures is provided on pages 79 and 80
[1] Source – Morningstar
[2] Source – FTSE International Limited ("FTSE")©FTSE 2017*

One Year Total Return Performance

Strategic Report / Chairman's Statement

Anthony Townsend
Chairman

Dear Shareholder,

Performance

The Company's net asset value return per share for the year was 13.7% (2016: 20.6%) and the share price total return was 14.2% (2016: 20.8%). Both have again outperformed the Company's benchmark, the FTSE All-Share Index, measured on a total return basis, which rose by 11.9% over the same period (2016: 16.8%). The principal contributions to net asset value performance came from our major holdings in London Stock Exchange, Unilever and Burberry Group.

The Company's continued good performance and the resulting strong demand for its shares has caused them to trade at a premium to the cum-income net asset value per share. The share price ended the year at a 0.5% premium to the Company's net asset value per share (2016: at par).

It is also particularly pleasing to note that our Portfolio Manager's long term strategy continues to deliver excellent returns with £1,000 invested in the Company ten years ago now being worth £3,052.This compares to a figure of £1,752 if we had just tracked the Company's benchmark index, the FTSE All-Share Index (total return), over the same period.

Share Capital

Consistent demand for the Company's shares led to the issue of a total of 16,578,500 new shares during the year, ensuring that the share price premium was effectively managed throughout the year. The net proceeds received by the Company from the issue of these new shares amounted to £113.1 million and was invested in line with the Company's investment objective. Since the financial year end we have issued a further 3,425,000 new shares.

In order to facilitate this demand, shareholder authority to issue further shares equal to 10% of the Company's issued share capital on a non-pre-emptive basis was renewed at the Company's Annual General Meeting in January 2017 and again at a General Meeting held just recently in December 2017.

The Company's share issuance authority will as usual be proposed for renewal at the Company's Annual General Meeting to be held in January 2018.

Return and Dividend

The Income Statement shows a total return per share of 89.6 pence per share (year ended 30 September 2016: 114.4 pence) consisting of a revenue return per share of 15.8 pence (year ended 30 September 2016: 15.2 pence) and a capital return per share of 73.8 pence (year ended 30 September 2016: 99.2 pence).

The Company's net revenue return during the year was up 3.9% from last year (on a per share basis) and your Board has declared two interim dividends for the year totalling 14.2 pence per share (year ended 30 September 2016: 13.1 pence), a year-on-year increase of 8.4%. This is in line with the Board's progressive dividend policy.

In light of the continued strong demand for the Company's shares and in order to facilitate dividend payments on a timely and cost effective basis, your Board continues to elect to distribute the Company's income to shareholders by means of two interim dividends rather than wait several months to secure shareholder approval to pay a final dividend.

Gearing

As at the year end the Company was approaching the second year of its three-year secured revolving credit facility of £75 million with an additional £25 million facility with Scotiabank Europe PLC. As at 30 September 2017 a total of £36.7 million had been drawn-down under this facility (30 September 2016: £34.5 million).

Strategic Report / Chairman's Statement

Board Composition

As announced in the half year report Vanessa Renwick and John Allard, as the longest standing members of the Board, will retire from the Board at the Annual General Meeting to be held in January 2018. Vanessa and John have both made very significant contributions over their years on the Board and I and my other fellow directors will be very sorry to see them leave. We have all greatly enjoyed working with them.

As I mentioned in our stock exchange announcement on 26 October 2017, we are delighted to welcome Kate Cornish-Bowden and Lorna Tilbian to the Board. We are very pleased to have appointed directors with extensive industry and financial expertise.

Resolutions proposing their election together with resolutions for those Directors standing for re-election will be considered by shareholders at the forthcoming Annual General Meeting.

Half Year Report and Accounts

In common with many other companies the Company is doing what it can to reduce its carbon foot print. As part of this strategy, and also to produce cost savings for the shareholders, the Company will no longer be preparing printed copies of its Half Year Report and Accounts. This document will, however, continue to be available on the Company's website at www.finsburygt.com. The Company's Annual Report will continue to be available in print.

Outlook

Our Portfolio Manager continues to see the opportunity for growth and efficiency gains across our investee companies. His view on the prospects of the key holdings in your portfolio is set out on pages 13 to 15. Your Board continues to support fully the Portfolio Manager's strategy of investing in high quality companies that own both durable and cash generative brands. We believe firmly that this strategy will continue to deliver strong investment returns to shareholders over the longer term.

Annual General Meeting

The Annual General Meeting of the Company this year will again be held at Guildhall, City of London EC2V 7HH (please use the Basinghall Street Entrance) on Wednesday, 31 January 2018 at 12 noon, and we hope as many shareholders as possible will attend. This will be an opportunity to meet the Board and to receive a presentation from our Portfolio Manager. We thank you for your continued support.

Further details of the location of the Company's Annual General Meeting can be found on page 89.

Anthony Townsend

Anthony Townsend
Chairman

14 December 2017

Strategic Report / Discount Control Mechanism ("DCM")

Shareholders in the Company will know that the principal difference between investment trusts and the other most common collective investment vehicles, unit trusts and open ended investment companies ("OEICs"), is that

- to participate in unit trusts and OEICs, investors apply to the fund managers for new units or shares. These are normally issued and redeemed at or near to net asset value ("NAV") per share, whereas
- to participate in an investment trust requires the purchase or sale of the shares in that trust through the stock market.

The shares in an investment trust tend to track the NAV per share, but they seldom if ever trade at exactly the NAV per share, or at "par" as it is known. Historically the great majority of investment trusts have traded at a discount to NAV per share, often well into double digits, although there are a select few, usually specialist, investment trusts that trade at a premium.

There are some investors who find the ability to buy stock in investment trusts at a discount attractive, although they are rarely so enthusiastic if they have to sell at a discount. However, your Directors believe that it is in the best interests of all our shareholders (whether buying, holding or selling) that the Company's shares trade at a price as close to NAV per share as practicable.

The level of discount, or premium, at which investment trust shares trade is very substantially affected by the law of supply and demand; put simply a much sought-after share rarely trades at a significant discount and may even trade at a premium, whereas out of favour shares often move to material discounts.

In an effort to try to eliminate discount volatility, your Directors introduced a discount control mechanism ("DCM") in 2004. Under our DCM, we will normally buy in the Company's shares being offered on the stock market whenever the discount reaches a level of 5% or more and then hold those shares in "treasury". Shares held by a company in treasury are, for accounting purposes, effectively eliminated but, legally and for Stock Exchange purposes, they continue to exist, which means they can later be sold back to the market if conditions permit.

In recent years the Company's successful performance has generated substantial investor interest, which in the absence of the other side of our DCM could have led to our shares moving to a significant premium to NAV per share. Your Directors consider that limiting the premium is just as important as limiting the discount; no-one likes to pay over the odds for an investment! The other side of our DCM is therefore that whenever there are unsatisfied buying orders for our shares in the market, we issue new shares at a small premium to NAV per share. This ensures that there is no asset dilution to our existing shareholders, but stops the market price going to a significant and possibly unsustainable premium. We do therefore effectively become a market maker in our own shares and you can see from the chart on page 7 how successful that has been.

These two sides of our DCM are widely to be found elsewhere in the investment trust sector, but there is a third aspect to ours that is rare. As explained above, shares held in treasury continue to exist legally and can be re-sold, but in most cases shareholders will only permit that if they are re-sold at NAV per share or higher. For many years we have sought and obtained the authority of our shareholders to re-sell shares held in treasury at a discount to NAV per share, provided that any sale is at a narrower discount to NAV per share than that prevailing when the shares were bought in. The round trip of buying them in and then selling them out again at a finer discount is always asset-accretive to shareholders, but it is the increased liquidity that this arrangement permits that is the real benefit.

We have not had to use this power for many years, but there was a point some years ago where it was very useful to us in helping us place a large holding of shares in the Company that was too large for the market to digest in one go. We therefore bought part of that holding into treasury and then sold the shares out to the market over the next few months in smaller parcels at a finer discount. The whole operation was a great success and we are therefore very keen to keep this power in our DCM armoury.

It is Resolutions 11, 12, 13 and 14 in the Notice of Annual General Meeting beginning on page 83 that enable us to operate what we consider to have been a very effective DCM in recent years and we strongly recommend that shareholders therefore vote in favour of those resolutions in order to continue it.

Strategic Report / Discount Control Mechanism ("DCM")

The chart below demonstrates the premium/(discount) that the Company shares traded at during the year relative to NAV per share.

Number of Shares in Issue (excluding Treasury Shares)

Strategic Report / Investment in our Key Service Providers

Corporate Investments

Investment trusts have a somewhat unusual structure compared to most limited companies in the corporate world. They frequently have an entirely non-executive board of directors and contract out the management services they need to one or more third party service providers.

In our case we use Lindsell Train to provide our portfolio management and Frostrow to provide our AIFM, corporate administration, secretarial services, investor relations and marketing; they are by far our two most important service providers. Nick Train, one of the directors of Lindsell Train, heads the fund management team looking after our portfolio and Alastair Smith, Managing Partner of Frostrow, heads the team at Frostrow and oversees the range of services that the firm provides. These two men do therefore effectively provide the senior executive management of Finsbury Growth & Income Trust PLC (the "Company"); they are an essential part of our successful operations. When we first started working with them, the Board therefore felt it was of great importance that we took a meaningful participation in each of their businesses, not just to align our commercial interests with theirs but to bind them in to the future prosperity of the Company.

At the time we approached Lindsell Train in 2000 to discuss with them taking on the investment mandate for the Company, they were in the process of establishing Lindsell Train Investment Trust plc ("LTIT") which was to take a 25% interest in Lindsell Train; the balance is held by the founding directors Michael Lindsell and Nick Train together with some of their key colleagues. The option of taking a stake directly in Lindsell Train was therefore not open to us, but taking a significant shareholding in their new investment trust was and so we invested £1,000,000 in January 2001 at £100 per share into LTIT. At 30 September 2017, that holding was worth £8,300,000, due in no small part to LTIT's very valuable holding in Lindsell Train.

When Alastair Smith established Frostrow in 2007, we were able to negotiate with him that the Company took a 10% direct participation in Frostrow at a cost of £150,000, of which £75,000 has been repaid. It is of course an unlisted investment, but using well established industry norms, we have valued that holding at £1,680,000 at 30 September 2017, including the AIFM investment, which is valued at £480,000 (see note 1(a) on page 52 for further details). We have also received very tax-efficient profit distributions totalling £1,781,000 from Frostrow since inception.

By any measure therefore both these investments have been hugely successful but that should not obscure the great strategic importance of them. The success of the Company is very largely due to the skill and commitment both those organisations bring to us, something the Board values even more highly than the investment return we have made on the holdings.

It is very pleasing to us that this is a two way street. Shareholders will see from page 45 that as at 30 September 2017, Nick Train holds 1,209,887 shares in the Company (2016: 762,662) and Alastair Smith 80,119 shares (2016: 72,218). I have consent from Nick Train to tell shareholders that his holding represents the whole of his personal investment in Lindsell Train's UK equity strategy and is a significant portion of his total assets.

Anthony Townsend
Chairman

14 December 2017

Strategic Report / Investment Portfolio

Investments as at 30 September 2017

Investments	Fair value 2016 £'000	Purchases £'000	Sales £'000	Capital appreciation/ (depreciation) £'000	Fair value 2017 £'000	% of investments
Unilever	94,693	6,322	–	19,226	120,241	10.1
Diageo	95,118	11,808	–	11,787	118,713	10.0
RELX	93,208	5,519	–	11,746	110,473	9.3
London Stock Exchange	69,366	5,384	–	27,431	102,181	8.6
Hargreaves Lansdown	54,785	16,809	–	11,472	83,066	7.0
Burberry Group	58,007	6,505	–	17,013	81,525	6.9
Heineken[1]	62,961	2,759	–	9,056	74,776	6.3
Schroders	56,433	3,723	–	14,152	74,308	6.3
Sage Group	65,376	5,192	–	(3,414)	67,154	5.6
Mondelez International[2]	42,640	31,661	–	(7,827)	66,474	5.6
Daily Mail & General Trust (non-voting)	43,089	5,207	–	(5,832)	42,464	3.6
Remy Cointreau[3]	23,345	4,089	–	9,310	36,744	3.1
Rathbone Brothers	22,338	–	–	9,275	31,613	2.7
Fidessa	28,680	229	–	(1,871)	27,038	2.3
A.G. Barr	22,290	–	–	4,563	26,853	2.3
Pearson	27,793	1,129	–	(5,421)	23,501	2.0
Dr.Pepper Snapple[2]	24,843	–	–	(1,536)	23,307	2.0
Manchester United[2]	–	18,467	–	451	18,918	1.6
Euromoney Institutional Investor[4]	10,301	103	–	513	10,917	0.9
Young & Co's Brewery (non-voting)	10,763	–	–	(105)	10,658	0.9
Greene King	14,222	58	–	(4,175)	10,105	0.8
The Lindsell Train Investment Trust plc	8,200	–	–	100	8,300	0.7
Fuller Smith & Turner	7,161	–	–	(70)	7,091	0.6
The Kraft Heinz Company[2]	17,221	–	(11,205)	(1,451)	4,565	0.4
Celtic *	2,339	5	–	1,902	4,246	0.3
Frostrow Capital LLP[5] **	1,420	60	–	200	1,680	0.1
	956,592	**125,029**	**(11,205)**	**116,495**	**1,186,911**	**100.0**

All of the above investments are equities listed in the UK, unless otherwise stated.

[1] Listed in the Netherlands.
[2] Listed in the United States.
[3] Listed in France.
[4] An Associate Company of Daily Mail & General Trust.
[5] Unquoted partnership interest.
* Includes Celtic 6% cumulative convertible preference shares, fair value £154,000 (2016: £72,000).
** Includes Frostrow Capital LLP AIFM Investment, fair value £480,000 (2016: £420,000).

Portfolio by Geography

as at 30 September:

Strategic Report / Performance Summary

Five Year Performance Summary

	30 Sep 2013	30 Sep 2014	30 Sep 2015	30 Sep 2016	30 Sep 2017
Share price	479.0p	509.0p	556.5p	658.0p	736.5p
Share price total return*	+30.5%	+8.6%	+11.8%	+20.8%	+14.2%
Net asset value per share	476.1p	507.7p	556.9p	657.7p	732.8p
Net asset value per share total return*	+31.6%	+8.9%	+12.0%	+20.6%	+13.7%
FTSE All-Share Index total return**	+18.9%	+6.1%	(2.3)%	+16.8%	+11.9%
Revenue return per share	12.7p	12.6p	13.5p	15.2p	15.8p
Dividends per share	10.5p	11.3p	12.1p	13.1p	14.2p

*Source: Morningstar
**Source: FTSE International Limited ("FTSE")©FTSE 2017†
†See glossary of terms and alternative performance measures on pages 79 and 80

Strategic Report / Contributions to Total Return

for the Year ended 30 September 2017

Investments	Total return £'000	Contribution per share (pence)*
Equities		
London Stock Exchange	28,648	19.0
Unilever	22,478	14.9
Burberry Group	18,789	12.4
Schroders	16,289	10.8
Diageo	14,721	9.7
RELX	14,235	9.4
Hargreaves Lansdown	13,057	8.6
Heineken	10,195	6.7
Rathbone Brothers	9,984	6.6
Remy Cointreau	9,848	6.5
A.G. Barr	5,188	3.4
Celtic	1,821	1.2
Euromoney Institutional Investor	748	0.5
Manchester United	451	0.3
The Lindsell Train Investment Trust plc	258	0.2
Young & Co's Brewery (non-voting)	89	0.1
Fuller Smith & Turner	62	0.1
Fidessa	(744)	(0.5)
Dr. Pepper Snapple	(995)	(0.6)
The Kraft Heinz Company	(1,023)	(0.7)
Sage Group	(2,084)	(1.4)
Greene King	(3,565)	(2.4)
Pearson	(3,923)	(2.6)
Daily Mail & General Trust (non-voting)	(4,489)	(3.0)
Mondelez International	(6,838)	(4.5)
	143,200	**94.7**
Preference shares (franked income)		
Celtic 6% (cumulative convertible preference shares)	88	0.1
	88	**0.1**
Unquoted		
Frostrow Capital LLP	538	0.3
Contribution	**143,826**	**95.1**
Other income	**3**	**0.0**
Expenses, finance charges and currency translations	(8,261)	(5.5)
Total contribution for the year	**135,568**	**89.6**

*Based on 151,191,262 shares, being the weighted average number of shares in issue during the year ended 30 September 2017.

Strategic Report / Portfolio Analysis

Investments Analysed by Sector

Sector Analysis+

Portfolio Sector Weightings+
2017

FTSE All Share Sector Weightings*
2017

Portfolio Sector Weightings+
2016

FTSE All Share Sector Weightings*
2016

Strategic Report / Portfolio Manager's Review

Nick Train
Lindsell Train Limited
Portfolio Manager

Perhaps the most unusual thing about Lindsell Train's investment approach is how little we actually do. We almost never initiate new holdings, almost never sell existing holdings and we do as little trimming of holdings as possible. Portfolio turnover for Finsbury Growth & Income PLC ('Finsbury') remains extremely low, at c.1.0% pa. We remind you of this because we have added a new holding over the financial year, the first in two years and an investment which I discuss below as a case study. We make no exaggerated claims for our low impact approach. Outperforming an efficient equity index like the FTSE All-Share is difficult and there are many valid ways to go about it; ours is just one. What you can say about it though, is that it tends to keep costs down. Consistent with this aspiration we have recently announced that Lindsell Train Limited intends to pay for third party investment research itself after January 2018 rather than pass these costs on to its clients, thereby further reducing the cost to shareholders of running their company. Commendably, many of our peers have made the same client-friendly decision.

This low portfolio turnover suggests we take a very long term and high conviction view. And in confirmation of that, the truth is we have only really had three investment ideas over the last 15 years - admittedly big ones - and your portfolio is still built around them. Long term performance will be driven by the success or otherwise of these three thematic ideas.

The first, by proportion of portfolio, is Consumer Brands. We observe globally resonant consumer brands are rare and they're sadly very rare in the context of the UK stock market. According to Interbrand's annual survey of the 100 most valuable brands in the world today only five are owned by UK-listed companies – and two of those five are Diageo's Johnnie Walker and Smirnoff. But such brands, those which really can be sold across the world, are also extraordinarily valuable. Kraft Heinz' merger proposal to Unilever, one of our biggest holdings, earlier this year is a reminder of that value. While we strongly supported the Unilever board's rebuff of Kraft, we think it inevitable there will be future very substantial combinations and acquisitions in the consumer sector. Indeed Unilever itself is busily both disposing of and acquiring businesses right now. Elsewhere for this theme, we remain enthusiastic about Burberry (up 27.6% over the period and turning out to be a big winner for Finsbury), which is the UK's only global luxury brand and one of those Interbrand top 100. The company not only has a wonderful heritage, we also think we Brits underestimate the international appeal of the culture and image of this country, an appeal Burberry represents well.

Next, Media Content/Intellectual Property. We are sure the value is going up of whatever it is that attracts eyeballs to the screens of electronic devices. Amazon, Apple, Netflix, YouTube – all of them are bidding up to get proprietary access to entertainment or information that will draw viewers to them, rather than their rivals. We're keen to invest in UK companies with unique Intellectual Property; the kind individuals or companies feel they can't do without. One example is RELX, the former Reed Elsevier and one of the top three holdings in your portfolio. I understand the risk of hyperbole in the following comment, but it seems to us that RELX is as important to the users of its services – scientists, lawyers, insurance industry executives – as Google is to you and me. And like Google RELX has new commercial opportunities opening up for it, as its technology infrastructure allows it to aggregate "Big Data" and to provide Artificial Intelligence products to its customers.

In the context of this Media Content theme I must discuss two holdings which have come to require much more patience from us and Finsbury shareholders than I originally hoped. For Daily Mail and General Trust – we know, as does the company, that the days of the print newspaper are numbered, but we still wonder if investors have properly registered the success of MailOnline in reaching a bigger and more global audience than the newspaper has, or ever could. 100 million hours every month is now spent by readers or watchers of MailOnline, which gives it, as the company says with some degree of understatement – lots of opportunity to sell advertising. And indeed advertising revenues for the combined Mail businesses are growing again, for the first time in many years, as the continuing declines for the print newspaper are more than offset by digital advertising growth. We hope this is a significant inflexion point.

Next: Pearson. That company's woes intensified over the last 12 months, with one result being the necessity to cut its dividend by up to 70%. This dividend cut has constrained the pace at which your Board is able to grow Finsbury's own dividend this year and next (although this year's dividend is up 8.4% nonetheless). I am sorry about this. Right at the heart of Lindsell Train's investment approach is a preference for reliably

Strategic Report / Portfolio Manager's Review

cash generative companies, where dividend cuts should be inconceivable. To this extent our investment for you in Pearson has clearly been a mistake. It is what it is, though. And objectively we now have to say Pearson's dividend cut is a good thing. It is so because it improves the chances of the company pulling through this difficult period. The cash it retains within its business, rather than pays out as dividends, will allow it to reduce debt, but also, and far more important, to continue to invest in its transition from text book publisher to a provider of digital software services to educational establishments. On balance we still think there are encouraging indications of revenue growth and market share gains for Pearson's digital products that justify retaining the shares. But the experience has been sobering for me and I suggest you conclude from it that Mike Lindsell and I are by no means infallible and, like everyone else, will be prone to future errors of judgement too.

I know this section of my report is already lengthy. But it is so because we see the evolution of digital technology as both the biggest opportunity but also the biggest threat to our investment strategy. And it is because of this that we introduced a new holding to the theme in Q3 17: Manchester United.

Case Study: Manchester United ('MANU')

We are relieved – perhaps an unexpected word - to have made this investment and look to it becoming, over time, a very rewarding commitment of your capital.

The reason for our relief is our awareness that Technology is upending the Media industry, but at the same time creating extraordinary new value for some participants. We badly want to be involved. We watch in awe as Amazon and Netflix invest billions of dollars annually into the commission of new entertainment content – reputedly $4 billion and $6 billion respectively. This spend has turned into a kind of arms race to attract the highest number of subscribers to competing platforms and devices. In this context and the context of the $100s of billions of market capitalisation in global Internet and Telecommunication companies, we regard the current market cap of MANU, c$2.8 billion, as low. Certainly low relative to the global following and fascination with the MANU franchise and to the priceless (virtually) strategic value to broadcasters of live sports.

We note that Facebook is known to have been a recent, failed bidder for streaming rights to Indian IPL cricket matches. And that, at MANU's recent result update, senior executive Ed Woodward predicted it will not be long now before an Internet giant bids against an incumbent football rights holder, like Sky or BT. The ramifications of that for traditional media companies will be massive, but through the turmoil we expect the value of strongly-franchised football clubs and indeed other sports franchises to rise.

For instance in September 2017 the Houston Rockets, an NBA team, was sold for $2.2 billion. This was a new record for a basketball team. The seller had bought it for $85 million in 1993. It is worth recalling MANU had a stock market value of below £20 million in 1993, so like the Rockets it too has been radically revalued – up just about 100-fold since then. The Rockets generate c$250 million of revenues, meaning the franchise has been sold at c9.0x annual sales. If MANU is as valuable as the Rockets – and we think in truth its global reach makes it far more valuable – then it would command a value of well over $6 billion; more than double the current market capitalisation. This is the scale of the opportunity we see.

Our third and final investment theme is Stock Market Proxies. We're always bullish about the outlook for global and UK equities and that means we like to invest in companies that do well when markets go up. We have added significantly to our holding in Hargreaves Lansdown (HL) this year. The company is now 36 years old, but we still see it as still very "young" – in terms of the value it can bring to ever more customers over time. The growth rates of HL's digital services reinforce this perception and can be seen on Finsbury's own share register. Over its most recent financial year there were more than 138 million visits to its website, up over 30% year-on-year. Trades placed at HL via mobile devices were up 72% and top-ups to account cash balances made by mobile more than trebled. In short, we think this level of digital engagement will help HL's assets under management grow very much higher in 10 years and its share price should follow.

Strategic Report / Portfolio Manager's Review

Conclusion

We know that currently some shareholders worry about Brexit and other macro-economic or political issues, but we continue to believe that the most rational way to respond to these concerns is to work on the following assumption. "Everything will work out just fine in the end." This may read as complacency, but the truth is that ever since the FT All Share was first calculated, back in 1962, there has always been something to worry about. The index had a base value of 100 in 1962 and now stands at 4130 – that's a 7% pa compound return, excluding dividends. Those returns, earned from the compounding profits of well-run UK companies, have accrued despite dramatic political, economic and social changes. We think it sensible to assume steady wealth creation will continue. And this is why I have continued to add to my own holding in Finsbury throughout 2017.

Nick Train
Director
Lindsell Train Limited
Portfolio Manager

14 December 2017

Strategic Report / Business Review

The Strategic Report, set out on pages 2 to 25, contains a review of the Company's policies and business model, together with an analysis of its performance during the financial year and its future developments. It also details the principal risks and challenges that the Company faces. Its purpose is to inform the shareholders of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company.

Investment Objective

The Company's investment objective is to achieve capital and income growth and to provide shareholders with a total return in excess of that of the FTSE All-Share Index.

Investment Policies

No changes have been made to the Company's investment policies:

- The Company's investment policy is to invest principally in the securities of UK listed companies, whilst up to a maximum of 20% of the Company's portfolio, at the time of acquisition, can be invested in quoted companies worldwide.
- Where possible, a minimum position size of 1% of the Company's gross assets is held unless the holding concerned is being built or disposed.
- The portfolio will normally comprise up to 30 investments. This level of concentration may lead to an investment return which is materially different from the Company's benchmark index and may be considered to carry above average risk. Unless driven by market movements, securities in FTSE 100 companies and comparable companies listed on an overseas stock exchange will normally represent between 50% and 100% of the portfolio; securities in FTSE 350 companies and comparable companies listed on overseas stock exchanges will normally represent at least 70% of the portfolio.
- The Company does not and will not invest more than 15%, in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange. Further, the Company does not and will not invest more than 10%, in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange, except where the investment companies themselves have stated investment policies to invest no more than 15% of their gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.
- The Company's gearing policy is that gearing will not exceed 25% of the Company's net assets. In normal market conditions it is expected that the level of gearing will be between 5% and 25% of the Company's net assets.
- The Company has the ability to invest up to 25% of its gross assets in preference shares, bonds and other debt instruments, although no more than 10% of any one issue may be held.
- In addition, a maximum of 10% of the Company's gross assets can be held in cash, where the Portfolio Manager believes market or economic conditions make equity investment unattractive or while seeking appropriate investment opportunities or to maintain liquidity.
- No investment will be made in any company or fund managed by the Portfolio Manager without the prior approval of the Board.

In accordance with the Listing Rules of the Financial Conduct Authority ("FCA"), the Company can only make a material change to its investment policies with the approval of its shareholders.

Investment Performance

Whilst performance is measured against the FTSE All-Share Index, the Company's portfolio is constructed and managed without reference to a stock market index, investments being selected only after extensive research by the Portfolio Manager. The Portfolio Manager uses a bottom-up stock picking approach and looks to invest in a universe of excellent listed businesses that appear undervalued.

The Board believes that the Company's performance over the last ten years (net asset total return of 205.2% compared to a total return from the Company's benchmark index of 75.2%) demonstrates that it is possible to achieve good performance through investing principally in UK equities without buying and selling portfolio securities on a short term basis. The Company continues to perform competitively because the Portfolio Manager concentrates on the strengths and weaknesses of individual companies.

Strategic Report / Business Review

Dividend Policy

The Company has a progressive dividend policy. The aim of the policy is to increase or at least to maintain the total dividend. Dividends are typically paid in May and as soon as practicably possible after the financial year end, as a second interim in November, in lieu of a final dividend.

The level of dividend growth is dependent upon the growth and performance of the companies within the Investment Portfolio. The decision as to the level of dividend paid takes into account the income forecasts maintained by the Company's AIFM and Portfolio Manager which are reviewed regularly by the Board. These forecasts consider dividends earned from the portfolio together with predicted future earnings.

Dividends are expected to be paid from the Revenue Reserve.

Ten Year Dividend Record

Strategic Report / Business Review

Business Model

The Company has no employees and all of its Directors are non-executive. The Company delegates its day-to-day management to third parties. The principal service providers to the Company are Frostrow Capital LLP ("Frostrow") which acts as AIFM, company secretary and administrator; and Lindsell Train Limited ("Lindsell Train") which acts as Portfolio Manager. BNY Mellon Trust & Depositary (UK) Limited is the Company's Depositary.

Lindsell Train was appointed in December 2000. Lindsell Train has given Mr Nick Train responsibility for managing the Company's portfolio. Mr Train was previously head of Global Equities at M&G PLC and head of Pan-European Equities at GT Management PLC. Mr Train has managed money in the UK equity market since 1983, including the top decile performer GT Income Fund (1985-1998). Lindsell Train is authorised and regulated by the FCA.

Frostrow is the AIFM. It is also responsible for providing company secretarial, administrative, accounting and marketing services to the Company. Frostrow was established in 2007 to provide specialist management, company secretarial, administration and marketing services to investment companies. Frostrow is authorised and regulated by the FCA.

The Board is responsible for all aspects of the Company's affairs, including the setting of parameters for and the monitoring of the investment strategy and the review of investment performance and policy. It also has responsibility for all strategic issues, the dividend policy, the share issuance and buy-back policy, gearing, share price and discount/premium monitoring and corporate governance matters.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Anthony Townsend (Chairman)
John Allard
Neil Collins
Kate Cornish-Bowden (appointed on 26 October 2017)
Simon Hayes
David Hunt (Chairman of the Audit Committee and Senior Independent Director)
Vanessa Renwick
Lorna Tilbian (appointed on 26 October 2017)

Further information on the Directors can be found on pages 26 and 27. Details of the Directors' remuneration arrangements can be found on pages 43 to 46.

The Board supports the principle of Boardroom diversity, of which gender is one important aspect, and the recommendations of Lord Davies' review. In accordance with the Board and Audit Committee's Composition and Success Plan the Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments on merit against objective criteria, including diversity. The Board currently comprises five men and three women.

The Company does not have any employees and therefore there is no employee information to disclose.

Social, Human Rights and Environmental Matters

The Directors, through the Portfolio Manager, encourage companies in which investments are made to adhere to best practice with regard to corporate governance. In light of the nature of the Company's business there are no relevant human rights issues and the Company does not have a human rights policy.

The Company recognises that social and environmental issues can have an effect on some of its portfolio companies.

The Company is an investment trust and so its own direct environmental impact is minimal. The Board of Directors consists of eight Directors, all of whom are resident in the United Kingdom. The Board holds its regular meetings in the United Kingdom and has a policy that travel, as far as possible, is minimal.

Modern Slavery Act 2015

The Company falls outside the scope of the Modern Slavery Act 2015 as the Company has no employees. The Company's suppliers are professional firms and they provide assurance that they operate in accordance with this legislation.

Strategic Report / Business Review

Principal Service Providers

Alternative Investment Fund Manager (AIFM)

Frostrow under the terms of its AIFM agreement with the Company provides, *inter alia*, the following services:

- oversight of the portfolio management function delegated to Lindsell Train;
- investment portfolio administration and valuation;
- risk management services;
- marketing and shareholder services;
- share price discount and premium management;
- administrative and secretarial services;
- advice and guidance in respect of corporate governance requirements;
- maintenance of the Company's accounting records;
- maintenance of the Company's website;
- preparation and dispatch of annual and half year reports and monthly fact sheets; and
- ensuring compliance with applicable legal and regulatory requirements.

During the year to 30 September 2017 under the terms of the AIFM Agreement Frostrow continued to receive an annual fee of 0.15% of the Company's adjusted market capitalisation up to a value of £1 billion, such fee reducing to 0.135% per annum of the amount of the Company's adjusted market capitalisation in excess of £1 billion. A fixed fee of £70,000 per annum payable to Frostrow ceased to be payable with effect from 1 October 2017.

The AIFM Agreement may be terminated by either party on giving notice of not less than 12 months.

Portfolio Manager

Under the AIFM Agreement Lindsell Train, as delegate of the AIFM, is responsible for the management of the Company's portfolio of investments under an agreement between it, the Company and Frostrow (the "Portfolio Management Agreement").

Under the terms of its Portfolio Management Agreement, Lindsell Train provides, *inter alia*, the following services:

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

During the year to 30 September 2017 under the terms of the Portfolio Management Agreement Lindsell Train continued to receive an annual fee of 0.45% of the Company's adjusted market capitalisation up to a value of £1 billion, such fee reducing to 0.405% per annum of the amount of the Company's adjusted market capitalisation in excess of £1 billion.

The Portfolio Management Agreement may be terminated by either party giving notice of not less than 12 months.

Depositary

BNY Mellon Trust & Depositary (UK) Limited (the "Depositary") acts as the Company's depositary in accordance with the AIFMD on the terms and subject to the conditions of the depositary agreement between the Company, Frostrow and the Depositary (the "Depositary Agreement"). Under the terms of the Depositary Agreement the Company has agreed to pay the Depositary a fee calculated as a percentage of the Company's gross assets (0.02% of the first £150 million of gross assets and 0.015% of gross assets in excess of £150 million) subject to a minimum fee of £20,000 per annum, plus any applicable VAT.

With effect from 1 January 2017, the Company paid a flat fee of 0.0125% of gross assets. Subsequent to 30 September 2017 a further reduction in fees has been negotiated. The Company now pays a flat fee of 0.009% on net assets.

The Depositary provides the following services:

- responsibility for the safe keeping of custodial assets of the Company;
- verification and maintenance of a record of all other assets of the Company and for the collection of income that arises from those assets;
- taking reasonable care to ensure that the Company is managed in accordance with the AIFMD, the FUND Sourcebook and the Company's instrument of incorporation, in relation to the calculation of the net asset value per share and the application of income of the Company; and

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- a duty to monitor the Company's compliance with investment restrictions and leverage limits set in its offering documents.

The Depositary Agreement may be terminated by either party on giving notice of not less than 90 days.

Custodian

In accordance with the AIFM Rules the Depositary delegates custody of the Company's listed investments to The Bank of New York Mellon SA/NV, London Branch (the "Global Custodian") and any other Bank of New York affiliate as it sees fit (meaning any direct or indirect subsidiary of The Bank of New York Mellon). As at the date of this report, the applicable sub-custodians appointed by the Global Custodian who might be relevant for the purposes of holding the Company's investments are:

Country	Name of sub-custodian	Regulator
The Netherlands	The Bank of New York Mellon SA/NV	Financial Services and Markets Authority, Belgium
Canada	CIBC Mellon Trust Company	Canadian Securities Administrators
United States of America	The Bank of New York, New York	US Securities and Exchange Commission
France	BNP Paribas Securities Services, Paris	Banque de France

The Global Custodian's safekeeping fees are charged according to the jurisdiction in which the holdings are based. During the financial year, the majority of the Company's assets attracted a fee of 0.008% of their market value. Variable transaction fees were also chargeable. Subsequent to 30 September 2017 a reduction in fees has been negotiated with the majority of the Company's assets attracting a fee of 0.0033%.

The custody agreement may be terminated by either party on giving notice of not less than 90 days.

Company Promotion

The aim of the Company's promotional activities is to encourage demand for the Company's shares. The Company has appointed Frostrow to provide marketing services in the belief that a well-marketed investment company is more likely to grow over time, have a more diverse, stable list of shareholders and its shares will trade at close to NAV per share over the long run. Frostrow actively promotes the Company in the following ways:

Engaging regularly with institutional investors, discretionary wealth managers and a range of execution-only platforms: Frostrow regularly meets institutional investors, discretionary wealth managers and execution-only platform providers to discuss the Company's strategy and to understand any issues and concerns, covering both investment and corporate governance matters;

Making Company information more accessible: Frostrow works to raise the profile of the Company by targeting key groups within the investment community, holding annual investment seminars, overseeing PR output and managing the Company's website and wider digital offering, including portfolio manager webcasts and social media;

Disseminating key Company information: Frostrow performs the Investor relations function on behalf of the Company and manages the investor database. Frostrow produces all key corporate documents, distributes monthly factsheets, annual reports and updates from Lindsell Train on the portfolio and market developments; and

Monitoring market activity, acting as a link between the Company, shareholders and other stakeholders: Frostrow maintains regular contact with sector broker analysts and other research and data providers, and conducts periodic investor perception surveys, liaising with the Board to provide up-to-date and accurate information on the latest shareholder and market developments.

Long Term Viability Statement

In accordance with the UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the 'Going Concern' provision. The Board asked the Audit Committee to address this requirement, which should take account of the Company's current position and the principal risks as set out on pages 23 to 25 so that the Board may state that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

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To provide this assessment the Audit Committee has considered the Company's financial position as described above and its ability to liquidate its portfolio and meet its liabilities as they fall due:

- The portfolio comprises principally of investments traded on major international stock exchanges. The current portfolio could be substantially liquidated within seven trading days and there is no expectation that the nature of the investments held within the portfolio will be materially different in future;
- The expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments foreseen which would alter that position; and
- The Company has no employees, with only non-executive Directors and consequently does not have redundancy or other employment related liabilities or responsibilities.

The Audit Committee, as well as considering the principal risks on pages 23 to 25 and the financial position of the Company as set out above, has also considered the following assumptions in considering the longer-term viability:

- There will continue to be demand for investment trusts;
- The Board and the Portfolio Manager will continue to adopt a long-term view when making investments, and anticipated holding periods will be at least five years;
- The Company invests principally in the securities of UK listed companies to which investors will wish to continue to have exposure;
- The Company will maintain its bank loan facility;
- Regulation will not increase to a level that makes running the Company uneconomical; and
- The performance of the Company will continue to be satisfactory.

Taking account of the anticipated investment holding periods, the expected extension of the Company's gearing facility and the liquidity and medium term prospects of the Company's investment portfolio, the Directors have formed a reasonable expectation that the Company will be able to continue its operations and meet its liabilities as they fall due over the next five years.

Performance and future developments

An outline of performance, investment activity and strategy, and market background during the year, as well as the future outlook, is provided in the Chairman's Statement on pages 4 and 5 and the Portfolio Manager's Review on pages 13 to 15.

It is expected that the Company's strategy will remain unchanged in the coming year.

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Alternative Performance Measures

The Financial Statements (on pages 48 to 64) set out the required statutory reporting measures of the Company's financial performance. In addition the Board assesses the Company's performance against a range of criteria which are viewed as particularly relevant for investment trusts. These are summarised below under the heading 'Key Performance Indicators'.

Key Performance Indicators

The Board continually reviews overall performance. The Company's net asset value per share is announced daily via a regulatory news service and is available online.

At each Board meeting, the Board considers a number of performance measures to assess the Company's success in achieving its investment objective. The key performance indicators (KPIs) are as follows:

Frostrow is responsible for ensuring the Company complies with the AIFMD, and for providing company secretarial, administration and marketing services to the Company. The management of the portfolio has been delegated to Lindsell Train. Each provider is responsible to the Board which is ultimately responsible to the shareholders for performing against the above KPIs.

Net asset value total return

The Directors regard the Company's net asset value total return to be a key indicator of value delivered to shareholders over the long term. Total return reflects the net asset value growth of, and the dividends paid by, the Company.

During the year under review the Company's net asset value per share total return was 13.7% (2016: 20.6%) outperforming the FTSE All Share Index (total return) (the Company's benchmark) by 1.8% in absolute terms.

Share price total return

The Directors regard the Company's share price total return to be a key indicator of performance.

During the year under review the Company's share price total return was 14.2% (2016: 20.8%).

Revenue return per share

The Directors regard the Company's revenue return per share to be an important indicator of performance.

The revenue return per share for the year was 15.8p per share (2016: 15.2p per share). The Company's net revenue return during the year was up 3.9%.

Share price discount/premium to net asset value per share

The Board reviews the level of discount/premium to net asset value per share at every Board meeting and consideration is given to ways in which the share price performance may be enhanced, including the effectiveness of marketing and share issuance and buy-backs, where appropriate. Details of how the Company's discount control mechanism works can be found on page 6.

Demand for the Company's shares led to the issue of a total of 16,578,500 new shares during the year at a premium to the prevailing cum or ex income net asset value per share at the time of issue. No shares were repurchased by the Company during the year. At 30 September 2017 the Company's share price stood at a 0.5% premium to the Company's net asset value per share. (2016: at par).

Benchmark and peer group performance

The Company's benchmark is the FTSE All-Share Index (total return) which delivered a return of 11.9% (2016: 16.8%) over the year. This compares to the Company's share price total return of 14.2% (2016: 20.8%).

The Board also monitors the Company's net asset value return against its peer group. As at 30 September 2017 the Company ranked fifth out of eleven over one year, and first over three, five and ten years.*

*source: Morningstar

Strategic Report / Business Review

Risk Management

The principal risks identified by the Board and the actions taken to mitigate them are set out below under six headings.

A detailed risk matrix is reviewed by the Audit Committee on behalf of the Board twice a year. The principal risks and uncertainties faced by the Company relate to the nature of its objectives and strategy as an investment company and the markets in which it invests.

There were no changes to the Company's risk management processes during the year and no significant failings or weaknesses were identified from the Board's most recent risk review.

Principal Risks and Uncertainties	Mitigation
Corporate Strategy	
The Company's business model or investment objective may become unacceptable or unattractive to shareholders.	The Board reviews the Company's investment mandate in relation to market and economic conditions and monitors the Company's performance against its peers. In addition, the Board holds meetings with shareholders when necessary and regularly reviews the AIFM's reports on marketing activities and investor feedback. The Company's stockbroker also regularly reports to the Board on investor sentiment and movements on the share register. *The Board meets with the Portfolio Manager at each Board meeting and undertakes a* regular review of compliance with the Company's investment restrictions.
The Board may be unable to maintain a progressive dividend policy.	The Board reviews income forecasts produced by the AIFM at every Board meeting. The Company's Articles of Association have been amended to permit the payment of dividends out of capital. The Board also regularly reviews the Company's gearing levels in discussion with the Portfolio Manager as well as compliance with the gearing limits it sets.
The Company's share price total return may differ materially from the NAV per share total return.	The Board has implemented a discount control mechanism which is intended to protect against the share price widening beyond a 5% discount to NAV per share and a share issuance programme which acts as a premium control mechanism. Please refer to page 6.
Investment Strategy and Activity	
The investment strategy adopted by the Portfolio Manager may lead to an investment return that is materially lower than the Company's benchmark index, thereby failing to achieve the Company's investment objective.	The Board reviews the performance of the portfolio against the benchmark and the Company's peer group at every meeting as well as a monthly compliance report and the monthly fact sheet. The Board discusses with the Portfolio Manager the structure of the portfolio, including asset allocation and portfolio concentration, and the investment strategy at each meeting.
The departure of a key individual at the Portfolio Manager may affect the Company's performance.	The Board* reviews the portfolio management arrangements on an annual basis or as appropriate. In turn, the Portfolio Manager reports on developments at Lindsell Train, *including succession and business continuity plans.*

*The Management Engagement Committee was dissolved on 27 September 2017. Please refer to page 34 for further information.

Strategic Report / Business Review

Principal Risks and Uncertainties	Mitigation
Shareholder Relations and Corporate Governance	
The investment objective of existing shareholders no longer coincides with the investment objective of the Company or the Board becomes unaware of the identity of the Company's shareholders.	The Board regularly reviews movements in the Company's shareholder register. In addition, the AIFM and the Company's corporate stockbroker both report on their interactions with investors.
Poor adherence to corporate governance best practice or errors or irregularities in published information could lead to censure by the FCA and/or result in reputational damage to the Company.	The Board reviews all information supplied to shareholders and the AIFM's marketing activity at each meeting and periodically reviews the Company's website. Details of the Company's compliance with corporate governance best practice, including information on relationship with shareholders, are set out in the Corporate Governance Report on pages 37 and 38.
Operational	
The Company's service providers perform poorly, fail to meet their contractual obligations or fail to provide sufficient or accurate information to the Board for decision-making.	The Board* reviews the terms of all major service agreements and the Audit Committee meets annually with the Company's auditors to discuss the year's audit findings without management being present. The AIFM reports by exception on the performance of outsourced service providers and reviews contracts to ensure they remain reasonable and competitive, undertaking tender processes when appropriate.
Errors regarding title to investment holdings or threats to the solvency of the depositary may expose the Company to financial loss.	Both the AIFM's and the Portfolio Manager's compliance officers report to the Audit Committee at every meeting and their internal control report, together with the internal control report of the Custodian, are reviewed annually. These reviews include consideration of the associated cyber security risks facing the Company. The AIFM monitors the portfolio movements daily and the Depositary submits semi-annual reports on the safe-keeping of the Company's assets. The AIFM and the Depositary undertake stock reconciliations and produce monthly exceptions reports, with any discrepancies investigated promptly.

*The Management Engagement Committee was dissolved on 27 September 2017. Please refer to page 34 for further information.

Strategic Report / Business Review

Principal Risks and Uncertainties	Mitigation
Financial The Company is exposed to market risk, liquidity risk, credit risk and fraud.	The Portfolio Manager is responsible for undertaking reviews of the creditworthiness of the counterparties that it uses. Compliance with investment guidelines is confirmed monthly.
	The Board reviews a financial analysis at each meeting and the Depositary monitors all payments made from the Company's accounts as well as the custody of the Company's assets. The AIFM confirms adherence with the relevant loan covenants to the provider of the Company's loan facility on a monthly basis. Board approval is required for gearing and the Board reviews adherence to the loan covenants monthly. Further information on financial instruments and risk can be found in note 17 to the Financial Statements beginning on page 59.
Accounting, Legal and Regulatory The regulatory environment in which the Company operates changes, affecting the Company's modus operandi. Failure to comply with applicable laws and regulations could expose the Company to serious financial loss and reputational damage.	The Board relies on the services of its AIFM and its external advisers to ensure compliance with applicable laws and regulations including the Companies Act 2006, the AIFM Rules, the Corporation Tax Act 2010 ('Section 1158'), the Market Abuse Regulation ('MAR'), the Disclosure Guidance and Transparency Rules ("DGTRs") and the UKLA Listing Rules. The Board reviews compliance reports and internal control reports provided by its service providers, as well as the Company's financial statements and forecasts. The Depositary reports twice yearly to the Audit Committee, confirming that the Company, acting through the AIFM , has been managed in accordance with the AIFMD, the FUND sourcebook, the Articles (in relation to the calculation of the NAV per share) and with investment restrictions and leverage limits set in its offering documents. The Depositary Report can be found on page 77. The Directors attend AIC Roundtables and conferences to keep up to date on regulatory changes and receive industry updates from the AIFM.

Approval

The Strategic Report was approved by the Board of Directors on 14 December 2017 and signed on its behalf by:

Anthony Townsend

Anthony Townsend
Chairman

Governance / Board of Directors

The Board of Directors supervises the management of Finsbury Growth & Income Trust PLC and looks after the interests of Shareholders. Each of the Directors is re-elected by shareholders annually (unless they are retiring from the Board).

Anthony Townsend, Chairman

Anthony Townsend, (69), rejoined the Board on 1 February 2005 and became Chairman on 30 January 2008. He has spent over 40 years working in the City and was Chairman of the Association of Investment Companies from 2001 to 2003. Anthony is also Chairman of Baronsmead Second Venture Trust plc, British & American Investment Trust PLC, F&C Global Smaller Companies PLC, Miton Global Opportunities plc, and Gresham House plc.
*Shares held: 179,468
Annual Remuneration: £34,500

John Allard

John Allard, (71), has served on the Board since 11 October 2000. A Director of M&G Investment Management for 16 years, he was an Investment Manager with M&G for over 20 years, specialising in equity income funds. John has been a director of various investment trust companies since 1981.
*Shares held: 46,160
Annual Remuneration: £23,000

Neil Collins

Neil Collins, (70), has served on the Board since 30 January 2008. He has spent most of his career in financial journalism and was City Editor of The Daily Telegraph for nearly 20 years until he retired from the position in 2005. Prior to that he had been City Editor of the London Evening Standard and The Sunday Times. A former columnist for the London Evening Standard and commentator for Reuters, Neil currently writes a column for the Financial Times on Saturdays. He was formerly a director of Templeton Emerging Markets Investment Trust PLC.
*Shares held: 69,908
Annual Remuneration: £23,000

Kate Cornish-Bowden

Kate Cornish-Bowden, (51), joined the board on 26 October 2017. Kate worked for 12 years as a fund manager for Morgan Stanley Investment Management, where she was managing director and head of the global equity team. Prior to Morgan Stanley she worked as a research analyst at M&G. Kate is a non-executive Director of Calculus VCT plc, where she is chair of the audit committee and a non-executive Director of Scancell Holdings plc.
*Shares held: 7,061
Annual Remuneration: £23,000

Simon Hayes

Simon Hayes, (47), joined the Board on 29 June 2015. Simon is the Chairman of Peel Hunt LLP. He joined Peel Hunt in 1993 and was appointed Head of Corporate Finance in 2003, Chief Executive in 2006 and Chairman in 2016.
*Shares held: 30,000
Annual Remuneration: £23,000

David Hunt, FCA

David Hunt, (70), has been a Director since 6 July 2006. A Chartered Accountant, he was formerly a director in the Assurance and Business Services division of Smith & Williamson. Prior to that he was a partner at both Binder Hamlyn and Arthur Andersen. David has over 30 years' experience advising quoted companies. He is the Senior Independent Director and Chairman of the Audit Committee. David is also a member of the Audit and Risk Committee of the Church of England Pensions Board.
*Shares held: 35,000
Annual Remuneration: £27,250

information as at 30 September 2017

Governance / Board of Directors

Vanessa Renwick

Vanessa Renwick, (56), has served on the Board since 11 October 2000. Vanessa has over 20 years' experience in the investment funds industry, having worked for Laing & Cruickshank and UBS Warburg. Vanessa has particular expertise in corporate finance and marketing.
*Shares held: 47,960
Annual Remuneration: £23,000

Lorna Tilbian

Lorna Tilbian, (60), joined the Board on 26 October 2017. Lorna was formerly an Executive Director of Numis Corporation PLC, a Director of WestLb Panmure Limited and S G Warburg Securities. She is a non-executive director of Jupiter UK Growth Investment Trust PLC, Euromoney Institutional Investor plc and ProVen VCT.
*Shares held: nil
Annual Remuneration: £23,000

All members of the Board are non-executive. None of the Directors has any other connection with the Portfolio Manager or is employed by any of the companies in which the Company holds an investment or any of the Company's service providers.

**information as at 30 September 2017*

Governance / Board of Directors

The Board and Committees

Responsibility for effective governance and for the overall management of the Company's affairs lies with the Board. The governance framework of the Company reflects the fact that as an investment company it has no employees and outsources portfolio management to Lindsell Train and company management, risk management, company secretarial, administrative and marketing services to Frostrow. During the year the Board took the decision to dissolve the Management Engagement Committee and transfer its duties to the Board.

The Board

Chairman – Anthony Townsend
Senior Independent Director – David Hunt
Six additional non-executive Directors, all considered independent.
Key responsibilities:
- to set strategy, values and standards;
- to provide leadership within a controls framework which enables risk to be assessed and managed;
- to challenge constructively and scrutinise performance of all outsourced activities; and
- to review regularly the contracts, performance and remuneration of the Company's principal service providers.

Management Engagement Committee

Chairman
Anthony Townsend

All Directors

Key responsibilities:
- to review regularly the contracts, performance and remuneration of the Company's principal service providers.

Committee dissolved on 27 September 2017.

Audit Committee

Chairman
David Hunt*

All Directors

Key responsibilities:
- to monitor the integrity of the annual report & financial statements;
- to oversee the risk and control environment and financial reporting; and
- to review the performance of the Company's external auditor.

*The Directors believe that David Hunt has the necessary recent and relevant financial experience to chair the Company's Audit Committee.

Copies of the full terms of reference, which clearly define the responsibilities of the Audit Committee, can be obtained from the Company Secretary, will be available for inspection at the Annual General Meeting, and can be found on the Company's website at www.finsburygt.com.

Scheduled Meetings

The table below sets out the number of scheduled Board and Committee meetings held during the year ended 30 September 2017 and the number of meetings attended by each Director.

In addition to the scheduled Board meetings there were a number of ad hoc Board meetings to consider matters such as director recruitment, the publication of the Company's Prospectus, the Company's authority to allot shares and the approval of regulatory announcements.

	Board (5)	Audit Committee (3)	Management Engagement Committee (1)
Anthony Townsend	5	3	1
John Allard	5	3	1
Neil Collins	5	3	1
Kate Cornish-Bowden*	–	–	–
Simon Hayes	5	3	1
David Hunt	5	3	1
Vanessa Renwick	5	3	1
Lorna Tilbian*	–	–	–

All of the Directors (who were appointed at the time) attended the Annual General Meeting held on Thursday, 26 January 2017.
* appointed as a director on 26 October 2017

Directors' Interests

The beneficial interests of the Directors and their families in the Company are set out on pages 26, 27 and 45.

Governance / Corporate Governance

The Corporate Governance statement, on pages 29 to 38, forms part of the Report of the Directors on pages 71 to 75.

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (AIC Code) by reference to the AIC Corporate Governance Guide for Investment Companies (AIC Guide).

The Financial Reporting Counsel has confirmed that by following the AIC Code and the AIC Guide, boards of investment companies will meet their obligations in relation to the UK Corporate Governance Code and paragraph 9.8.6 of the UK Listing Rules.

The AIC Code can be viewed on the AIC's website www.theaic.co.uk and the UK Corporate Code can be viewed on the Financial Reporting Council website www.frc.org.uk.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as follows:

The UK Corporate Governance Code includes certain provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company.

In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. Therefore with the exception of the need for an internal audit function which is addressed on page 39, the Company has not reported further in respect of these provisions.

The Principles of the AIC Code

The AIC Code is made up of 21 principles split into three sections covering:

- The Board
- Board Meetings and relations with the AIFM and the Portfolio Manager
- Shareholder Communications

AIC Code Principle	Compliance Statement
The Board	
1. The Chairman should be independent.	The Board believes that the Chairman, Anthony Townsend is independent in character and judgement and is free from relationships that may create a conflict of interest between his own and the shareholders' interests. The Directors are conscious of the benefits of continuity on the Board and believe that retaining a chairman with sufficient experience of both the Company and the markets is of great benefit to shareholders. There is a clear division of responsibility between the Chairman, the Directors, the AIFM, the Portfolio Manager and the Company's other third party service providers. The Chairman also continues to be independent of the Portfolio Manager. The Chairman has a seat on the Board of the Company's AIFM by virtue of the Company's minority partnership interest in Frostrow. It is a non-executive position and therefore the Board does not believe that this compromises his independence from the Company.
2. A majority of the Board should be independent of the AIFM and the Portfolio Manager.	The Board consists of non-executive Directors, each of whom is independent of the AIFM and of the Portfolio Manager. None of the Board members has been an employee of the AIFM or Portfolio Manager nor does any Director have relationships or conflicts which are likely to affect their independent judgement.

Governance / Corporate Governance

AIC Code Principle	Compliance Statement
3. Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.	All Directors (who are not retiring from the Board) submit themselves for annual re-election by shareholders. The individual performance of each Director standing for re-election is evaluated annually by the remaining members of the Board and, if considered appropriate, a recommendation is made that shareholders vote in favour of their re-election at the Company's Annual General Meeting. John Allard and Vanessa Renwick will be retiring from the Board and will, therefore not be seeking re-election at the forthcoming Annual General Meeting. Kate Cornish-Bowden and Lorna Tilbian joined the Board on 26 October 2017. Accordingly their appointments will be proposed to shareholders for ratification at the forthcoming Annual General Meeting.
4. The Board should have a policy on tenure, which is disclosed in the annual report.	The Board subscribes to the view expressed within the AIC Code that long-serving directors should not be prevented from forming part of an independent majority. It does not consider that a director's tenure necessarily reduces his or her ability to act independently and, following formal performance evaluations, believes that each of those directors is independent in character and judgement and that there are no relationships or circumstances which are likely to affect their judgement. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed. In view of its non-executive nature, the Board considers that it is not appropriate for the Directors to be appointed for a specified term, although new Directors are appointed with the expectation that they will serve for a minimum period of three years, subject to shareholder approval. The terms and conditions of the Directors' appointments are set out in letters of engagement which are available for inspection on request at the office of Frostrow, the Company's AIFM, and from the Company Secretary at the forthcoming Annual General Meeting.

Governance / Corporate Governance

AIC Code Principle	Compliance Statement
5. There should be full disclosure of information about the Board.	The Directors' biographical details, set out on pages 26 and 27, demonstrate the wide range of skills and experience that they bring to the Board. Details of the length of service of each Director are set out on page 43. Details of the Board's committees and their composition ~~are set out on page 28.~~ The Board has a Senior Independent Director David Hunt, who may be contacted by Shareholders and other directors as required. The Senior Independent Director will: 1. Shareholders a. Be available to the Company's shareholders if they have concerns which contact through the normal channel of the Chairman has failed to resolve or for which such contact is inappropriate. b. Attend meetings with major shareholders and financial analysts to obtain a balanced understanding of the issues and concerns of such shareholders. 2. Chairman a. Act as a sounding board for the Chairman, providing support for him in the delivery of the Company's objectives. b. In certain circumstances, work with the Chairman and other directors and shareholders (as necessary) to resolve any significant issues. c. Chair discussions if succession to the role of Chairman is considered. d. Conduct the appraisal of the Chairman's performance at least once a year and on such other occasions as are deemed appropriate. The Audit Committee is comprised of at least one member with recent relevant financial experience and as a whole has competence relevant to the sector to carry out its duties. Owing to non-executive nature of the Board, the Chairman continues to be a member of the Audit Committee. Separate remuneration and nomination committees have not been established. Instead, these functions are carried out by the Board as a whole. Further details concerning Board composition can be found within the Chairman's Statement set out on pages 4 and 5.

Governance / Corporate Governance

AIC Code Principle	Compliance Statement
6. The Board should aim to have a balance of skills, experience, length of service and knowledge of the company.	The Board considers annually the mix of skills possessed by the Directors, as well as the balance and composition of the Board. The Directors' biographies on pages 26 and 27 demonstrate the breadth of investment, commercial and professional experience relevant to their positions as directors of the Company. It is the Directors' measured opinion that the Board displays the necessary balance of skills, experience, length of service and knowledge of the Company. When considering new appointments, the Board seeks to add persons with complementary skills or who possess the skills and experience which fill any gaps in the Board's knowledge or experience and who can, alongside existing Directors, devote sufficient time to the Company to carry out their duties effectively. During the year the Board adopted a Board and Audit Committee Composition and Succession Plan (the "Plan"). These guidelines have been produced to accord with the EU Audit Directive 2014/56 EU, which came into effect in June 2016 and, where deemed applicable, to follow the Guidance on Audit Committees published by the Financial Reporting Council in 2016 and the FCA's DTR 7.1.1. The purpose of the Plan is to ensure that the Board is comprised of members who collectively: i display the necessary balance of professional skills, experience, length of service and industry/Company knowledge; and ii are fit and proper to direct the Company's business with prudence and integrity; and provide policy guidance on the structure, size and composition of the Board (and its Committee) and the identification and selection of suitable candidates for appointment to the Board (and its Committee). This Plan will be reviewed by the Board annually and at such other times as circumstances may require. All Directors act in what they consider to be in the best interests of the Company, consistent with their statutory duties set out in the Companies Act 2006.
7. The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.	During the year the performance of the Board, its committees and individual Directors (including each Director's independence) was evaluated through a formal assessment process led by the Chairman. This involved the circulation of a Board effectiveness checklist, tailored to suit the nature of the Company, followed by discussions between the Chairman and each of the Directors. The performance of the Chairman was evaluated by the other Directors under the leadership of the Senior Independent Director. The review concluded that the Board was working well and that the structure, mix of skills and operation of the Board continue to be effective and relevant for the Company. An independent evaluation of the Board will be carried out every three years in accordance with the AIC's recommendations for FTSE 350 companies. The Board will undertake an independent evaluation in October 2018.
8. Directors' remuneration should reflect their duties, responsibilities and the value of their time spent.	The Board annually reviews the fees paid to the Directors and compares these with the fees paid by the Company's peer group and the investment trust industry generally, taking into account the level of time commitment and the responsibilities of each Board member. Details of the remuneration arrangements for the Directors can be found in the Directors' Remuneration Policy Report and Directors' Remuneration Report on pages 43 to 46.

Governance / Corporate Governance

AIC Code Principle	Compliance Statement
9. The independent directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report.	All of the Directors are independent and, subject to there being no conflicts of interest, all Board members are entitled to vote on the appointment of new directors. The Board annually reviews its size and structure, and is responsible for succession planning. In accordance with the Board and Audit Committee Composites and Succession Plan, which is reviewed annually, the Board seeks to search for candidates and make appointments based on merit, against objective criteria and with due regard for the benefits of diversity on the Board. Details of the Board's commitment to diversity are set out on page 18. As part of the process to appoint Kate Cornish-Bowden and Lorna Tilbian the Board engaged the services of a specialist recruitment consultant, Trust Associates. Trust Associates prepared a list of potential candidates for consideration by the Board. A short list was then arrived at, the candidates were interviewed and Kate Cornish-Bowden and Lorna Tilbian were subsequently appointed. Trust Associates has no other connection with the Company.
10. Directors should be offered relevant training and induction.	New appointees to the Board are provided with a full induction programme. The programme covers the Company's investment strategy, policies and practices. The Directors are also given key information on the Company's regulatory and statutory requirements as they arise including information on the role of the Board, matters reserved for its decision, the terms of reference for the Board Committees, the Company's corporate governance practices and procedures and the latest financial information. It is the Chairman's responsibility to ensure that the Directors have sufficient knowledge to fulfil their role and Directors are encouraged to participate in training courses where appropriate. The Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary updates the Board on statutory, regulatory and industry matters and internal controls, and changes affecting Directors' responsibilities are advised to the Board as they arise. There is an agreed procedure for Directors, in the furtherance of their duties, to take independent professional advice if necessary at the Company's expense.
11. The Chairman (and the Board) should be brought into the process of structuring a new launch at an early stage.	Principle 11 applies to the launch of new investment companies and is therefore not applicable to the Company.

Board Meetings and Relations with Frostrow and Lindsell Train

AIC Code Principle	Compliance Statement
12. Boards and managers should operate in a supportive, co-operative and open environment.	The Board meets regularly throughout the year and representatives of the AIFM and the Portfolio Manager are in attendance at each meeting. The Chairman encourages open debate to foster a supportive and co-operative approach for all participants.

Governance / Corporate Governance

AIC Code Principle	Compliance Statement
13. The primary focus at regular Board meetings should be a review of investment performance and associated matters, such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.	The Board has agreed a schedule of matters specifically reserved for decision by the Board. This includes establishing the investment objectives, strategy and benchmarks, the permitted types or categories of investments, the markets in which transactions may be undertaken, the amount or proportion of the assets that may be invested in any category of investment or in any one investment, and the Company's share issuance, share buy-back and treasury policies and level of gearing and asset allocation. The Chairman is responsible for ensuring that the Board receives accurate, timely and clear information. The Board, at its regular meetings, undertakes reviews of key investment and financial data, revenue projections and expenses, analyses of asset allocation, transactions and performance comparisons, share price and net asset value performance, marketing and shareholder communication strategies, the risks associated with pursuing the investment strategy, peer group information and industry issues.
14. Boards should give sufficient attention to overall strategy.	The Board is responsible for strategy and has established an annual programme of agenda items under which it regularly reviews the Company's investment objectives and strategy.
15. The Board should regularly review both the performance of, and the contractual arrangements with, the Portfolio Manager (or executives of a self-managed company).	The Management Engagement Committee has reviewed annually the performance of the AIFM and the Portfolio Manager. The Committee has considered the quality, cost and remuneration method of the service provided by the AIFM and the Portfolio Manager against their contractual obligations. The Management Engagement Committee was also responsible for the regular review of the terms of the AIFM Agreement and the Portfolio Management Agreement. The Committee last met in September 2017. Given that the Board consists solely of non-executive Directors, each of whom is independent of the AIFM and of the Portfolio Manager, it was agreed on 27 September 2017 that the Management Engagement Committee be dissolved and its duties transferred to the Board.

Governance / Corporate Governance

AIC Code Principle	Compliance Statement
16. The Board should agree policies with the AIFM and the Portfolio Manager covering key operational issues.	The Portfolio Management Agreement sets out the limits of the Portfolio Manager's authority, beyond which Board approval is required. The Board has also agreed detailed investment guidelines with the AIFM and the Portfolio Manager, which are considered at each Board meeting. A representative of the AIFM and the Portfolio Manager attends each meeting of the Board to address questions on specific matters and to seek approval for specific transactions which the Portfolio Manager is required to refer to the Board. Frostrow in their capacity as the Company's AIFM have delegated the management of the portfolio and subsequent proxy voting to the Portfolio Manager. The Board has reviewed the Portfolio Manager's statement of commitment to the UK Stewardship Code and voting policy and the Portfolio Manager reports on their application. The Portfolio Manager's statement of commitment to the UK Stewardship Code and voting policy can be found on the Portfolio Manager's website in the corporate information section.
17. Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.	The Board considers the discount or premium of the Company's share price to net asset value per share at each Board meeting and reviews any changes since the previous Board meeting and over the previous twelve months. The Board has implemented a discount/premium control mechanism, the details of which can be found on page 6. At each meeting the Board reviews reports from the AIFM on marketing and shareholder communication strategies. It considers their effectiveness as well as measures of investor sentiment and any recommendations on share issuance and buyback. The Board does not consider that any conflicts arose from the AIFM and Portfolio Manager promoting the Company alongside their other clients.
18. The Board should monitor and evaluate other service providers.	The Management Engagement Committee has reviewed annually the performance of all the Company's third party service providers, including the level and structure of fees payable and the length of the notice period, to ensure that they remained competitive and in the best interests of shareholders. With effect from 27 September 2017 the duties of the Management Engagement Committee are undertaken by the Board. The Audit Committee also reviews reports from the principal service providers on compliance and the internal and financial control systems in operation and relevant independent audit reports thereon, as well as reviewing service providers' anti-bribery and corruption policies to address the provisions of the Bribery Act 2010, tax evasion, whistle blowing and detection of fraud policies and cyber security information polices. The Board is satisfied that the Company's Auditor does not carry out any work for the AIFM and therefore no potential conflict will arise.

Governance / Corporate Governance

AIC Code Principle	Compliance Statement
Shareholder Communications	
19. The Board should regularly monitor the shareholder profile of the company and put in place a system for canvassing shareholder views and for communicating the Board's views to shareholders.	A detailed analysis of the shareholder register is provided at each Board meeting. Representatives of the AIFM ~~and Portfolio Manager regularly meet institutional~~ shareholders and private client asset managers to discuss strategy and to understand their issues and concerns and, if applicable, to discuss corporate governance issues. The results of such meetings are reported at the following Board meeting. Regular reports from the Company's broker are submitted to the Board on investor sentiment and industry issues. Shareholders wishing to communicate with the Chairman, or any other member of the Board, may do so by writing to the Company, for the attention of the Company Secretary. All shareholders are encouraged to attend the Annual General Meeting. The Portfolio Manager will make a presentation to shareholders covering the investment performance and strategy of the Company at the forthcoming Annual General Meeting. The Directors welcome the views of all shareholders and place considerable importance on communications with them. The Chairman will ensure that all members of the Board are made aware of any issues or concerns raised by shareholders and that appropriate steps are taken so that the Board has an adequate understanding of these views, through communications with the Company's AIFM (email address: (info@frostrow.com) and advisers.
20. The Board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.	The Board is directly involved in and responsible for communications on all major corporate issues and takes into account representations from the AIFM and Portfolio Manager, the Auditors, legal advisers and the Company's stockbroker.
21. The Board should ensure that shareholders are provided with sufficient information for them to understand the risk/reward balance to which they are exposed by holding the shares.	The Company places great importance on communication with shareholders and aims to provide them with a full understanding of the Company's investment objective, policy and activities, its performance and the principal investment risks by means of informative annual and half-year reports. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value of the Company's shares and the monthly factsheet. The Annual Report provides information on the investment performance, portfolio risk and operational and compliance issues. Further details on the risk/reward balance are set out in note 17 to the Financial Statements starting on page 59. Details of the principal risks identified by the Board and the actions taken to mitigate them can be found within the Strategic Report on pages 23 to 25. The Directors' statement on the long term viability of the Company is set out on pages 20 and 21. The investment portfolio is listed on page 9. The Company's website, www.finsburygt.com, is updated with monthly factsheets and provides useful information about the Company including the Company's financial reports, latest prospectus and announcements.

Governance / Corporate Governance

Election and Re-Election of the Directors

As the Company is a FTSE 250 company the Board has implemented the provisions of the UK Corporate Governance Code whereby all Directors of the Company stand for re-election on an annual basis.

The Board has considered the position of all of the Directors as part of the evaluation process, and believes that it would be in the Company's best interests to propose them for re-election at the forthcoming Annual General Meeting for the following reasons:

Mr Townsend, who has been Chairman of the Company since January 2008, brings a wealth of experience to the Board through his long City career. He has been in the investment trust industry for over 25 years and was Chairman of the Association of Investment Companies from 2001-2003.

Mr Collins is a financial journalist. He was City Editor of the Daily Telegraph for 19 years and currently writes a weekly column for the Financial Times. He has followed most of the companies in the Company's portfolio for many years and is a passionate advocate of shareholders' interests.

Mr Hayes is the Chairman of Peel Hunt LLP and has extensive industry and financial expertise with a strong interest in the investment trust sector.

Mr Hunt is Senior Independent Director and Chairman of the Audit Committee. He is a Chartered Accountant with over 30 years' experience at partner level of advising quoted companies with Binder Hamlyn, Arthur Andersen and Smith & Williamson; his contribution to the Company's Audit Committee is particularly respected by his colleagues.

The Board believes that it would be in the Company's best interests to propose Ms Kate Cornish-Bowden and Ms Lorna Tilbian for election at the forthcoming Annual General Meeting for the following reasons:

Ms Cornish-Bowden's executive career was in the investment management sector, initially at M&G as a research analyst followed by a senior role at Morgan Stanley where she was managing director and Head of the Global Equity team. She left Morgan Stanley in 2004 and set up her own consultancy business in 2005. She has combined this with a number of non-executive roles principally in the biotech sector but also with Investec Structured Products and Calculus VCT where she is Chair of the Audit Committee.

Ms Tilbian has had a very successful career in broking, most recently as the number one ranked media analyst. Until recently she was a main board executive director of Numis. She is a non-executive director of Jupiter UK Growth Investment Trust, Euromoney Institutional Investor plc and ProVen VCT.

The Chairman is pleased to report that following a formal performance evaluation, the Directors' performance continues to be effective and they continue to demonstrate commitment to the role.

Conflicts of Interest Policy

Directors have a duty to avoid situations in which he or she has, or may have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. In line with the Companies Act 2006, the Board has the power to sanction any potential conflicts of interest that may arise and impose such limits or conditions as it thinks fit.

A register of interests and external appointments is maintained by the Company Secretary and is reviewed at each Board meeting. It was resolved at each Board meeting during the year that there were no direct or indirect interests of a Director which conflicted with the interests of the Company.

Anti-Bribery and Corruption Policy

A copy of the Company's anti-bribery and corruption policy can be found on its website at www.finsburygt.com. The policy is reviewed annually by the Audit Committee.

Prevention of the Facilitation of Tax Evasion

A copy of the Company's prevention of facilitation of tax evasion policy can be found on its website at www.finsburygt.com. The policy is reviewed annually by the Audit Committee.

Relationship with Shareholders

The Board, the AIFM and the Portfolio Manager consider maintaining good communications with shareholders and engaging with larger shareholders through meetings and presentations a key priority. Shareholders are informed by the publication of annual and half year reports which include financial statements. These reports are supplemented by the daily release of the net asset value per share to the London Stock Exchange and the publication of monthly fact sheets. All this information including interviews with the Portfolio Manager is available on the Company's website at www.finsburygt.com.

The Board is also keen that the Annual General Meeting ("AGM") be a participative event for all shareholders. The Portfolio Manager makes a presentation and shareholders are encouraged to attend. The Chairman and all other directors attend the AGM and are available to respond to any queries or concerns of shareholders. At least 20 working days' notice of the AGM is given to shareholders and separate resolutions are proposed in relation to each substantive issue. Shareholders may submit questions for the AGM in advance of the meeting or make general enquiries of the Company via the Company

Governance / Corporate Governance

Secretary. The Directors make themselves available after the AGM to meet shareholders.

Where the vote is decided on a show of hands, the proxy votes received are relayed to the meeting and subsequently published on the Company's website. Proxy forms have a 'vote withheld' option. The notice of the forthcoming Annual General Meeting sets out the business of the Annual General Meeting together with the full text of any special resolutions and begins on page 83.

The Company has made arrangements for investors through the Alliance Trust Savings Scheme to receive all Company communications and have the ability to direct the casting of their votes. The Company has also made arrangements with its registrar for shareholders who own their shares directly rather than through a nominee or share scheme, to view their account via the internet at www.linksharedeal.com. Share Dealing services are also available via this website.

The Board monitors the share register of the Company; it also reviews any correspondence from shareholders at each meeting. Shareholders who wish to raise matters with a Director may do so by writing to him/her at the registered office of the Company.

The Board receives marketing and public relations reports from the AIFM to which the marketing function has been delegated. The Board reviews and considers the marketing plans of the AIFM at each meeting.

Annual General Meeting

THE FOLLOWING INFORMATION TO BE DISCUSSED AT THE FORTHCOMING ANNUAL GENERAL MEETING IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended). If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents, including the form of proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

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

Resolution 10 Authority to allot shares

Resolution 11 Authority to disapply pre-emption rights

Resolution 12 Authority to sell shares held in Treasury on a non pre-emptive basis

Resolution 13 Authority to buy back shares

Resolution 14 Authority to hold General Meetings (other than the Annual General Meeting) on at least 14 clear days' notice.

The full text of the resolutions can be found in the Notice of Annual General Meeting on pages 83 to 86. Explanatory notes regarding the resolutions can be found on pages 90 and 91.

Exercise of Voting Powers

The Board has delegated authority to the Portfolio Manager to vote the shares owned by the Company which are held on its behalf by its Depositary, BNY Mellon Trust & Depositary (UK) Limited (which in turn delegates custody to the Global Custodian, The Bank of New York Mellon SA/NV London Branch), to safe keep the assets. The Board has instructed that the Portfolio Manager submit votes for such shares wherever possible and practicable. The Portfolio Manager may refer to the Board on any matters of a contentious nature.

Nominee Share Code

Where shares are held in a nominee company name and where the beneficial owner of the shares is unable to vote in person, the Company nevertheless undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance;
- to allow investors holding shares through a nominee company to attend General Meetings, provided the correct authority from the nominee company is available; and
- that investors in the Alliance Trust Savings Scheme are automatically sent shareholder communications, including details of General Meetings, together with a form of direction to facilitate voting and to seek authority to attend.

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend the Company's General Meetings.

By order of the Board

Frostrow Capital LLP
Company Secretary

14 December 2017

**FOR AND ON BEHALF OF
FROSTROW CAPITAL LLP
COMPANY SECRETARY**

Governance / Audit Committee Report

I am pleased to present the Audit Committee's Report for the year ended 30 September 2017.

Role and Composition

The role of the Committee is to ensure that shareholder interests are properly protected in relation to the application of financial reporting and internal control principles and to assess the effectiveness of the audit. The Committee's role and responsibilities are set out in full in its terms of reference which are available on request from the Company Secretary, Frostrow, and can be seen on the Company's website (www.finsburygt.com). A summary of the Committee's main responsibilities and how it has fulfilled them is set out below.

The Committee, which comprises all of the Directors, met three times during the year. All of the Committee members have recent and relevant financial experience, either through their senior management roles or other directorships, and their attendance is shown in the table on page 28.

Responsibilities

As Chairman of the Audit Committee I can confirm that the Committee's main responsibilities during the year were:

1. **To review the Company's half year and annual financial statements** together with announcements and other filings relating to the financial performance of the Company and issuance of the Company's shares. In particular, the Committee considered whether the financial statements were fair, balanced and understandable, allowing shareholders to assess the Company's strategy, investment policy, business model, position and financial performance.
2. **To review the risk management and internal control processes** of the Company and its key service providers. As part of this review the Committee again reviewed the appropriateness of the Company's anti-bribery and corruption policy. During the year the Committee reviewed the internal controls in place at the Company's AIFM, its Portfolio Manager, its Registrar and its Depositary.
3. **To recommend the appointment of external Auditors** and agree the scope of their work and their remuneration, reviewing their independence and the effectiveness of the audit process.
4. **To consider any non-audit work to be carried out by the Auditors.** The Committee reviews the need for non-audit services in accordance with the Company's non-audit services policy, and authorises such on a case by case basis having given consideration to the cost effectiveness of the services and the objectivity of the Auditors. The Auditors carried out no non-audit work during the year.
5. **To consider the need for an internal audit function.** Since the Company delegates its day-to-day operations to third parties and has no employees, the Committee has again determined there is no requirement for such a function.

Meetings and business

Representatives of the AIFM, Frostrow, attended each of the Committee's three meetings and reported as to the proper conduct of business in accordance with the regulatory environment in which the Company and the AIFM operate. The Committee also met the Auditors three times during the year and once, following completion of the audit, without representatives of the AIFM being present.

Governance / Audit Committee Report

for the year ended 30 September 2017

The following matters were dealt with at these meetings:

December 2016:
- Consideration and review of the annual results
- Approval of the annual report and financial statements
- Review of the Company's risk management process
- Review of the Company's anti-bribery and corruption policy and the measures put in place by its key service providers

May 2017:
- Review of the Committee's terms of reference and audit tender guidelines in light of the new ethical standards
- Consideration and review of the half year report and financial statements
- Approval of the half year report
- Review of the Company's risk management process and internal controls of its key service providers

September 2017:
- Approval of the Auditors' engagement letter and review of their plan for the 2017 audit
- Review of the Company's risk management process and internal controls of its key service providers
- Review of the Company's policy for non-audit services in light of the new ethical standards
- Review of the Company's whistle blowing, anti slavery and cyber security procedures and the measures for these put in place by its key service providers
- Review of the Company's anti-bribery and corruption policy and the measures put in place by its key service providers

Financial Statements

The Financial Statements, and the Annual Report as a whole, are the responsibility of the Board. The Directors' Responsibility Statement is contained on page 47. The Board looks to the Audit Committee to advise them in relation to the Financial Statements both as regards their form and content, issues which might arise and on any specific areas requiring judgement.

Significant Reporting Matters

Although the Committee did not identify any significant issues as part of its review of the Annual Report and Financial Statements, it paid particular attention to:

Accounting Policies

The current accounting policies, as set out on pages 52 to 54, have been consistently applied throughout the year. In light of there being no unusual transactions during the year or other possible reasons, the Committee found no reasons to change the policies.

Investments

The Committee reviews the valuation and existence of investments every six months. Controls are in place to ensure that valuations are appropriate and existence is verified through recalculations with the Depositary.

Recognition of Revenue from Investments

The Committee wished to receive assurance that all dividends receivable, including special dividends, had been accounted for correctly. They received the necessary confirmation.

Interest in Frostrow Capital LLP

The Committee reviewed the consistently applied valuation methodology of the Company's partnership interest in Frostrow Capital LLP. The valuation, based upon a discounted multiple of revenue, was accepted.

Taxation

The Committee dealt with ensuring compliance with section 1158 of the Corporation Tax Act 2010 by seeking confirmation that the Company continues to meet the regulatory requirements.

Going Concern

Having received the Company's financial position, the Company satisfied itself that it is appropriate for the Board to present the financial statements on the going concern basis.

Long Term Viability

The Committee satisfied itself that it is appropriate for the Board to make the statement on pages 20 and 21 that they have a reasonable expectation that the Company will be able to continue its operations over the next five years.

Internal Controls and Risk Management

The Directors have identified (Strategic Report pages 23 to 25) six main areas of risk: Corporate Strategy, Investment Strategy and Activity, Shareholder Relations and Corporate Governance, Operational, Financial, Accounting and Legal and Regulatory. They have set out the actions taken to evaluate and manage these risks. The Committee reviews the various actions taken and satisfies itself that they are sufficient: in particular the Committee reviews the Company's schedule of key risks at each meeting and requires amendments to both risks and mitigating actions if necessary.

Governance / Audit Committee Report

During the year the Committee considered whether the UK's exit from the European Union ('Brexit') poses potential risks to the Company. It does not consider that Brexit has affected the risk profile of the Company but will continue to monitor developments as the exit negotiations progress and reassess the Company's risks accordingly.

The Board has overall responsibility for the Company's risk management and systems of internal controls and for reviewing their effectiveness. In common with the majority of investment trusts, investment management, accounting, company secretarial and custodial services have been delegated to third parties. The effectiveness of the internal controls is assessed on a continuing basis by the AIFM, the Portfolio Manager and the Depositary. Each maintains its own systems and the Committee receives regular reports from them. The Committee is satisfied that appropriate systems have been in place for the year under review.

External Auditors

Meetings:
This year the nature and scope of the audit together with PricewaterhouseCoopers LLP's audit plan were reviewed by the Committee on 27 September 2017.

As Chairman of the Committee I, together with one other Committee member, met the Audit Partner, Mr Alex Bertolotti, and his Audit Manager on 21 November 2017 to discuss the outcome of the audit and the draft 2017 Annual Report and financial statements. The Committee then met PricewaterhouseCoopers LLP on 8 December 2017 to review the outcome of the audit.

Details of the fees paid to the Auditors for audit services are set out in note 4 to the Financial Statements on page 54.

Independence and Effectiveness:
In order to fulfil the Committee's responsibility regarding the independence of the Auditors, the Committee reviewed:

- the senior audit personnel in the audit plan,
- the Auditors' arrangements concerning potential conflicts of interest,
- the statement by the Auditors that they remain independent within the meaning of the regulations and their professional standards, and
- the extent of any non-audit services in line with the Company's policy.

In order to consider the effectiveness of the audit process, the Committee reviewed:

- the Auditors' fulfilment of the agreed audit plan,
- the report arising from the audit itself, and
- feedback from the AIFM on the conduct of the audit.

The Committee satisfied itself concerning the Auditors' independence and the effectiveness of the audit process, together with the degree of diligence and professional scepticism brought to bear.

The Committee monitors the level of non-audit work carried out by the Auditors and seeks assurances from the Auditors that they maintain suitable policies and processes ensuring independence, and monitor compliance with the relevant regulatory requirements on an annual basis. The Company operates on the basis whereby the provision of non-audit services by the Auditors is permissible where no conflict of interest arises, where the independence of the Auditors is not likely to be impinged by undertaking the work and the quality and objectivity of both the non-audit work and audit work will not be compromised. In particular, non-audit services may be provided by the Auditor if they are inconsequential or would have no direct effect on the Company's financial statements and the audit firm would not place significant reliance on the work for the purposes of the statutory audit.

Governance / Audit Committee Report

Auditor Tendering

PricewaterhouseCoopers LLP were appointed as Auditors of the Company in June 2014, which was the last occasion an audit tender was held. Formal audit tender guidelines have recently been adopted to govern the audit tender process and will be reviewed annually.

Auditors	Date of appointment	Length of service
PricewaterhouseCoopers LLP	19 June 2014	4 years
Audit Partner Alex Bertolotti	19 June 2014	4 years

In accordance with EU Audit Regulations the Company will need to re-tender for new auditors at least every 10 years. It will be mandatory to change audit firm after 20 years. In the meantime, the Committee will continue to carry out an annual assessment of the effectiveness of the external audit process. A post audit assessment was completed during the year to assess the quality of the 2016 audit and concluded that performance was satisfactory and there were no grounds for change.

Auditor Re-appointment

PricewaterhouseCoopers LLP have carried out the audit for the years ended 30 September 2014 to 2017 and were considered to be independent by the Board.

Having indicated their willingness to continue to act as Auditors to the Company for the forthcoming year a resolution re-appointing PricewaterhouseCoopers LLP as Auditors will be proposed at the forthcoming Annual General Meeting.

Performance Evaluation

The Committee undertook an evaluation of its performance at its September 2017 meeting and will do so annually in future. No formal recommendations were required to be or reported to the Board this year in accordance with the Committee's terms of reference.

As part of its evaluation the Committee reviewed the following:

- Its role
- Membership, independence, objectivity and understanding
- Skills
- Scope of work
- Communications

David Hunt, FCA
Chairman of the Audit Committee

14 December 2017

Governance / Directors' Remuneration Report

Statement from the Chairman

I am pleased to present the Directors' Remuneration Report to shareholders.

This report has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006 and the Enterprise and Regulatory Reform Act 2013. An Ordinary Resolution for the approval of this report will be put to shareholders at the Company's forthcoming Annual General Meeting. The Directors' Remuneration Policy Report, which is separate to this report, can be found on page 46.

The law requires the Company's Auditors to audit certain disclosures within this report. Where disclosures have been audited, they are indicated as such and the Auditors' opinion is included in their report to members on pages 65 to 70.

Due to the Company's size and to avoid the need to establish a separate Remuneration Committee, the Company's remuneration function is carried out by the full Board under my Chairmanship. The Board considers the framework for the remuneration of the Directors on an annual basis. It reviews the ongoing appropriateness of the Company's remuneration policy and the individual remuneration of Directors by reference to the activities of the Company and comparison with other companies of a similar structure and size. This is in-line with the AIC Code.

The last increase to the Directors' fees was made on 1 October 2016.

At the most recent review, held on 27 September 2017, it was agreed that the Directors' fees would remain unchanged for the year ended 30 September 2018.

All levels of remuneration reflect both the time commitment and responsibility of the role.

No advice from remuneration consultants was received during the year under review.

Directors' Fees

The Directors are remunerated exclusively by fixed fees in cash and do not receive bonus payments, pension contributions or other benefits from the Company. Directors are not offered options to acquire shares in the Company.

All Directors are entitled to the reimbursement of reasonable out of pocket expenses incurred by them in order to perform their duties as directors of the Company.

As noted in the Strategic Report, all of the Directors are non-executive and therefore there is no Chief Executive Officer ("CEO"). The Company does not have any employees. There is therefore no CEO or employee information to disclose.

No payments were made to former directors of the Company during the financial year ended 30 September 2017 (2016: Nil).

Single total figure of remuneration 2017 (audited)

	Date of Appointment to the Board	Fees[3] 2017	Taxable expenses[4] 2017	Total 2017	Fees[3] 2016	Taxable expenses 2016[4]	Total 2016
Anthony Townsend[1]	1 February 2005	£34,500	–	£34,500	£33,000	–	£33,000
John Allard	11 October 2000	£23,000	–	£23,000	£22,000	–	£22,000
Neil Collins	30 January 2008	£23,000	–	£23,000	£22,000	–	£22,000
Simon Hayes	29 June 2015	£23,000	–	£23,000	£22,000	–	£22,000
David Hunt[2]	6 July 2006	£27,250	–	£27,250	£25,250	–	£25,250
Vanessa Renwick	11 October 2000	£23,000	–	£23,000	£22,000	–	£22,000
		£153,750	–	£153,750	£146,250	–	£146,250

[1] Chairman of the Board

[2] Chairman of the Audit Committee and Senior Independent Director

[3] None of the fees were paid to any third party in respect of the services provided.

[4] Under revised HMRC guidance, travel expenses and other out of pocket expenses are considered taxable benefits for UK-based directors. There were no taxable expenses paid to Directors during the year ended 30 September 2017.

Kate Cornish-Bowden and Lorna Tilbian were appointed as directors after the Company's year end and are therefore not included in the above table.

Governance / Directors' Remuneration Report

At the last Annual General Meeting held in January 2017 the results in respect of the resolutions to approve the Directors' Remuneration Report were as follows:

Directors' Remuneration Report

	Votes cast For	Votes cast Against	Votes withheld*
	54,248,530 (98.30%)	940,741 (1.70%)	471,419

*Votes withheld are not votes by law and are therefore not counted in the calculation of votes for or against a resolution.

Shareholder approval of the Directors' Remuneration Report was last sought at the Annual General Meeting held in January 2017 and will be sought again at the next AGM to be held in January 2018.

Directors' Remuneration Policy

	Votes cast For	Votes cast Against	Votes withheld*
	54,068,160 (97.89%)	1,165,112 (2.11%)	427,418

Shareholder approval of the Directors' Remuneration Policy was last sought at the Annual General Meeting held in January 2017 and will be sought again at the AGM to be held in January 2020.

Loss of office

Directors do not have service contracts with the Company but are engaged under letters of appointment. These specifically exclude any entitlement to compensation upon leaving office for whatever reason.

Share Price Return

The chart below illustrates the shareholder return for a holding in the Company's shares as compared to the FTSE All-Share Index, which the Board has adopted as the measure for both the Company's performance and that of the Portfolio Manager for the nine years to 30 September 2017.

Nine Years Total Shareholder Return to 30 September 2017

Governance / Directors' Remuneration Report

Relative Cost of Directors' Remuneration

The bar chart below shows the comparative cost of Directors' fees compared with the level of dividend distribution for 2016 and 2017.

Directors' Interests in Ordinary Shares

The Directors' interests in the share capital of the Company are shown in the table below:

	Number of Ordinary Shares of 25p held			
	(Audited) 30 September 2017	Valuation* 30 September 2017 £'000	(Audited) 30 September 2016	Valuation* 30 September 2016 £'000
Anthony Townsend (Chairman)	179,468	1,322	179,468	1,181
John Allard	46,160	340	43,582	287
Neil Collins	69,908	515	61,908	407
Simon Hayes	30,000	221	20,000	132
David Hunt	35,000	258	35,000	230
Vanessa Renwick	47,960	353	47,935	315
Total	408,496	3,009	387,893	2,552

Kate Cornish-Bowden and Lorna Tilbian were appointed as directors after the Company's year end and are therefore not included in the above table.

Managers' Interests in Ordinary Shares

The Managers' interests in the share capital of the Company are shown in the table below:

	30 September 2017	Valuation* 30 September 2017 £'000	30 September 2016	Valuation* 30 September 2016 £'000
Alastair Smith	80,119	590	72,218	475
Nick Train	1,209,887	8,911	762,662	5,018
Total	1,290,006	9,501	834,880	5,493

*The Company's share price as at 30 September 2017 was 736.50p (2016: 658.00p)

None of the Directors was granted or exercised rights over shares during the year. None of the Directors has any contract (including service contracts) with the Company. There are no provisions included within the Company's Articles of Association which require Directors to hold shares in the Company.

Annual Statement

On behalf of the Board I confirm that the Remuneration Policy, set out on page 46 and this Remuneration Report summarises, as applicable, for the year ended 30 September 2017:

(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 the changes occurred and decisions have been taken.

Anthony Townsend
Chairman
14 December 2017

Governance / Directors' Remuneration Policy Report

The Company follows the recommendations of the AIC Code that Directors' remuneration should reflect their duties, responsibilities and the value of their time spent. The Board's policy is that the remuneration of the Directors should reflect the experience of the Board as a whole, and is determined with reference to comparable organisations and appointments. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive Directors. This policy is reviewed annually and it is intended that it will continue for the year ending 30 September 2018 and for subsequent financial years.

The fees for the Directors are determined within the limits set out in the Company's Articles of Association, the maximum aggregate limit currently being £200,000 per annum, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties. The current and projected Directors' fees for 2018 are shown in the table below. The Company does not have any employees.

Directors' Fees Current and Projected

	Date of Appointment to the Board	Current Fees 2017	Projected Fees 2018
Anthony Townsend (Chairman)	1 February 2005	£34,500	£34,500
John Allard (retiring at the AGM on 31 January 2018)	11 October 2000	£23,000	£7,667
Neil Collins	30 January 2008	£23,000	£23,000
Kate Cornish-Bowden	26 October 2017	–	£21,437
Simon Hayes	29 June 2015	£23,000	£23,000
David Hunt (Chairman of the Audit Committee and Senior Independent Director)	6 July 2006	£27,250	£27,250
Vanessa Renwick (retiring at the AGM on 31 January 2018)	11 October 2000	£23,000	£7,667
Lorna Tilbian	26 October 2017	–	£21,437
		£153,750	£165,958

The Directors' fees will next be reviewed in September 2018.

Directors' Remuneration Year Ended 30 September 2017

None of the Directors has a service contract. The terms of their appointment provide that Directors shall retire and be subject to election at the first Annual General Meeting after their appointment and to re-election annually thereafter. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office. The terms and conditions of the Directors' appointments are set out in formal letters of appointment which are available for review of the Company's Annual General Meeting.

Consideration of Shareholders' Views

In accordance with best practice recommendations the Board will put the Remuneration Policy to shareholders at the Annual General Meeting at least once every three years. Approval of this policy was last granted by shareholders at the Annual General Meeting held in January 2017. In respect of the year under review no feedback has been received from shareholders in relation to remuneration.

Governance / Responsibility Statement of the Directors in respect of the annual financial report

The Directors are responsible for preparing the Report and Accounts, the Directors' 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. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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 period. In preparing these financial statements, the Directors have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and accounting estimates that are reasonable and prudent;
- followed applicable UK Accounting Standards, subject to any material departures disclosed and explained in the financial statements respectively; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that 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 are published on the Company's website www.finsburygt.com and via the website of the AIFM www.frostrow.com. The maintenance and integrity of these websites, so far as it relates to the Company, is the responsibility of the AIFM. The work carried out by the Auditors does not involve consideration of the maintenance and integrity of these websites and, accordingly, the Auditors accept no responsibility for any changes that have occurred to the Financial Statements since they were initially presented on these websites. Visitors to the websites need to be aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in their jurisdictions.

The Directors consider that the Annual Report, 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.

Each of the Directors, whose names and functions are listed on pages 26 and 27 confirm that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), give a true and fair view of the assets, liabilities, financial position and net return of the Company for the year ended 30 September 2017; and
- the Chairman's Statement, Strategic Report and the Report of the Directors include a fair review of the information required by 4.1.8R to 4.1.11R of the FCA's Disclosure and Transparency Rules.

On behalf of the Board

Anthony Townsend
Chairman

14 December 2017

Financial Statements / Income Statement

for the year ended 30 September 2017

		2017			2016		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments at fair value through profit or loss	9	–	116,495	116,495	–	134,001	134,001
Currency translations		–	(122)	(122)	–	(69)	(69)
Income	2	27,731	–	27,731	23,300	–	23,300
AIFM and Portfolio management fees	3	(2,097)	(4,257)	(6,354)	(1,594)	(3,236)	(4,830)
Other expenses	4	(1,063)	(32)	(1,095)	(981)	–	(981)
Return on ordinary activities before finance charges and taxation		24,571	112,084	136,655	20,725	130,696	151,421
Finance charges	5	(228)	(462)	(690)	(219)	(445)	(664)
Return on ordinary activities before taxation		24,343	111,622	135,965	20,506	130,251	150,757
Taxation on ordinary activities	6	(397)	–	(397)	(469)	–	(469)
Return on ordinary activities after taxation		23,946	111,622	135,568	20,037	130,251	150,288
Basic and diluted return per share	7	15.8p	73.8p	89.6p	15.2p	99.2p	114.4p

The "Total" column of this statement represents the Company's income statement.

The "Revenue" and "Capital" columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies (AIC).

All items in the above statement derive from continuing operations.

The Company had no recognised gains or losses other than those declared in the Income Statement; therefore no separate statement of Total Comprehensive Income has been presented.

There is no material difference between the net return on ordinary activities before taxation and the net return on ordinary activities after taxation stated above and their historical cost equivalents.

The notes on pages 52 to 64 form part of these Financial Statements.

Financial Statements / Statement of Changes in Equity

for the year ended 30 September 2017

	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total Shareholders' funds £'000
At 1 October 2016	35,579	463,833	3,453	12,424	403,417	17,316	936,022
Net return from ordinary activities	–	–	–	–	111,622	23,946	135,568
Second interim dividend (7.0p per share) for the year ended 30 September 2016*	–	–	–	–	–	(9,982)	(9,982)
First interim dividend (6.8p per share) for the year ended 30 September 2017*	–	–	–	–	–	(10,290)	(10,290)
Issue of shares	4,145	109,047	–	–	–	–	113,192
Cost of share issuance	–	(89)	–	–	–	–	(89)
At 30 September 2017	**39,724**	**572,791**	**3,453**	**12,424**	**515,039**	**20,990**	**1,164,421**

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total Shareholders' funds £'000
At 1 October 2015	30,241	341,188	3,453	12,424	273,166	13,218	673,690
Net return from ordinary activities	–	–	–	–	130,251	20,037	150,288
Second interim dividend (6.6p per share) for the year ended 30 September 2015*	–	–	–	–	–	(8,008)	(8,008)
First interim dividend (6.1p per share) for the year ended 30 September 2016*	–	–	–	–	–	(7,931)	(7,931)
Issue of shares	5,338	122,754	–	–	–	–	128,092
Cost of share issuance	–	(109)	–	–	–	–	(109)
At 30 September 2016	**35,579**	**463,833**	**3,453**	**12,424**	**403,417**	**17,316**	**936,022**

*All dividends paid during the year have been funded from the Revenue reserve.

The notes on pages 52 to 64 form part of these Financial Statements.

Financial Statements / Statement of Financial Position

as at 30 September 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Investments designated at fair value through profit or loss	9	1,186,911	956,592
Current assets			
Debtors	10	3,936	3,284
Cash and cash equivalents		11,482	12,198
		15,418	15,482
Current liabilities			
Creditors: amounts falling due within one year		(1,208)	(1,552)
Bank loan	11	–	(34,500)
	11	(1,208)	(36,052)
Net current assets/(liabilities)		14,210	(20,570)
Total assets less current liabilities		1,201,121	936,022
Creditors: amounts falling due after more than one year			
Bank loan	12	(36,700)	–
Net assets		1,164,421	936,022
Capital and reserves			
Called up share capital	13	39,724	35,579
Share premium account		572,791	463,833
Capital redemption reserve		3,453	3,453
Special reserve		12,424	12,424
Capital reserve	14	515,039	403,417
Revenue reserve		20,990	17,316
Total shareholders' funds		1,164,421	936,022
Net asset value per share – basic and diluted	15	732.8p	657.7p

The Financial Statements on pages 48 to 64 were approved by the Board of Directors on 14 December 2017 and were signed on its behalf by:

Anthony Townsend
Chairman

The notes on pages 52 to 64 form part of these Financial Statements.

Company Registration Number SC013958 (Registered in Scotland)

Financial Statements / Statement of Cash Flows

for the year ended 30 September 2017

	Note	2017 £'000	2016 £'000
Net cash inflow from operating activities before interest	18	18,741	16,135
Interest paid		(690)	(664)
Net cash inflow from operating activities		18,051	15,471
Investing activities			
Purchase of investments		(125,470)	(140,760)
Sale of investments		11,205	11,189
Net cash outflow from investing activities		(114,265)	(129,571)
Financing activities			
Dividends paid		(20,272)	(15,939)
Shares issued		113,781	128,475
Drawdown of loans		2,200	5,500
Cost of share issuance		(89)	(109)
Net cash inflow from financing activities		95,620	117,927
(Decrease)/increase in cash and cash equivalents		(594)	3,827
Currency translations		(122)	(69)
Cash and cash equivalents at 1 October		12,198	8,440
Cash and cash equivalents at 30 September		11,482	12,198

The notes on pages 52 to 64 form part of these Financial Statements.

Financial Statements / Notes to the Financial Statements

1. Accounting Policies

The Company is a public limited company (PLC) incorporated in England and Wales, with registered office of 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ.

The principal accounting policies, all of which have been applied consistently throughout the year in the preparation of these Financial Statements, are set out below:

(a) Basis of preparation

The Financial Statements have been prepared under UK Company Law, FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland' and under the historical cost convention, except for the measurement at fair value of investments, and in accordance with UK Generally Accepted Accounting Practice (GAAP) and the Statement of Recommended Practice (SORP) for "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies and dated November 2014 and updated in January 2017 with consequential amendments, and the Companies Act 2006.

Presentation of the Income Statement
In order to reflect better the activities of an investment trust company and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The net revenue return is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Sections 1158 and 1159 of the Corporation Tax Act 2010.

Judgements and key sources of estimation and uncertainty
The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. In the process of applying the Company's accounting policies, the Directors have made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

- The unquoted investment in Frostrow Capital LLP has been valued by the Directors at twice Frostrow's annual recurring revenues with a 10% liquidity discount applied.

(b) Investments held at fair value through profit or loss

As the Company's business is investing in financial assets with a view to profiting from their total return in the form of dividends, interest or increases in fair value, investments are held at fair value through profit or loss and are initially recognised at fair value. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the investments is provided internally on this basis to the Board. Fair value for quoted investments is deemed to be bid market prices, or last traded price, depending on the convention of the stock exchange on which they are quoted.

Changes in the fair value of investments held at fair value through profit or loss, and gains and losses on disposal are recognised in the Income Statement as a capital item.

All purchases and sales of investments are accounted for on the trade date basis.

The Company's policy is to expense transaction costs on acquisition through the gains on investment at fair value through profit or loss. The total of such expenses, showing the total amounts included in disposals and acquisitions are disclosed in note 9 on page 57.

(c) Income

Dividends receivable from equity shares are recognised in Revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is Capital in nature, in which case it is included in Capital. Overseas dividends are stated gross of any withholding tax.

When the Company has elected to receive scrip dividends in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised in Revenue.

Fixed returns on non-equity shares are recognised on a time apportionment basis.

Financial Statements / Notes to the Financial Statements

1. Accounting Policies continued

Income continued

Special dividends: In deciding whether a dividend should be regarded as a Capital or Revenue receipt, the Company reviews all relevant information as to the reasons for and sources of the dividend on a case by case basis depending upon the nature of the receipt.

The limited liability partnership (LLP) profit share is recognised in the financial statements when the entitlement to the income is established.

Deposit interest receivable is taken to revenue on an accruals basis.

(d) Dividend Payments

Dividends paid by the Company on its shares are recognised in the financial statements in the period in which they are paid and are shown in the Statement of Changes in Equity.

(e) Expenditure and Finance Charges

All the expense and finance costs are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement except as follows:

(1) expenses which are incidental to the acquisition or disposal of an investment are treated as part of the cost or proceeds of that investment (as explained in 1(b) above);

(2) expenses are taken to the Capital reserve via the capital column of the Income Statement, where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In line with the Board's expected long term split of returns, in the form of capital gains and income from the Company's portfolio, 67% of the portfolio management fee, AIFM fee and finance costs are taken to the Capital reserve and the balance to the Revenue reserve.

(f) Taxation

Current tax is provided at the amounts expected to be paid or recovered.

Deferred taxation is provided on all timing differences that have originated but not been reversed by the Statement of Financial Position date other than those differences regarded as permanent. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the reversal of timing differences can be deducted. Any liability to deferred tax is provided for at the rate of tax enacted or substantially enacted.

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

(g) Foreign currency

Transactions recorded in overseas currencies during the year are translated into Sterling at the exchange rates ruling at the date of the transaction. Assets and liabilities denominated in overseas currencies at the Statement of Financial Position date are translated into sterling at the exchange rate ruling at that date.

(h) Cash and Cash Equivalents

Cash and cash equivalents are defined as cash and demand deposits readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

(i) Nature and purpose of reserves

Special reserve

The special reserve arose following Court approval in July 2002 to transfer £13.16 million from the share premium account. This reserve is distributable and has historically been used to fund any share buy-backs by the Company.

Capital redemption reserve

This reserve arose when ordinary shares were redeemed by the Company and subsequently cancelled, at which point the amount equal to the par value of the ordinary share capital was transferred from the ordinary share capital to the capital redemption reserve.

Financial Statements / Notes to the Financial Statements

1. Accounting Policies continued

Capital reserve
This reserve reflects any:

- gains or losses on the disposal of investments;
- exchange differences of a capital nature;
- the increases and decreases in the fair value of investments which have been recognised in the capital column of the Income Statement;
- expenses which are capital in nature as disclosed in note 1(e); and
- following amendments to the Company's Articles of Association in 2015, this reserve can be used to distribute realised capital profits by way of dividend.

Revenue reserve
This reserve reflects all income and expenditure which are recognised in the revenue column of the income statement and is distributable by way of dividend.

2. Income

	2017 £'000	2016 £'000
Income from investments		
Franked investment income		
– dividends	23,358	19,370
Unfranked investment income		
– overseas dividends	4,032	3,491
– limited liability partnership – profit-share	295	401
– limited liability partnership – priority profit share on AIFM capital contribution	43	38
Other operating income	3	–
Total income	27,731	23,300

3. AIFM and Portfolio Management Fees

	Revenue £'000	Capital £'000	2017 Total £'000	Revenue £'000	Capital £'000	2016 Total £'000
AIFM fee	542	1,100	1,642	416	844	1,260
Portfolio management fee	1,555	3,157	4,712	1,178	2,392	3,570
Total fees	2,097	4,257	6,354	1,594	3,236	4,830

4. Other Expenses

	Revenue £'000	Capital £'000	2017 Total £'000	Revenue £'000	Capital £'000	2016 Total £'000
Directors' fees	154	–	154	146	–	146
Auditors' fees –						
statutory annual audit	27	–	27	27	–	27
Stock listing fees	211	–	211	157	–	157
Registrar fees	78	–	78	107	–	107
Depositary fees	169	–	169	155		155
Custody fees	108	–	108	96	–	96
Company broker fees	36	–	36	36	–	36
Legal and professional fees	23	32	55	6	–	6
Promotional costs	72	–	72	47	–	47
Printing and postage	56	–	56	80	–	80
Other expenses	129	–	129	124	–	124
Total expenses	1,063	32	1,095	981	–	981

All of the above expenses include VAT where applicable, with the exception of the fees paid to the Company's Auditors, which are shown net of VAT.

Further details of the amounts paid to Directors are included in the Directors' Remuneration Report on pages 43 to 45.

Financial Statements / Notes to the Financial Statements

5. Finance Charges

	Revenue £'000	Capital £'000	2017 Total £'000	Revenue £'000	Capital £'000	2016 Total £'000
Interest payable on bank loan	164	332	496	198	402	600
Arrangement fees	19	38	57	–	–	–
Loan facility expenses	45	92	137	21	43	64
	228	462	690	219	445	664

6. Taxation on Ordinary Activities

(a) Analysis of charge in the year

	Revenue £'000	Capital £'000	2017 Total £'000	Revenue £'000	Capital £'000	2016 Total £'000
UK Corporation tax at 19.5% (2016 20.0%)	–	–	–	–	–	–
Overseas withholding tax	461	–	461	577	–	577
Recoverable overseas withholding tax	(64)	–	(64)	(108)	–	(108)
	397	–	397	469	–	469

(b) Factors affecting current tax charge for year

The tax assessed for the year is lower (2016: lower) than the standard rate of UK corporation tax of 19.5% (2016: 20%)

The differences are explained below:

	Revenue £'000	Capital £'000	2017 Total £'000	Revenue £'000	Capital £'000	2016 Total £'000
Total return on ordinary activities before taxation	24,343	111,622	135,965	20,506	130,251	150,757
Return on ordinary activities multiplied by UK corporation tax of 19.5% (2016: 20%)	4,747	21,766	26,513	4,101	26,050	30,151
Effects of:						
Overseas tax	461	–	461	577	–	577
Overseas tax recoverable	(64)	–	(64)	(108)	–	(108)
Franked investment income not subject to corporation tax – UK dividend income	(4,555)	–	(4,555)	(3,874)	–	(3,874)
Overseas dividends not taxable	(787)	–	(787)	(698)	–	(698)
Excess expenses unutilised	595	–	595	471	–	471
Amounts charged to capital	–	927	927	–	736	736
Expenses not deductible for tax purposes	–	24	24	–	14	14
Capital return not subject to tax*	–	(22,717)	(22,717)	–	(26,800)	(26,800)
Total tax charge for the year (note 6(a))	397	–	397	469	–	469

*Gains on investments are not subject to corporation tax within an investment trust company.

(c) Provision for deferred taxation

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

At 30 September 2017, the Company has not recognised a deferred tax asset of £10,788,000 (17% tax rate) (2016: £9,462,000 17% tax rate) arising principally as a result of surplus management and loan expenses. It is not anticipated that this asset will be utilised in the foreseeable future.

Deferred tax is not provided on unrealised capital gains or losses arising on investments because the Company meets and intends to continue meeting the conditions for approval as an investment trust.

Financial Statements / Notes to the Financial Statements

7. Return per Share

	Revenue pence	Capital pence	2017 Total pence	Revenue pence	Capital pence	2016 Total pence
Return per share	15.8	73.8	89.6	15.2	99.2	114.4

The total return per share is based on the total return attributable to equity shareholders of £135,568,000 (2016: £150,288,000), and on 151,191,262 (2016: 131,338,370) shares, being the weighted average number of shares in issue during the year.

Revenue return per share is based on the revenue returns on ordinary activities after taxation of £23,946,000 (2016: £20,037,000).

Capital return per share is based on the capital return on ordinary activities after taxation of £111,622,000 (2016: £130,251,000).

8. Dividends

In accordance with FRS 102 dividends are included in the Financial Statements in the year in which they are paid or approved by shareholders.

	Ex-Dividend Date	Register Date	Payment Date	2017 £'000	2016 £'000
First interim dividend of 6.8p per share (2016: 6.1p)	6 April 2017	7 April 2017	10 May 2017	10,290	7,931
Second interim dividend of 7.4p per share (2016: 7.0p)	12 October 2017	13 October 2017	10 November 2017	11,786	9,982

The second interim dividend of 7.4p per share (2016: 7.0p) has not been included as a liability in these Financial Statements as it is only recognised in the financial year in which it is paid.

The total dividends payable in respect of the financial year which forms the basis of Section 1158 of the Corporation Tax Act 2010 are set out below:

	2017 £'000	2016 £'000
Revenue available for distribution by way of dividend for the year	23,946	20,037
2017: First interim dividend of 6.8p per share paid on 10 May 2017	(10,290)	(7,931)
2017: Second interim dividend of 7.4p per share paid on 10 November 2017	(11,786)	(9,982)
Net addition to revenue reserves	1,870	2,124

The revenue reserve after payment of the second interim dividend amounted to £9,204,000 (2016: £7,334,000).

The Company's dividend policy is set out on page 17.

Financial Statements / Notes to the Financial Statements

9. Investments held at fair value through profit or loss

Analysis of portfolio movements

	2017 £'000	2016 £'000
Opening book cost	583,681	446,682
Opening investment holding gains	372,911	246,269
Valuation at 1 October	956,592	692,951
Movements in the year:		
Purchases at cost	125,029	140,829
Sales		
– *Proceeds*	(11,205)	(11,189)
– Gain on sales	8,514	7,359
Net movement in investment holding gains	107,981	126,642
Valuation at 30 September	1,186,911	956,592
Closing book cost	706,019	583,681
Investment holding gains at 30 September	480,892	372,911
Valuation at 30 September	1,186,911	956,592

Investment holding gains

	2017 £'000	2016 £'000
Gains based on historical cost	8,514	7,359
Net movement in investment holding gains in the year	107,981	126,642
Gains on investments during the year	116,495	134,001

Purchase transaction costs for the year to 30 September 2017 were £429,000 (2016: £788,000). These comprise of stamp duty costs of £346,000 (2016: £650,000) and commission of £83,000 (2016: £138,000). Sales transaction costs for the year to 30 September 2017 were £4,000 (2016: £11,000) and comprise commission.

10. Debtors

	2017 £'000	2016 £'000
Amount due from broker in respect of shares issued by the Company	–	589
Prepayments and accrued income	3,936	2,695
	3,936	3,284

11. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Bank loan*	–	34,500
Amounts due to brokers	468	909
Other creditors and accruals	740	643
	1,208	36,052

* The loan facility with Scotiabank Europe PLC (Scotiabank) was renewed on the 4 October 2016 for a further three years. As a result the bank loan has been classified as a Creditors: amounts falling due after more than one year.

Financial Statements / Notes to the Financial Statements

12. Creditors: amounts falling due after more than one year

	2017 £'000	2016 £'000
Bank loan*	36,700	–
	36,700	–

* Scotiabank, the provider of the Company's loan facility, has a fixed and floating charge over the assets of the Company as security against any funds drawn down under the loan facility. As at 30 September 2017, the Company was entering the second year of its three year secured fixed term multicurrency revolving credit facility of £75 million (with an additional £25 million facility available if required).

The main covenant under the loan facility requires that, at each month end, Total Borrowings should not exceed £75 million and the ratio of Adjusted Total Net Assets to Debt is not permitted to be less than 4:1. There were no breaches of the covenant during the year.

The Board has set a gearing limit which must not exceed 25% of the Company's Net Asset Value. (See page 79 for further details).

Further details can be found in note 17 on page 60 and the Report of the Directors on page 73.

13. Called Up Share capital

	2017 £'000	2016 £'000
Allotted, issued and fully paid:		
158,896,712 (2016: 142,318,212) ordinary shares of 25p each	39,724	35,579

During the year 16,578,500 new ordinary shares were issued for consideration of £113,192,000 being an average price of 682.76p per share. At 30 September 2016 there was a debtor of £589,000 in relation to shares issued but not settled until after that date.

14. Capital Reserve

	Capital reserve realised £'000	Capital reserve investment holding gains unrealised £'000	2017 Total £'000	2016 Total £'000
At 1 October 2016	30,506	372,911	403,417	273,166
Net gains on investments	8,514	107,981	116,495	134,001
Expenses charged to capital	(4,289)	–	(4,289)	(3,236)
Finance costs charged to capital	(462)	–	(462)	(445)
Currency translations	(122)	–	(122)	(69)
At 30 September 2017	34,147	480,892	515,039	403,417

Under the terms of the Company's Articles of Association, sums within "Capital Reserve Realised" are available for distribution.

15. Net Asset Value per Share

The net asset value per share of 732.8p (2016: 657.7p) is based on net assets of £1,164,421,000 (2016: £936,022,000) and on 158,896,712 (2016: 142,318,212) shares in issue at the year end.

Financial Statements / Notes to the Financial Statements

16. Transactions with the Manager and Related Parties

Details of the relationship between the Company, Frostrow Capital LLP ("Frostrow"), and Lindsell Train Limited ("Lindsell Train") are disclosed in the Business Review on page 19.

The Company has an investment in Frostrow with a book cost of £555,000 (2016: £495,000) and a fair value of £1,680,000 as at 30 September 2017 (2016: £1,420,000).

The Company also has an investment in The Lindsell Train Investment Trust plc, which is managed by Lindsell Train, with a book cost of £1,000,000 (2016: £1,000,000) and a fair value of £8,300,000 as at 30 September 2017 (2016: £8,200,000).

Further details of the investments in Frostrow and The Lindsell Train Investment Trust plc can be found in the Strategic Report on page 8.

Details of the income received and remuneration payable to the AIFM are disclosed in notes 2 and 3 and details of the remuneration payable to the Portfolio Manager is detailed in note 3 on page 54.

Details of the remuneration of all Directors can be found in pages 43 to 46 and in note 4 on page 54. Directors' interests in the capital of the Company can be found on page 45. There were no other material transactions during the year with the Directors of the Company.

17. Risk Management

As an investment trust, the Company invests in equities and other investments for the long term so as to secure its investment objective as stated on page 16. In pursuit of its investment objective, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction in the revenue returns available for distribution.

The Company's financial instruments comprise mainly of equity investments, cash balances, borrowings, debtors and creditors that arise directly from its operations.

The principal risks inherent in managing the Company's financial instruments are market risk, liquidity risk and credit risk. These risks and the Directors' approach to the management of them are set out in the Strategic Report on pages 23 to 25.

Market risk

Market risk comprises three types of risk: market price risk, interest rate risk and currency risk.

Market price risk

As an investment company, performance is dependent on the performance of the underlying companies and securities in which it invests. The market price of investee companies' shares is subject to their performance, supply and demand for the shares and investor sentiment regarding the company or the industry sector in which it operates. Consequently market price risk is one of the most significant risks to which the Company is exposed.

At 30 September 2017, the fair value of the Company's assets exposed to market price risk was £1,186,911,000 (2016: £956,592,000) see page 62. If the fair value of the Company's investments at the Statement of Financial Position date increased or decreased by 10%, while all other variables remained constant, the capital return and net assets attributable to shareholders for the year ended 30 September 2017 would have increased or decreased by £118,691,000 or 74.7p per share (2016: £95,659,000 or 67.2p per share).

No derivatives or hedging instruments are currently utilised to manage market price risk.

Financial Statements / Notes to the Financial Statements

17. Risk Management continued

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate movement may affect:

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

The Company's main exposure to interest rate risk during the year ended 30 September 2017 was through its three year £75,000,000 secured multicurrency committed revolving credit facility (with an additional £25 million facility available if required) with Scotiabank Europe PLC maturing in October 2019. Borrowings varied throughout the year as part of the Board's endorsed policy. Borrowings at the year-end amounted to £36,700,000 (2016: £34,500,000) at an interest rate of 1.39% (LIBOR plus 1.05% per annum).

If the above level of borrowing was maintained for a year a 1% increase/decrease in LIBOR would decrease/increase the revenue return by £121,000, (2016: £114,000) decrease/increase the capital return by £246,000 (2016: £231,000), and decrease/increase the net assets by £367,000 (2016: £345,000).

The weighted average interest rate, during the year, on borrowings under the above mentioned revolving credit facility was 1.40% (2016: 1.88%).

On the 4 October 2016 the Board renewed the facility agreement with Scotiabank, for a further three years. Under the new agreement interest is charged at LIBOR plus 1.05% per annum, previously charged at LIBOR plus 1.30% per annum.

At 30 September 2017, the Company's financial assets and liabilities exposed to interest rate risk were as follows:

	2017 within one year £'000	2017 more than one year £'000	2016 within one year £'000	2016 more than one year £'000
Exposure to floating rates:				
Assets				
Cash and cash equivalents	11,482	–	12,198	–
Liabilities				
Creditors: amount falling due within one year				
– borrowings under the loan facility	–	–	(34,500)	–
Creditors: amount falling due after more than one year				
– borrowings under the loan facility	–	(36,700)	–	–
Exposure to fixed rates:				
Assets				
Investments at fair value through profit or loss#	634	–	492	–
Liabilities	–	–	–	–

#Celtic 6% cumulative convertible preference shares and Frostrow Capital LLP AIFM Investment.

Financial Statements / Notes to the Financial Statements

17. Risk Management continued

Currency risk

The Financial Statements are presented in sterling, which is the functional currency and presentational currency of the Company. At 30 September 2017, the Company's investments, with the exception of six, were priced in sterling. The six exceptions, Heineken, listed in the Netherlands, Remy Cointreau listed in France, and Dr. Pepper Snapple, The Kraft Heinz Company, Manchester United and Mondelez International, all listed in the United States together represent 19% of the portfolio.

The AIFM and the Portfolio Manager monitor the Company's exposure to foreign currencies on a continuous basis and regularly report to the Board. The Company does not hedge against foreign currency movements, but the Portfolio Manager takes account of the risk when making investment decisions.

Income denominated in foreign currencies is converted into sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between its receipt and the time that the income is included in the Financial Statements.

Foreign currency exposure

At 30 September 2017 the Company held £113,264,000 (2016: £84,704,000) of investments denominated in U.S. dollars and £111,520,000 (2016: £86,306,000) in Euros.

Currency sensitivity

The following table details the sensitivity of the Company's profit or loss after taxation for the year to a 10% increase or decrease in the value of sterling compared to the U.S. dollar and Euros (2016: 10% increase and decrease).

The analysis is based on the Company's foreign currency financial instruments held at each Statement of Financial Position date.

If sterling had weakened against the U.S dollar and Euros, as stated above, this would have had the following effect:

	2017 £'000	2016 £'000
Impact on revenue return	67	100
Impact on capital return	24,980	18,982
Total return after tax/increase in shareholders' funds	25,047	19,082

If sterling had strengthened against the foreign currencies as stated above, this would have had the following effect:

	2017 £'000	2016 £'000
Impact on revenue return	(55)	(82)
Impact on capital return	(20,438)	(15,530)
Total return after tax/decrease in shareholders' funds	(20,493)	(15,612)

Credit Risk

Credit risk is the Company's exposure to financial loss from the failure of a counterparty to deliver securities or cash for acquisition or disposals of investments which could result in the Company suffering a financial loss. Credit risk is managed as follows:

- Investment transactions are carried out only with brokers whose creditworthiness is reviewed by the Portfolio Manager.
- Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transactions entered into by the Company has delivered its obligation before any transfer of cash or securities away from the Company is completed.
- Any failing trades in the market are closely monitored by both the AIFM and the Portfolio Manager.
- Cash is only held at banks that have been identified by the Board as reputable and of high credit quality. Bank of New York Mellon has a credit rating of Aa1 (Moodys) and AA- (S&P).

Financial Statements / Notes to the Financial Statements

17. Risk Management continued

At 30 September 2017, the exposure to credit risk was £15,572,000 (2016: £15,554,000), comprising:

	2017 £'000	2016 £'000
Fixed assets:		
Non-equity investments (preference shares)	154	72
Current assets:		
Other receivables (amounts due from brokers, dividends and interest receivable)	3,936	3,284
Cash and cash equivalents	11,482	12,198
Total exposure to credit risk	15,572	15,554

Liquidity risk of investments

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

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted equities and other quoted securities which are readily realisable; their value is significantly in excess of the Company's financial liabilities.

Fair value of financial assets and financial liabilities

Financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value or at a reasonable approximation of fair value.

Valuation of financial instruments

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 – quoted prices in active markets.
- Level 2 – prices of recent transactions for identical instruments.
- Level 3 – valuation techniques using observable and unobservable market data.

The financial assets and liabilities measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

At 30 September 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	1,185,077	–	–	1,185,077
Limited liability partnership interest (Frostrow Capital LLP)	–	–	1,200	1,200
AIFM Capital contribution (Frostrow Capital LLP)	–	–	480	480
Preference share investments	154	–	–	154
	1,185,231	–	1,680	1,186,911

At 30 September 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	955,100	–	–	955,100
Limited liability partnership interest (Frostrow Capital LLP)	–	–	1,000	1,000
AIFM Capital contribution (Frostrow Capital LLP)	–	–	420	420
Preference share investments	72	–	–	72
	955,172	–	1,420	956,592

The valuation techniques used by the Company are explained on page 52.

Financial Statements / Notes to the Financial Statements

17. Risk Management continued

There have been no transfers during the year between Levels 1 and 2. A reconciliation of fair value measurements in Level 3 is set out below.

Level 3 Reconciliation of financial assets at fair value through profit or loss at 30 September

	2017 £'000	2016 £'000
Opening fair value	1,420	1,420
AIFM Capital Contribution (Frostrow Capital LLP)	60	–
Total gains included in gains on investments in the Income Statement		
– on assets held at the end of the year	200	–
Closing fair value	1,680	1,420

If the value of Frostrow Capital LLP's revenue and the value of the AIFM investment were to increase or decrease by 10%, while all the other variables remained constant, the return and net assets attributable to shareholders for the year ended 30 September 2017 would have increased/decreased by £135,000 (2016: £131,000).

Capital management objectives, policies and procedures

The structure of the Company's capital is described in note 13 on page 58 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 49.

The Company's capital management objectives are:

- to ensure that it is able to continue as a going concern; and
- to achieve capital and income growth and to provide shareholders with a total return in excess of that of the FTSE All-Share Index through an appropriate balance of equity and debt.

The Board, with the assistance of the AIFM and the Portfolio Manager, regularly monitors and reviews the broad structure of the Company's capital. These reviews include:

- the level of gearing, set at limits in normal market conditions, between 5% and 25% of net assets, which takes account of the Company's position and the views of the Board, the AIFM and the Portfolio Manager on the market;
- the extent to which revenue reserves should be retained or utilised; and
- ensuring the Company's ability to continue as a going concern.

The Company's objectives, policies and procedures for managing capital are unchanged from last year.

There were no breaches by the Company during the year of the financial covenants put in place by Scotiabank Europe plc in respect of the committed revolving credit facility provided to the Company.

These requirements are unchanged since last year and the Company has complied with them at all times.

18. Net Cash Inflow from Operating Activities Before Interest

	2017 £'000	2016 £'000
Total return before finance charges and taxation	136,655	151,421
Less: capital return before finance charges and taxation	(112,084)	(130,696)
Net revenue before finance charges and taxation	24,571	20,725
Increase in accrued income and prepayments	(1,111)	(1,112)
Increase in creditors	97	161
Taxation – overseas tax paid	(527)	(403)
AIFM, Portfolio management fees and other expenses charged to capital	(4,289)	(3,236)
Net cash inflow from operating activities	18,741	16,135

Financial Statements / Notes to the Financial Statements

19. Substantial Interests

At 30 September 2017 the Company held interests in 3% or more of any class of capital in the following entities:

Company or Limited Liability Partnership	Shares held	2017 Fair value £'000	% of issued share capital or Limited Liability Partnership interest
A.G. Barr	4,345,102	26,853	3.7
Celtic	3,197,240	4,092	3.4
Fidessa	1,206,500	27,038	3.1
Frostrow Capital LLP (unquoted)	–	1,680	10.0
Manchester United	1,414,085	18,918	3.5
The Lindsell Train Investment Trust plc*	10,000	8,300	5.0
Young & Co's Brewery (non voting shares)	1,050,000	10,658	5.5

*Also managed by Lindsell Train Limited who receive a portfolio management fee based on the Company's market capitalisation. The details of the fee arrangements with the Company are detailed on page 19.

Independent Auditors' Report to the Members of Finsbury Growth & Income Trust PLC

Report on the Audit of the Financial Statements

Opinion

In our opinion, Finsbury Growth & Income Trust PLC's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2017 and of its return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position and the Statement of Cash Flows; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

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

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

Our audit approach

Overview

Materiality:

- Overall materiality: £11.6 million (2016: £9.4 million), based on 1% of net assets.

- The Company is a standalone Investment Trust Company and engages Frostrow Capital LLP (the 'AIFM') to manage its assets.

Audit scope:

- We conducted our audit of the financial statements at the offices of the AIFM and at Maitland Administration Services Limited ('Maitland') who the AIFM has engaged to provide certain accounting, administrative and valuation functions to the AIFM of the Company.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.

Area of focus:

- Income.
- Valuation and existence of investments.

Independent Auditors' Report to the Members of Finsbury Growth & Income Trust PLC

The scope of our audit

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Income *Refer to page 40 (Audit Committee report), page 52 and 53 (Accounting Policies) and page 54 (Notes).* *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'). This is because incomplete or inaccurate revenue could have a material impact on the Company's net asset value and dividend cover.*	We assessed the accounting policy for revenue 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 as set out in note 1(c) on page 52 and 53 of the Financial Statements. We understood and assessed the design and implementation of key controls surrounding revenue recognition. In addition, we tested dividend receipts by agreeing the dividend rates from a sample of investments to independent third party sources. 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. We tested the allocation and presentation of dividend income between the income and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We then tested the validity of special dividends to independent third party sources. We did not find any special dividends that were not treated in accordance with the AIC SORP. No material misstatements were identified by our testing which required reporting to those charged with governance.
Valuation and existence of investments *Refer to page 40 (Audit Committee report), page 52 (Accounting Policies) and page 57 (Notes).* *The investment portfolio at the year-end principally comprised listed equity investments valued at £1,185m.* *We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Statement of Financial Position in the financial statements.*	We tested the valuation of the listed equity investments by agreeing the prices used in the valuation to independent third party sources for all quoted investments. We tested the existence of the investment portfolio by agreeing the holdings for investments to an independent custodian confirmation from BNY Mellon. No material differences were identified which required reporting to those charged with governance.

Independent Auditors' Report to the Members of Finsbury Growth & Income Trust PLC

How we tailored the audit scope

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

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)').

The AIFM outsources certain accounting, ~~administrative and valuation functions to Maitland.~~

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

Materiality

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

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

Overall materiality	£11.6 million (2016: £9.4 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 £582,000 (2016: £468,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

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

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

Reporting on other information

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

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

Independent Auditors' Report to the Members of Finsbury Growth & Income Trust PLC

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

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

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

Strategic Report and Report of the Directors

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

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

Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on pages 29 to 38) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ("DTR") is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in this information. (CA06)

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on pages 29 to 38) with respect to the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. (CA06)

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Company. (CA06)

The Directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company

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

- The directors' confirmation on pages 23 to 25 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on pages 20 to 21 of the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

Independent Auditors' Report to the Members of Finsbury Growth & Income Trust PLC

Other Code Provisions

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

- The statement given by the directors, on page 47, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
- The section of the Annual Report on pages 39 to 42 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 47, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Independent Auditors' Report to the Members of Finsbury Growth & Income Trust PLC

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 19 June 2014 to audit the financial statements for the year ended 30 September 2014 and subsequent financial periods. The period of total uninterrupted engagement is 4 years, covering the years ended 30 September 2014 to 30 September 2017.

Alex Bertolotti (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 December 2017

Report of the Directors

In accordance with the requirements of the Companies Act 2006 (the "Act") and the UK Listing and Disclosure and Transparency Rules, the Directors present their annual report on the affairs of the Company, together with the audited financial statements and the Independent Auditors' Report for the year ended 30 September 2017.

Full biographical details of the Board of Directors can be found within the Strategic Report on pages 26 and 27.

The Corporate Governance Statement on pages 26 to 47 forms part of this Report of the Directors.

Disclosures relating to future developments and risk management can be found within the Strategic Report, on pages 2 to 25.

Business and Status of the Company

The Company is registered as a public limited company in Scotland (Registered Number SC013958) and is an investment company within the terms of Section 833 of the Act. Its shares are listed on the premium segment of The Official List of the UK Listing Authority and traded on the main market of the London Stock Exchange which is a regulated market as defined in Section 1173 of the Act.

The Company has applied for and been accepted as an approved investment trust under sections 1158 and 1159 of the Corporation Taxes Act 2010 and Part 2 Chapter 1 of Statutory Instrument 2011/2999. The Directors are of the opinion that the Company has conducted its affairs so as to be able to retain such approval.

It is the Directors' intention that the Company should continue to manage its affairs so as to be a qualifying investment for inclusion in the stocks and shares components of an Individual Savings Account ("ISA") and Junior ISA.

The Company is required to comply with company law, the rules of the UK Listing Authority, UK Financial Reporting Standards, and its Articles of Association.

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

Investment Objective and Policy

The Company's investment objective is to achieve capital and income growth and to provide shareholders with a total return in excess of that of the FTSE All-Share Index.

Details of the Company's investment policy and strategy can be found within the Strategic Report on page 16.

Results and Dividends

The results attributable to shareholders for the year are shown on page 3. Details of the Company's dividend record can be found on page 17.

Share Capital

At the Annual General Meeting held on Thursday, 26 January 2017, authority to allot up to 14,961,071 shares on a non pre-emptive basis at prices not less than the higher of the prevailing cum or ex income net asset value per share at the time of issuance was granted.

All of the shares available under this allotment authority were issued and the Company held a General Meeting on Friday, 8 December 2017 where shareholder authority was obtained to issue a further 16,220,671 shares on the same basis.

During the year, 16,578,500 new shares were issued by the Company at a premium to the higher of the prevailing cum or ex income net asset value per share at the time of issue. Since the year-end and to 14 December 2017, the latest practicable date before publication of this report, a further 3,425,000 new shares have been issued under the same issuance criteria.

No shares were repurchased by the Company during the year.

Capital Structure

The following includes disclosures that are made in accordance with S.1 2007/1093 C.49 Commencement No. 2 Order 2007.

The Company's capital structure is composed solely of Ordinary Shares. Details are given in note 13 to the Financial Statements on page 58.

At 30 September 2017 there were 158,896,712 shares of 25p each in issue (2016: 142,318,212) each share having one vote. Details of the voting rights in the Company's shares at the date of this Annual Report are given in note 9 to the Notice of the Annual General Meeting on page 87.

There were no shares held in treasury during the year (2016: nil).

Details of the substantial shareholders in the Company are listed on page 72.

The giving of powers to issue or buy-back the Company's shares requires the relevant resolution to be passed by shareholders. Proposals for the renewal of the Board's current powers to issue and buy-back shares are detailed on pages 83 to 85.

There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no restrictions on voting rights; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

Report of the Directors

Substantial Share Interests

The Company was aware of the following substantial interests in the voting rights of the Company as at 30 September 2017 and 30 November 2017, being the latest practicable date before publication of the annual report:

		30 November 2017		30 September 2017	
Shareholders	Registered Holders	Number of shares	% of capital	Number of shares	% of capital
~~Hargreaves Lansdown~~	~~Various Nominee Accounts~~	~~17,404,144~~	~~10.77~~	~~16,840,082~~	~~10.60~~
Alliance Trust Savings	Alliance Trust Savings Nominees	14,702,909	9.10	14,645,622	9.22
Brewin Dolphin, Stockbrokers	Various Nominee Accounts	13,776,960	8.52	13,685,624	8.61
Investec Wealth Investment	Various Nominee Accounts	9,990,538	6.18	9,932,575	6.25
Rathbones	Various Nominee Accounts	7,672,768	4.75	7,536,738	4.74
Charles Stanley	Rock Nominees	5,629,042	3.48	5,427,011	3.42
AJ Bell Stockbrokers	Various Nominee Accounts	5,459,000	3.38	5,082,356	3.20
JP Morgan Asset Management	Various Nominee Accounts	5,139,516	3.18	5,139,516	3.23

At 30 September 2017 the Company had 158,896,712 shares in issue. As at 30 November 2017 the Company had 162,006,712 shares in issue.

Beneficial Owners of Shares – Information Rights

The beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under Section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company's registrar, Capita Asset Services, or to the Company directly.

Retail Investors advised by IFAs

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers ("IFAs") in the UK to ordinary retail investors in accordance with the Financial Conduct Authority ("FCA") rules in relation to non-mainstream investment products and intends to continue to do so. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an authorised investment trust.

Individual Savings Accounts

The Company's shares are eligible to be held in the stocks and shares component of an ISA or Junior ISA, subject to applicable annual subscription limits (£20,000 for an ISA and £4,128 for a Junior ISA for the 2017/2018 tax year). Investments held in ISAs or Junior ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in Ordinary Shares through an ISA is restricted to certain UK resident individuals aged 18 or over. Junior ISAs are available for UK resident children aged under 18 and born before 1 September 2002 or after 2 January 2011. Sums received by a shareholder on a disposal of ordinary shares held within an ISA or Junior ISA will not count towards the shareholder's annual limit. Individuals wishing to invest in ordinary shares through an ISA should contact their professional advisers regarding their eligibility as should individuals wishing to invest through a Junior ISA for children under 18 years old.

Fixed Asset Investments

The fair value of the Company's investments at 30 September 2017 was £1,186,911,000 (2016: £956,592,000) showing a gain since acquisition of £480,892,000 (2016: gain £372,911,000). Taking these investments at this valuation, the net assets attributable to each ordinary share at 30 September 2017 amounted to 732.8p (2016: 657.7p).

Holding in The Lindsell Train Investment Trust plc and Partnership Interest in Frostrow Capital LLP

In 2001 the Company acquired a holding, equivalent to 5% of the issued share capital, in The Lindsell Train Investment Trust plc, which is managed by Lindsell Train, the Company's Portfolio Manager. The Lindsell Train Investment Trust plc owns 25% of Lindsell Train and so the Company has an indirect interest of 1.25% in Lindsell Train.

The Company also acquired a 10% partnership interest in Frostrow in return for a capital contribution of £150,000 in 2007, of which £75,000 was repaid to the Company by Frostrow in 2008. The valuation of the Company's investment in The Lindsell Train Investment Trust plc and Frostrow at the year end can be found on page 9. In addition, the Company has agreed to provide capital to Frostrow to enable it to satisfy its capital

Report of the Directors

requirements under AIFMD, subject to a maximum of £500,000 in aggregate which may be varied from time to time. In return, the Company receives a priority return of 9% per annum of the balance of capital contributions made to Frostrow from time to time by the Company, as a first charge on Frostrow's profits. As at 30 September 2017, Frostrow had received £480,000 (2016: £420,000) from the Company to meet its capital requirements under AIFMD.

Loan Facility

At 30 September 2017 the Company was about to enter the second year of its three-year secured fixed term committed revolving credit facility of £75 million (with an additional £25 million facility available if required) with Scotiabank Europe PLC. At this date a total of £36.7 million was drawn down from this facility (2016: £34.5 million) which equates to net gearing of 1.9%.

Financial Instruments

The Company's financial instruments comprise its portfolio, cash balances, debtors and creditors that arise directly from its operations, such as sales and purchases awaiting settlement and accrued income. The financial risk management and policies arising from its financial instruments are disclosed in note 17 to the Financial Statements.

Going Concern

The content of the investment portfolio, trading activity, the Company's cash balances and revenue forecasts, and the trends and factors likely to affect the Company's performance are reviewed and discussed at each Board meeting. The Directors, having made relevant enquiries, are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as a significant proportion of the Company's holdings are readily realisable and, accordingly, the Company has adequate financial resources to continue in operation for at least the next 12 months.

Directors

Directors' Fees

Reports on Directors' Remuneration and also the Directors' Remuneration Policy are set out on pages 43 to 46.

Directors' and Officers' Liability Insurance Cover

Directors' and Officers' liability insurance cover was maintained by the Board during the year ended 30 September 2017. It is intended that this policy will continue for the year ended 30 September 2018 and subsequent years.

Directors' Indemnities

During the year and as at the date of this report, indemnities are in force between the Company and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out his/her role as a Director of the Company. The Directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim by the Company or a regulator as they are incurred provided that where the defence is unsuccessful the Director must repay those defence costs to the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006.

A copy of each deed of indemnity is available for inspection at the offices of Frostrow during normal business hours and will be available for inspection at the Annual General Meeting.

Directors' (and Other Senior Individuals) Interests

The beneficial interests in the Company of the Directors, of Nick Train, the individual with responsibility for managing the Company's portfolio at Lindsell Train and of Alastair Smith, Managing Partner at Frostrow, and of the persons closely associated with them, are set out on page 45 of this Annual Report.

Corporate Governance

The Corporate Governance report, which includes the Company's Corporate Governance policies is set out on pages 29 to 47.

AIFM and Portfolio Manager Evaluation and Re-Appointment

The performance of Frostrow as AIFM and Lindsell Train as Portfolio Manager is continuously monitored by the Board with a formal evaluation being undertaken each year. As part of this process the Board monitors the services provided by the AIFM and the Portfolio Manager and receives regular reports and views from them. The Board also receives

Report of the Directors

comprehensive performance measurement reports to enable it to determine whether or not the performance objective set by the Board has been met.

Following a review at the Management Engagement Committee meeting in September 2017 the Board believes that the continuing appointment of the AIFM and the Portfolio ~~Manager, under the terms described on page 19 (as applicable),~~ is in the best interests of the Company's shareholders. In coming to this decision it took into consideration the following additional reasons:

- the quality and depth of experience of the management, company secretarial, administrative and marketing team that the AIFM brought to the management of the Company; and
- the quality and depth of experience allocated by the Portfolio Manager to the management of the portfolio, the clarity and rigour of the investment process, the level of past performance of the portfolio in absolute terms and also by reference to the benchmark index.

Political Donations

The Company has not in the past and does not intend in the future to make political donations.

Anti-Bribery and Corruption Policy

The Board has adopted a zero tolerance approach to instances of bribery and corruption. Accordingly it expressly prohibits any Director or associated persons when acting on behalf of the Company, from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private, in the United Kingdom or abroad to secure any improper benefit for themselves or for the Company.

Prevention of Facilitation of Tax Evasion Policy

The Board has adopted a zero tolerance approach to the criminal facilitation of tax evasion. Accordingly, it expressly prohibits any Director, suppliers, agents or third parties, when acting on behalf of the Company, to facilitate tax evasion on behalf of the Company.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), including those within the Company's underlying investment portfolio.

Common Reporting Standard (CRS)

CRS is a global standard for the automatic exchange of information commissioned by the Organisation for Economic Cooperation and Development and incorporated into UK law by the International Tax Compliance Regulations 2015. CRS requires the Company to provide certain additional details to HMRC in relation to certain shareholders. The reporting obligation began in 2016 and will be an annual requirement going forward. The Registrars, Link Asset Services, have been engaged to collate such information and file the reports with HMRC on behalf of the Company.

Awareness and disclosure of information to the Auditors

So far as the Directors are aware, there is no relevant information (as defined in the Companies Act 2006) of which the Company's Auditors are unaware. The Directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information (as defined) and to establish that the Auditors are aware of such information.

The above confirmation is given and should be interpreted in accordance with the provisions of Section 418(2) of the Companies Act 2006.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

Securities Financial Transactions Regulation ('SFTR') Disclosure (unaudited)

The Company does not engage in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions) or total return swaps. Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the year ended 30 September 2017.

Report of the Directors

Annual General Meeting

The Company's Annual General Meeting will be held at the Guildhall, City of London EC2V 7HH on Wednesday, 31 January 2018 at 12 noon.

Explanatory notes to the proposed resolutions can be found on pages 90 and 91.

Recommendation

The Board considers that the resolutions relating to the proposed items of special business, are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to the shareholders that they vote in favour of the resolutions to be proposed at the forthcoming Annual General Meeting as the Directors intend to do in respect of their own beneficial holdings totalling 416,237 shares.

By order of the Board

Frostrow Capital LLP
Company Secretary

14 December 2017

FOR AND ON BEHALF OF
FROSTROW CAPITAL LLP
COMPANY SECRETARY

AIFMD Disclosures (Unaudited)

The Company's AIFM, Frostrow Capital LLP, and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ("AIFMD").

Those disclosures that are required to be made pre-investment are included within an Investor Disclosure Document which can be found on the Company's website www.finsburygt.com

The periodic disclosures to investors are made below:

- Information on the investment strategy, sector investment focus and principal stock exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by Frostrow.
- The Strategic Report starting on page 23 and note 17 to the Financial Statements starting on page 59, set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place during the year under review and no breaches of the risk limits set, with no breach expected.
- The maximum level of leverage has not changed in the year under review (see Glossary of terms and Alternative Performance Measures on page 79 for further details). The total amount of leverage employed by the Company as at 30 September 2017 is shown below.

	Gross Method	Commitment Method
Maximum limit	125.0%	125.0%
Actual	101.9%	101.9%

Remuneration of AIFM Staff

Following completion of an assessment of the application of the proportionality principle to the FCA's AIFM Remuneration Code, the AIFM has disapplied the pay-out process rules with respect to it and any of its delegates. This is because the AIFM considers that it carries out non-complex activities and is operating on a small scale.

Depositary Report

The Directors
Finsbury Growth & Income Trust PLC
50 Lothian Road
Festival Square
Edinburgh
EH3 9WJ

RE: Finsbury Growth & Income Trust PLC

Dear Ladies and Gentlemen,

Having been appointed Depositary with effect from the 22nd of July 2014 we can provide the following confirmation of our responsibilities from that date.

The Depositary is responsible for the safekeeping of all custodial assets of the Company, for verifying and maintaining a record of all other assets of the Company and for the collection of income that arises from those assets. It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the Alternative Investment Fund Managers Directive (AIFMD), the FUND Sourcebook and the Company's Instrument of Incorporation, in relation to the calculation of the net asset value per share and the application of income of the Company. The Depositary also has a duty to monitor the Company's compliance with investment restrictions and leverage limits set out in its offering documents.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the Alternative Investment Fund Manager (AIFM) has been managed in accordance with AIFMD, the FUND sourcebook, the Instrument of Incorporation of the Company in relation to the calculation of the net asset value per share, the application of income of the Company; and with investment restrictions and leverage limits set out in its offering documents.

Yours faithfully,

BNY Mellon Trust & Depositary (UK) Limited
14 December 2017

Further Information / Shareholder Information

Financial Calendar

30 September	Financial Year End
December	Final Results Announced
January/February	Annual General Meeting
31 March	Half Year End
May	Half Year Results Announced
May and November	Interim Dividends Payable

Annual General Meeting

The Annual General Meeting of Finsbury Growth & Income Trust PLC will be held at Guildhall, City of London EC2V 7HH on Wednesday, 31 January 2018 at 12 noon.

Further details on the location of the Annual General Meeting can be found on page 89.

Share Prices

The Company's ordinary shares are listed on the London Stock Exchange under 'Investment Companies'. The price is given daily in the Financial Times and other newspapers.

Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's Registrars, Link Asset Services, under the signature of the registered holder.

Daily Net Asset Value

The daily net asset value of the Company's shares can be obtained on the Company's website at www.finsburygt.com and is published daily via the London Stock Exchange.

Profile of the Company's Ownership

% of Ordinary Shares held at 30 September

Further Information / Glossary of Terms and Alternative Performance Measures

AIC
Association of Investment Companies.

AIFMD
The Alternative Investment Fund Managers Directive (the "Directive") is a European Union Directive that entered into force on 22 July 2013. The Directive regulates EU fund managers that manage alternative investment funds (this includes investment trusts).

AIFM Rules
AIFMD and all applicable rules and regulations implementing AIFMD in the UK, including without prejudice to the generality of the foregoing the Alternative Investment Fund Managers Regulations 2013 (SI2013/1773) and all relevant provisions of the FCA Handbook.

Benchmark Return
Total return on the benchmark, on a closing -market-value to closing- market basis, assuming that all dividends received were re-invested, without transaction costs, into the shares of the underlying companies at the time the shares were quoted ex-dividend.

Discount or Premium
A description of the difference between the share price and the net asset value per share. The size of the discount or premium is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage (%) of the net asset value per share. If the share price is higher than the net asset value per share the result is a premium. If the share price is lower than the net asset value per share, the shares are trading at a discount.

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Gearing
Gearing represents prior charges, adjusted for net current assets expressed as a percentage of net assets.

Prior charges includes all loans and bank overdrafts for investment purposes.

	30 September 2017 £'000	30 September 2016 £'000
Prior Charges	36,700	34,500
Net Current Assets	14,210	13,930
Net Debt	(22,490)	(20,570)
Net Assets	1,164,421	936,022
Gearing	1.9%	2.2%

Leverage
The AIFM Directive (the "Directive") introduced the obligation on the Company and its AIFM in relation to leverage as defined by the Directive. The Directive leverage definition is slightly different to the Association of Investment Companies method of calculating gearing and is as follows; any method by which the AIFM increases the exposure of an AIFM it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions.

There are two methods for calculating leverage under the Directive – the Gross Method and the Commitment Method. The process for calculating exposure under each methodology is largely the same, except where certain conditions are met, the Commitment Method enables instruments to be netted off to reflect 'netting' or 'hedging' arrangements and the entity exposure is effectively reduced.

Net Asset Value (NAV)
The value of the Company's assets, principally investments made in other companies and cash being held, less any liabilities. The NAV is also described as 'shareholders' funds' per share. The NAV is often expressed in pence per share after being divided by the number of shares which have been issued. The NAV per share is unlikely to be the same as the share price which is the price at which the Company's shares can be bought or sold by an investor. The share price is determined by the relationship between the demand and supply of the shares.

Further Information / Glossary of Terms and Alternative Performance Measures

Net Asset Value Total Return

The theoretical total return on an investment over a specified period assuming dividends paid to shareholders were reinvested at net asset value per share at the time the shares were quoted ex-dividend. This is a way of measuring investment management performance of investment trusts which is not affected by movements in discounts or premiums.

Ongoing Charges

Ongoing charges are calculated by taking the Company's annualised operating expenses expressed as a proportion of the average daily net asset value of the Company over the year. The costs of buying and selling investments are excluded, as are interest costs, taxation, cost of buying back or issuing ordinary shares and other non-recurring costs.

	30 September 2017 £'000	30 September 2016 £'000
Operating Expenses	7,449	5,811
Average Net Assets during the year	1,043,305	784,695
Ongoing Charges	0.71%	0.74%

Revenue Return per share

The revenue return per share is calculated by taking the Return on ordinary activities after taxation and dividing by the weighted average number of shares in issue during the year.

Share Price Total Return

The change in capital value of a company's shares over a given period, plus dividends paid to shareholders, expressed as a percentage of the opening value. The assumption is that dividends paid to shareholders are re-invested in the shares at the time the shares are quoted ex dividend.

Treasury Shares

Shares previously issued by a company that have been bought back from shareholders to be held by the company for potential sale or cancellation at a later date. Such shares are not capable of being voted and carry no rights to dividends.

Further Information / How to Invest

Investment Platforms

The Company's shares are traded openly on the London Stock Exchange and can be purchased through a stock broker or other financial intermediary. The shares are available through savings plans (including Investment Dealing Accounts, ISAs, Junior ISAs and SIPPs) which facilitate both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. A list of some of them, that is not comprehensive nor constitutes any form of recommendation, can be found below:

AJ Bell Youinvest	http://www.youinvest.co.uk/
Alliance Trust Savings	http://www.alliancetrustsavings.co.uk/
Barclays Stockbrokers	https://www.barclaysstockbrokers.co.uk/
Bestinvest	http://www.bestinvest.co.uk/
Charles Stanley Direct	https://www.charles-stanley-direct.co.uk/
Club Finance	http://www.clubfinance.co.uk/
FundsDirect	http://www.fundsdirect.co.uk/Default.asp
Halifax Share Dealing	http://www.halifax.co.uk/Sharedealing/
Hargreaves Lansdown	http://www.hl.co.uk/
HSBC	https://investments.hsbc.co.uk/
iDealing	http://www.idealing.com/
Interactive Investor	http://www.iii.co.uk/
IWEB	http://www.iweb-sharedealing.co.uk/share-dealing-home.asp
Saga Share Direct	https://www.sagasharedirect.co.uk/
Selftrade	http://www.selftrade.co.uk/
The Share Centre	https://www.share.com/
Saxo Capital Markets	http://uk.saxomarkets.com/
TD Direct Investing	http://www.tddirectinvesting.co.uk/

Link Asset Services – Share Dealing Service

A quick and easy share dealing service is available to existing shareholders through the Company's Registrar, Link Asset Services, to either buy or sell shares. An online and telephone dealing facility provides an easy to access and simple to use service.

There is no need to pre-register and there are no complicated forms to fill in. The online and telephone dealing service allows you to trade 'real time' at a known price which will be given to you at the time you give your instruction.

To deal online or by telephone all you need is your surname, investor code, full postcode and your date of birth. Your investor code can be found on your share certificate. Please have the appropriate documents to hand when you log on or call, as this information will be needed before you can buy or sell shares.

For further information on this service, please contact: www.linksharedeal.com (online dealing) Telephone: 0371 664 0445 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Lines are open between 8.00 a.m. – 4.30 p.m., Monday to Friday excluding public holidays in England and Wales).

Further Information / How to Invest

RISK WARNINGS

- Past performance is no guarantee of future performance.
- The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined, in part, by the changing conditions in the relevant stock markets in which the Company invests and by the supply and demand for the Company's shares.
- As the shares in an investment trust are traded on a stock market, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.
- Although the Company's financial statements are denominated in sterling, some of the holdings in the portfolio are currently denominated in currencies other than sterling and therefore they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.
- Investors should note that tax rates and reliefs may change at any time in the future.
- The value of ISA and Junior ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs and Junior ISAs may not be maintained.

Further Information / Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Finsbury Growth & Income Trust PLC will be held at the Guildhall, City of London EC2V 7HH on Wednesday, 31 January 2018 at 12 noon, for the following purposes:

Ordinary Business

1. To receive the Annual Report and Financial Statements for the year ended 30 September 2017.
2. ~~To re-elect Anthony Townsend as a Director of the Company.~~
3. To re-elect Neil Collins as a Director of the Company.
4. To re-elect Simon Hayes as a Director of the Company.
5. To re-elect David Hunt as a Director of the Company.
6. To elect Kate Cornish-Bowden as a Director of the Company.
7. To elect Lorna Tilbian as a Director of the Company.
8. To receive and approve the Directors' Remuneration Report for the year ended 30 September 2017.
9. To re-appoint PricewaterhouseCoopers LLP as Auditors to the Company and to authorise the Audit Committee to determine their remuneration.

Special Business

To consider, and if thought fit, pass the following resolutions of which resolutions 11, 12, 13 and 14 are proposed as special resolutions:

Authority to Allot Shares

10. THAT in substitution of all existing authorities the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to a maximum aggregate nominal amount of £4,058,042 being 10% of the issued share capital at 14 December 2017 and representing 16,232,171 shares of 25p each in the Company (or, if changed, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed) provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2019 or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

Further Information / Notice of the Annual General Meeting

Disapplication of Pre-emption Rights

11. THAT in substitution of all existing powers (but in addition to any power conferred on them by resolution 12 set out in the notice convening the Annual General Meeting at which this resolution is proposed ("Notice of Annual General Meeting") the Directors be and are hereby generally empowered pursuant to Section 570 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred on them by resolution 10 set out in the Notice of Annual General Meeting or otherwise as if Section 561(1) of the Act did not apply to any such allotment:

(a) pursuant to an offer of equity securities open for acceptance for a period fixed by the Directors where the equity securities respectively attributable to the interests of holders of shares of 25p each in the Company ("Shares") are proportionate (as nearly as may be) to the respective numbers of Shares held by them but subject to such exclusions or other arrangements in connection with the issue as the Directors may consider necessary, appropriate or expedient to deal with equity securities representing fractional entitlements or to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and

(b) provided that (otherwise than pursuant to sub-paragraph (a) above) this power shall be limited to the allotment of equity securities up to an aggregate nominal value of £4,058,042, being 10% of the issued share capital of the Company as at 14 December 2017 and representing 16,232,171 shares or, if changed, the number representing 10% of the issued share capital of the Company at the date of the meeting at which this resolution is passed, and provided further that (i) the number of equity securities to which this power applies shall be reduced from time to time by the number of treasury shares which are sold pursuant to any power conferred on the Directors by resolution 13 set out in the Notice of Annual General Meeting and (ii) no allotment of equity securities shall be made under this power which would result in Shares being issued at a price which is less than the higher of the Company's estimated cum or ex income net asset value per Share as at the latest practicable time before such allotment of equity securities as determined by the Directors in their reasonable discretion,

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

Treasury Shares

12. THAT in substitution of all existing powers (but in addition to any power conferred on them by resolution 11 set out in the Notice of Annual General Meeting) the Directors be and are hereby generally empowered pursuant to Section 570 of the Act to sell relevant shares (within the meaning of Section 560 of the Act) if, immediately before the sale, such shares are held by the Company as treasury shares (as defined in Section 724 of the Act ("Treasury Shares")), for cash as if Section 561(1) of the Act did not apply to any such sale provided that:

(a) where any Treasury Shares are sold pursuant to this power at a discount to the then prevailing net asset value of ordinary shares of 25p each in the Company ("Shares"), such discount must be (i) lower than the discount to the net asset value per Share at which the Company acquired the Shares which it then holds in treasury and (ii) not greater than 5% to the prevailing net asset value per Share at the latest practicable time before such sale (and for this purpose the Directors shall be entitled to determine in their reasonable discretion the discount to the net asset value at which such Shares were acquired by the Company and the net asset value per Share at the latest practicable time before such Shares are sold pursuant to this power); and

Further Information / Notice of the Annual General Meeting

(b) this power shall be limited to the sale of relevant shares having an aggregate nominal value of £4,058,042, being 10% of the issued share capital of the Company as at 14 December 2017 and representing 16,232,171 Shares or, if changed, the number representing 10% of the issued share capital of the Company at the date of the meeting at which this resolution is passed, and provided further that the number of relevant shares to which power applies shall be reduced from time to time by the number of Shares which are allotted for cash as if Section 561(1) of the Act did not apply pursuant to the power conferred on the Directors by resolution 11 set ~~out in the Notice of Annual General Meeting,~~

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

Authority to Repurchase Shares

13. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make one or more market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 25 pence each in the capital of the Company ("Shares") (either for retention as Treasury Shares for future reissue, resale, transfer or cancellation) provided that:

(i) the maximum aggregate number of Shares authorised to be purchased is 24,332,024 or, if changed, the number representing 14.99% of the issued share capital of the Company at the date of the meeting at which this resolution is proposed;

(ii) the minimum price (exclusive of expenses) which may be paid for a Share is 25 pence;

(iii) the maximum price (exclusive of expenses) which may be paid for a Share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for a Share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Share is purchased and (ii) the higher of the last independent trade in shares and the highest then current independent bid for shares on the London Stock Exchange as stipulated in Article 5(1) of Regulation No. 2233/2003 of the European Commission (Commission Regulation of 22 December 2003 implementing the Market Abuse Directive as regards exemption for buyback programmes and stabilisation of financial instruments Buyback and Stabilisation Regulation (Commission Delegated Regulation (EU) 2016/1052));

(iv) this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2018 or, if earlier, on the expiry of 15 months from the date of the passing of this resolution unless such authority is renewed prior to such time; and

(v) the Company may make a contract to purchase Shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of Shares in pursuance of any such contract.

Further Information / Notice of the Annual General Meeting

General Meetings

14. THAT any General Meeting of the Company (other than the Annual General Meeting of the Company) shall be called by notice of at least 14 clear days provided that the authority shall expire on the conclusion of the next Annual General Meeting of the Company, or, if earlier, on the expiry 15 months from the date of the passing of this resolution.

By order of the Board

Frostrow Capital LLP
Company Secretary
14 December 2017

FOR AND ON BEHALF OF
FROSTROW CAPITAL LLP
COMPANY SECRETARY

Registered office:
50 Lothian Road
Festival Square
Edinburgh EH3 9WJ

Further Information / Notice of the Annual General Meeting

Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.

2. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolutions. If no voting indication is given, a proxy may vote or abstain from voting at his/her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

3. To be valid any proxy form or other instrument appointing a proxy must be completed and signed and received by post or (during normal business hours only) by hand at Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF no later than 12 noon on Monday, 29 January 2018.

4. In the case of a member which is a company, the instrument appointing a proxy must be executed under its seal or signed on its behalf by a duly authorised officer or attorney or other person authorised to sign. Any power of attorney or other authority under which the instrument is signed (or a certified copy of it) must be included with the instrument.

5. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described below) will not prevent a shareholder attending the meeting and voting in person if he/she wishes to do so.

6. 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 him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

7. The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by shareholders of the Company.

8. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered on the register of members of the Company (the "Register of Members") by close of business on Monday, 29 January 2018 (or, in the event of any adjournment, by close of business on the date which is two days before the time of the adjourned meeting) will be entitled to attend and vote or be represented at the meeting in respect of shares registered in their name at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend and vote at the meeting.

9. As at 14 December 2017 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 162,321,712 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 14 December 2017 are 162,321,712.

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

11. 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 the specifications of Euroclear UK and Ireland Limited ("CRESTCo"), 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 issuer's agent (ID RA10) no later than 48 hours before the time appointed for holding the meeting. 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 issuer's agent 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.

12. CREST members and, where applicable, their CREST sponsors or voting service providers, should note that CRESTCo 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, 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.

Further Information / Notice of the Annual General Meeting

13. 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.
14. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Register of Members in respect of the joint holding (the first named being the most senior).
15. Members who wish to change their proxy instructions should submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
16. Members who have appointed a proxy using the hard-copy proxy form and who wish to change the instructions using another hard-copy form, should contact Link Asset Services on 0371 664 0300 calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales).
17. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
18. In order to revoke a proxy instruction, members will need to inform the Company. Members should send a signed hard copy notice clearly stating their intention to revoke a proxy appointment to Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF.
19. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power of attorney) must be included with the revocation notice. If a member attempts to revoke its proxy appointment but the revocation is received after the time for receipt of proxy appointments (see above) then, subject to paragraph 4, the proxy appointment will remain valid.

Further Information / Location of the Company's Annual General Meeting

Guildhall, City of London EC2V 7HH, **Basinghall Street Entrance**
on Wednesday, 31 January 2018 at 12 noon

Further Information / Explanatory Notes to the Resolutions

Resolution 1 – To receive the Annual Report and Financial Statements

The annual report and Financial Statements for the year ended 30 September 2017 will be presented to the AGM. These Financial Statements accompanied this Notice of Meeting and shareholders will be given an opportunity at the meeting to ask questions.

Resolutions 2 to 5 – Re-election of Directors

Resolutions 2 to 5 deal with the re-election of each Director. Biographies of each of the Directors can be found on pages 26 and 27.

The Board has confirmed, following a performance review, that the Directors standing for election and re-election continue to perform effectively. Further details are set out on page 37.

Resolutions 6 and 7 – Election of Directors

Resolutions 6 and 7 deal with the election of Kate Cornish-Bowden and Lorna Tilbian, their biographies can be found on pages 26 and 27.

Resolution 8 – Remuneration Report

The Directors' Remuneration Report is set out in full on pages 43 to 45.

Resolution 9 – Re-appointment of auditors

Resolution 10 relates to the re-appointment of PricewaterhouseCoopers LLP as the Company's independent auditors to hold office until the next Annual General Meeting of the Company and also authorises the Audit Committee to set their remuneration. Following the implementation of the Competition and Markets Authority order on Statutory Audit Services only the Audit Committee may negotiate and agree the terms of the auditors' service agreement.

Resolutions 10 to 12

Ordinary Resolution 10 will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £4,058,042 (equivalent to 16,232,171 shares, or 10% of the Company's existing issued share capital on 14 December 2017, being the nearest practicable date prior to the signing of this Report). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of the passing of the resolution, whichever is earlier. This means that the authority will have to be renewed at the next Annual General Meeting.

When shares are to be allotted for cash, Section 551 of the Companies Act 2006 (the "Act") provides that existing shareholders have pre-emption rights and that the new shares must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing shareholders. Special Resolution 12 will, if passed, give the Directors power to allot for cash equity securities up to 10% of the Company's existing share capital on 14 December 2017 (reduced by any treasury shares sold by the Company pursuant to Resolution 12, as described below), as if Section 551 of the Act does not apply. This is the same nominal amount of share capital which the Directors are seeking the authority to allot pursuant to Resolution 10. This authority will also expire on the date of the next Annual General Meeting or after a period of 15 months, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

Under Section 724 of the Companies Act 2006 ("s724") the Company is permitted to buy back and hold shares in treasury and then sell them at a later date for cash, rather than cancelling them. It is a requirement of s724 that such sale be on a pre-emptive, pro rata, basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued share capital on a non pre-emptive basis pursuant to Resolution 11, Special Resolution 12, if passed, will give the Directors authority to sell shares held in treasury on a non pre-emptive basis. The benefit of the ability to hold treasury shares is that such shares may be resold. This should give the Company greater flexibility in managing its share capital, and improve liquidity in its shares. Any re-sale of treasury shares would only take place at a narrower discount to the ex-income net asset value per share than that at which they had been bought into treasury, and in any event at a discount no greater than 5% to the prevailing ex-income net asset value per share, and this is reflected in the text of Resolution 12. It is also the intention of the Board that sales from treasury would only take place when the Board believes that to do so would assist in the provision of liquidity to the market. The number of treasury shares which may be sold pursuant to this authority is limited to 10% of the Company's existing share capital on 14 December 2017 (reduced by any equity securities allotted for cash on a non-pro rata basis pursuant to Resolution 11, as described above). This authority will also expire on the date of the next Annual General Meeting or after a period of 15 months, whichever is earlier.

Further Information / Explanatory Notes to the Resolutions

The Directors intend to use the authority given by Resolutions 10, 11 and 12 to allot shares and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

Resolution 13
The Directors wish to renew the authority given by shareholders at the previous Annual General Meeting. The principal aim of a share buy-back facility is to enhance shareholder value by acquiring shares at a discount to net asset value, as and when the Directors consider this to be appropriate. The purchase of shares, when they are trading at a discount to net asset value per share, should result in an increase in the net asset value per share for the remaining shareholders. This authority, if conferred, will only be exercised if to do so would result in an increase in the net asset value per share for the remaining shareholders and if it is in the best interests of shareholders generally. Any purchase of shares will be made within guidelines established from time to time by the Board. It is proposed to seek shareholder authority to renew this facility for another year at the Annual General Meeting.

Under the current Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of (i) 105% of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. The minimum price which may be paid is 25p per share. Shares which are purchased under this authority will either be cancelled or held as treasury shares.

Special Resolution 13 in the Notice of Annual General Meeting will renew the authority to purchase in the market a maximum of 14.99% of shares in issue on 14 December 2017, being the nearest practicable date prior to the signing of this Report, (amounting to 24,332,024 shares). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of passing of the resolution, whichever is earlier. This means in effect that the authority will have to be renewed at the next Annual General Meeting or earlier if the authority has been exhausted.

Resolution 14
Special Resolution 14 seeks shareholder approval for the Company to hold General Meetings (other than the Annual General Meeting) at 14 clear days' notice.

The Company will only use this shorter notice period where it is merited by the purpose of the meeting and will endeaver to give at least 14 working days' notice if possible, in line with the recommendations of the UK Corporate Governance code.

Recommendation
The Board considers that the resolutions relating to the above items are in the best interests of Shareholders as a whole. Accordingly, the Board unanimously recommends to the shareholders that they vote in favour of the above resolutions to be proposed at the Forthcoming Annual General Meeting as Directors intend to do in respect of their own beneficial holdings totalling 416,237 Shares.

Further Information / Company Information

Directors
Anthony Townsend, (Chairman)
John Allard
Neil Collins
Kate Cornish-Bowden
Simon Hayes
David Hunt, FCA (Chairman of the Audit Committee and Senior Independent Director)
Vanessa Renwick
Lorna Tilbian

Registered Office
50 Lothian Road,
Festival Square,
Edinburgh EH3 9WJ

Website
www.finsburygt.com

Company Registration Number
SCO13958 (Registered in Scotland)

The Company is an investment company as defined under Section 833 of the Companies Act 2006.

AIFM, Company Secretary and Administrator
Frostrow Capital LLP
25 Southampton Buildings
London WC2A 1AL
Telephone: 0203 008 4910
E-Mail: info@frostrow.com
Website: www.frostrow.com
Authorised and regulated by the Financial Conduct Authority.

If you have an enquiry about the Company or if you would like to receive a copy of the Company's monthly fact sheet by e-mail, please contact Frostrow using the above e-mail address.

Portfolio Manager
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Website: www.lindselltrain.com
Authorised and regulated by the Financial Conduct Authority.

Independent Auditors
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Depositary
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160 Queen Victoria Street,
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Website: www.bnymellon.com

Global Custodian
Bank of New York Mellon
160 Queen Victoria Street
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Registrars
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Kent BR3 4TU
Telephone (in UK): 0371 664 0300†
Facsimile: + 44 (0) 1484 600911
E-Mail: shareholderenquiries@link.co.uk
Website: www.linkassetservices.com

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

†Calls outside the UK will be charged at the applicable international rate and may be recorded for training purposes.Lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday excluding public holidays in England and Wales.

Lending Banker
Scotiabank Europe PLC
201 Bishopsgate, 6th Floor
London EC2M 3NS

Stockbrokers
Winterflood Investment Trusts
The Atrium Building,
Cannon Bridge,
25 Dowgate Hill
London EC4R 2GA

Share Price Listings
The price of your shares can be found in the Financial Times and other newspapers.
The Company's net asset value per share is announced daily on the TrustNet website at www.trustnet.com.

Identification Codes

Shares:	SEDOL:	0781606
	ISIN:	GB0007816068
	BLOOMBERG:	FGT LN
	EPIC:	FGT

Legal Entity Identifier
213800NN42KX2LGIGQ40

Foreign Account Tax Compliance Act ("FATCA")
IRS Registration Number (GIIN):
QH4BH0.99999.SL.826

Further Information / Disability Act

Disability Act

Copies of this annual report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including braille, audio tape or larger type as appropriate. You can contact the Registrar to the Company, Link Asset Services, which has installed telephones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator, for this service please call 0800 731 1888. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by The Royal National Institute for Deaf People) you should dial 18001 from your textphone followed by the number you wish to dial.

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