



# Finsbury Growth & Income Trust PLC

Half Year Report & Accounts for the six months ended 31 March 2013

**Frostrow**  
CAPITAL

LINDSELL TRAIN

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## Governance

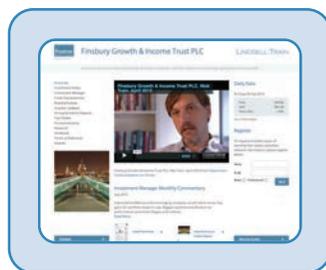
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# Financial Calendar

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



Keeping 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](http://www.finsburygt.com)

**aic**

The Association of  
Investment Companies

A member of the Association of Investment Companies

# About your 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 Policy

The Company invests 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 of.

The portfolio is managed by Lindsell Train Limited and will normally comprise approximately 30 investments. Unless driven by market movements, securities in FTSE 100 companies and comparable companies listed on overseas stock exchanges 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.

## Benchmark

Performance is measured against the FTSE All-Share Index (total return).

## Dividends

A first interim dividend of 4.8p per share (2012: 4.6p) was paid on 2 May 2013 to shareholders registered at the close of business on 5 April 2013. The associated ex-dividend date was 3 April 2013.

It is expected that a second interim dividend will be declared in September 2013 and will be paid in November 2013.

## Capital Structure

At 31 March 2013 the Company had 75,986,219 shares of 25p each in issue, (31 March 2012: 63,017,165). No shares have been held in treasury by the Company since 26 May 2010. During the six months under review 7,417,838 new shares were issued raising £30.2 million. Since the end of the half-year, to the date of this report, a further 1,865,000 new shares have been issued raising £8.4 million. As at 10 May 2013, the Company had 77,851,219 shares in issue.

## Gearing

As at 31 March 2013 the Company is in the second year of its two-year secured fixed term committed revolving credit facility of £25 million with Scotiabank Europe PLC. As at this date a total of £17.2 million was drawn down from this facility (30 September 2012: £15.3 million was drawn down from this facility).

# Company Summary

## Key Statistics

	As at 31 March 2013	As at 30 September 2012	% Change
Share price	464.0p	376.0p	+23.4
Net asset value per share (including income)	459.6p	370.7p	+24.0
Net asset value per share (excluding income)~	456.2p	365.1p	+25.0
Premium of share price to net asset value per share (excluding income)	1.7%	3.0%	
Gearing*	4.6%	5.1%	
Shareholders' funds	£349.2m	£254.2m	+37.4
Market capitalisation	£352.6m	£257.8m	+36.8
Number of shares in issue	75,986,219	68,568,381	+10.8
	Six months to 31 March 2013	One year to 30 September 2012	
Share price (total return)#	+25.1%	+23.6%	
Net asset value per share (total return)#	+26.7%	+21.1%	
FTSE All-Share Index (total return) (Company benchmark)#†	+14.5%	+17.3%	
	Year ending 30 September 2013	Year ended 30 September 2012	
Dividends per share			
First interim dividend	4.8p	4.6p	
Second interim dividend	Yet to be declared	5.2p	

# Source – Morningstar

\* See glossary on pages 20 and 21

~ Excluding accumulated income as at period end/year end

† Source – FTSE International Limited ("FTSE") © FTSE 2012\*

# Chairman's Statement



"..I am pleased to report that the Company's net asset value per share total return of 26.7% and the share price total return of 25.1% have again both substantially outperformed the Company's benchmark.."

## Performance

Markets continued their strong performance over the six month period to 31 March 2013 and I am pleased to report that the Company's net asset value per share and share price have again both substantially outperformed the Company's benchmark, the FTSE All-Share Index (all measured over the period on a total return basis) as shown below:

• Growth in net asset value per share	26.7%
• Increase in share price	25.1%
• Increase in FTSE All-Share Index	14.5%

The principal contributors to the Company's net asset value performance were the three largest holdings, namely Heineken, Unilever and Diageo. Further information on the Company's portfolio can be found in our Investment Manager's Review beginning on page 5.

During the period, the Company's shares have consistently traded close to its net asset value, beginning the period at a 3.0% premium to the Company's ex-income net asset value per share and ending on a 1.7% premium. At the time of writing the premium stands at 0.1%.

## Share Capital

As I reported at the year-end, due to continued strong demand for your Company's shares, we took the following actions:

- a General Meeting was held in December 2012 to renew shareholder authority to issue further shares equal to 10% of the Company's then issued share capital on a non-pre-emptive basis;
- that authority was renewed again at the Company's Annual General Meeting held in January 2013;
- a new block listing authority was obtained from the UK Listing Authority to enable shares to be issued as cost effectively as possible; and
- a Prospectus was also published in order that the Company can continue to issue shares in accordance with the Prospectus Directive.

During the six months under review, and to the date of this report, a total of 9,282,838 new shares have been issued raising £38.6 million of new funds for the Company.

# Chairman's Statement

Continued

The Directors believe that the issuance of those new shares has yielded the following principal benefits:

- Maintenance of the Company's ability to issue shares tactically, so as to manage better the premium to net asset value per share at which the shares trade;
- Enhancement of the net asset value per share of existing shares through new share issuance at a premium to the cum income net asset value per share;
- Increase in the size of the Company, thereby spreading operating costs over a larger capital base with a consequent reduction in the level of the Company's ongoing charges; and
- Improvement of liquidity in the market for the Company's shares.

## Return and Dividend

The Income Statement for the period shows the following returns per share (with the comparable figures for the same period last year shown in brackets):

• revenue return	3.6p (3.0p)
• capital return	91.3p (38.9p)
• total return	94.9p (41.9p)

The Board has declared a first interim dividend of 4.8p per share, compared to last year's first interim dividend of 4.6p per share, an increase of 4.3%. The dividend was paid on 2 May 2013 to shareholders who were on the register on 5 April 2013. The associated ex dividend date was 3 April 2013.

## Outlook

While overall performance has been strong, the UK market continues to be prone to volatility. The FTSE 100 index of leading shares hit a five-year high in February, but fell sharply on doubts that the US might not continue with its programme of monetary easing during 2013; a subsequent recovery was then cut short by the result of the Italian election, only for confidence to be regained at the month-end. Meanwhile, the UK market coped with the downgrade by Moody's of the UK's AAA rating, although this did have a negative impact on sterling which fell to its lowest level against the US dollar for over two years.

Against this turbulent background, your Board continues to believe that our Investment Manager's strategy of investing for the long term in high quality companies will continue to deliver superior investment returns to shareholders.

**Anthony Townsend**

Chairman

10 May 2013

## Investment Manager's Review



“..our approach is based on the conviction that long term investment in high quality companies is a winning strategy.”

The half year provided more benign and helpful conditions for your Company. It is fair to say that although we were optimistic for the portfolio at the start of the year – and remain so today – the best word to summarise our reaction to recent returns is “flabbergasted” – so very marked has been the outperformance. I use this report to examine how the performance came about and, more important, whether it can continue.

As a generalisation we claim that the Company's portfolio comprises “quality” companies. Of course this is a subjective term; nonetheless, identifying “quality” is the first and most important filter in our research effort. It is a defensible proposition, then, that the reason for our strong recent performance is because “quality” companies have done well. Certainly the big winners for the strategy over the period are fine businesses – Heineken, Unilever, Diageo, Daily Mail and Schroders – all long established and high profit margin companies.

We imagine shareholders must be asking themselves the same questions we ask ourselves – when will this period of strong absolute and relative performance by “quality” companies come to an end and, not necessarily the same, are they now overvalued?

Our answers are as follows, though they are necessarily statements of opinion, rather than certain, verifiable fact. First, we imagine that what will bring an end to our outperformance will be a shift in other investors' appetite to lower quality companies than we choose to invest in. These lower quality companies could be “cyclical” or, perhaps, “speculative” (another mining boom? a biotechnology boom?). During such episodes, as we experienced in 2007 (mining) or 1999/2000 (technology), even the highest quality companies can go through extended periods of dull or poor returns. There will certainly be another, of whatever stripe, and the Company's portfolio will certainly perform less well through its duration.

But what it is important for us to convey to shareholders is that even if we were smart or lucky enough to recognise a change in the investment weather, which meant lower quality companies were likely to outperform for a period – we would not act on that recognition. This is because our approach is based on the conviction that long term investment in high quality companies is a winning strategy. And for that strategy to work one has to stick to it. So let me here assert that we have no intention today to alter the shape of the portfolio; we are not about to sell any or any part of any existing holding and that, at today's prices, we have no actionable new ideas - although when we receive additional cash flow into the portfolio we are enthusiastic about adding to many current holdings. (And, to be clear, there are several candidate “quality” companies not yet in the portfolio that we would invest in, given an attractive entry point.)

# Investment Manager's Review

Continued

As to when "quality" companies become overvalued, we say that when or if price to earnings ratios ("P/Es") of over 30x are accorded there is a risk that even the most exceptional companies may have become strategically overvalued. Now, a P/E of 30x equates to an earnings yield of c3% and it is, surprisingly, still possible to regard this level as "fair" – after all, a 3% inflation-protected running yield delivered by a great company looks like a bargain compared to government bond and cash yields today. But we acknowledge that at 30x any margin of investment safety, even for a business as durable as, say, Unilever, becomes too low.

However, your portfolio stocks are far from being valued at 30x or more earnings, even after their recent good returns. So, while it is quite conceivable that some of the positions may "have a rest" for a quarter or two, we dismiss the proposition that, for example, Diageo, on a P/E of 19x is dangerously overvalued.

Indeed we have found that there are always members of a portfolio "resting" at any given point of time and, pertinently, Pearson has been a dull share now for some quarters. We happily add to Pearson as its price drifts (on a lowly 13x earnings, by the way, not 30x), because it offers pure access to what we still regard as the most important thematic opportunity in the whole portfolio – namely companies with a credible strategy to grow and improve profitability by exploiting developments in digital technology. This remains the big bull market idea of the next decade, in our opinion and Pearson and Daily Mail, Euromoney, Fidessa, Reed and Sage are probable participants.

**Nick Train**  
Director  
Lindsell Train Limited  
Investment Manager

10 May 2013

# Portfolio

as at 31 March 2013

Investment	Sector	Fair Value £'000	% of Investments
Diageo	Beverages	36,549	10.0
Unilever	Food Producers	35,273	9.7
Heineken Holdings (A Shares) *	Beverages	31,402	8.6
Pearson	Media	24,003	6.6
A.G. Barr	Beverages	23,657	6.5
Schroders	Financial Services	18,773	5.1
Fidessa	Software & Computer Services	17,097	4.7
Daily Mail & General Trust (A Shares)	Media	17,059	4.7
Reed Elsevier	Media	16,871	4.6
London Stock Exchange	Financial Services	16,358	4.5
<b>Top 10 investments</b>		<b>237,042</b>	<b>65.0</b>
Rathbone Brothers	Financial Services	15,045	4.1
Sage Group	Software & Computer Services	14,715	4.0
Hargreaves Lansdown	Financial Services	14,230	3.9
Greene King	Travel & Leisure	12,088	3.3
Burberry Group	Personal Goods	9,349	2.6
Euromoney Institutional Investor	Media	8,915	2.4
Marston's	Travel & Leisure	8,817	2.4
Thomson Reuters ~	Media	8,638	2.4
Mondelez ^	Food Producers	8,098	2.2
Dr. Pepper Snapple ^	Beverages	7,445	2.0
<b>Top 20 investments</b>		<b>344,382</b>	<b>94.3</b>
Young & Co's Brewery (non-voting)	Travel & Leisure	5,710	1.6
Fuller Smith & Turner	Travel & Leisure	5,632	1.5
Kraft Foods ^	Food Producers	4,883	1.4
The Lindsell Train Investment Trust	Financial Services	2,950	0.8
Celtic	Travel & Leisure	1,108	0.3
Frostrow Capital LLP +	Financial Services	470	0.1
Celtic 6% (cum preference) **	Travel & Leisure	62	–
<b>Total investments</b>		<b>365,197</b>	<b>100.0</b>

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

\* Listed in the Netherlands

^ Listed in the United States

~ Listed in Canada

\*\* Non-equity - Preference Shares

+ Unquoted partnership interest

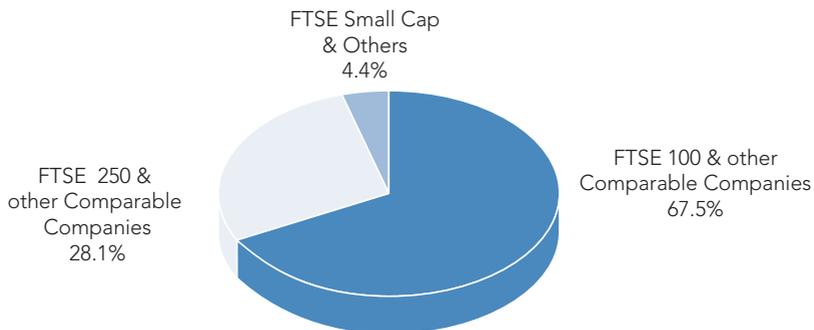
# Comparison of Sector Weightings with the FTSE All-Share Index

as at 31 March 2013

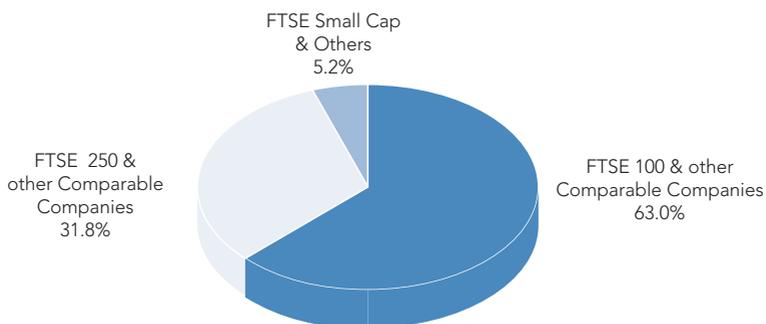
Sector	Finsbury Growth & Income %	FTSE All-Share Index %	Finsbury Growth & Income (under)/overweight %
Oil & Gas	–	15.3	(15.3)
Basic Materials	–	8.8	(8.8)
Industrials	–	9.6	(9.6)
Consumer Goods	42.9	14.5	28.4
Health Care	–	7.2	(7.2)
Consumer Services	29.8	9.9	19.9
Telecommunications	–	6.2	(6.2)
Utilities	–	3.8	(3.8)
Financials	18.6	23.1	(4.5)
Technology	8.7	1.6	7.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>–</b>

# Portfolio Distribution

as at 31 March 2013

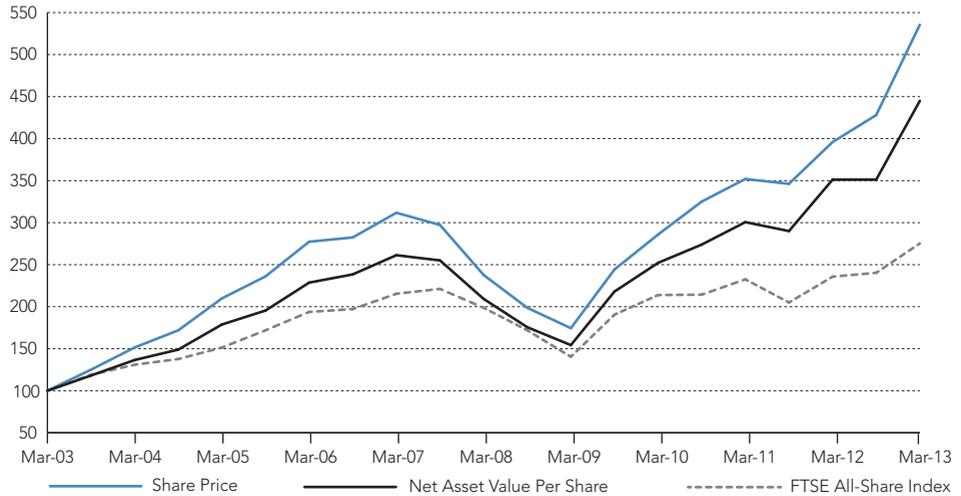


as at 30 September 2012

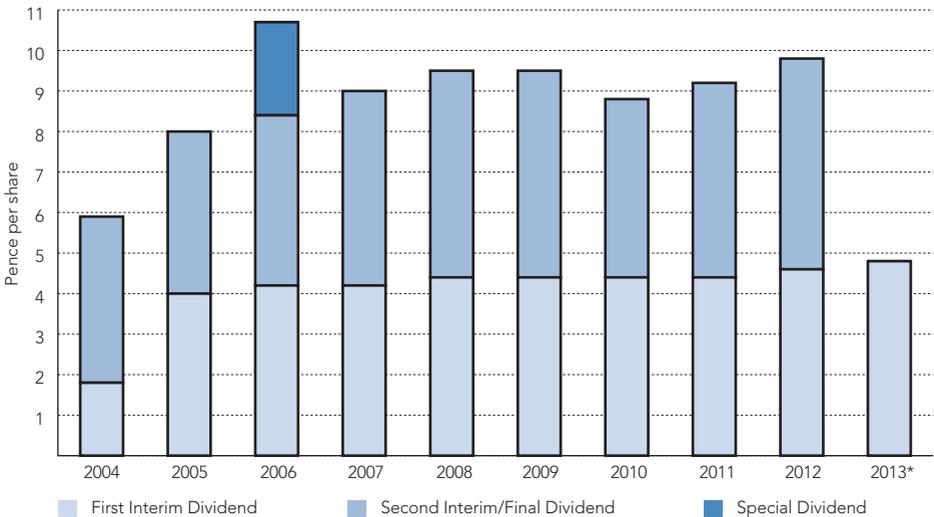


# Performance

Ten year total return performance to 31 March 2013



## Dividend record



\* Second Interim Dividend yet to be declared.

Source: Frostrow Capital LLP

# Income Statement

For the six months ended 31 March 2013

	(Unaudited)			(Unaudited)			(Audited)		
	Six months ended 31 March 2013			Six months ended 31 March 2012			Year ended 30 September 2012		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	–	66,685	66,685	–	23,708	23,708	–	37,685	37,685
Exchange differences	–	(15)	(15)	–	(30)	(30)	–	(39)	(39)
Income (note 2)	3,311	–	3,311	2,390	–	2,390	8,083	–	8,083
Investment management and management fees (note 3)	(323)	(656)	(979)	(220)	(448)	(668)	(479)	(974)	(1,453)
Other expenses	(261)	–	(261)	(256)	(5)	(261)	(543)	(5)	(548)
<b>Return on ordinary activities before finance charges and taxation</b>	<b>2,727</b>	<b>66,014</b>	<b>68,741</b>	<b>1,914</b>	<b>23,225</b>	<b>25,139</b>	<b>7,061</b>	<b>36,667</b>	<b>43,728</b>
Finance charges	(57)	(116)	(173)	(63)	(128)	(191)	(131)	(267)	(398)
<b>Return on ordinary activities before taxation</b>	<b>2,670</b>	<b>65,898</b>	<b>68,568</b>	<b>1,851</b>	<b>23,097</b>	<b>24,948</b>	<b>6,930</b>	<b>36,400</b>	<b>43,330</b>
Taxation on ordinary activities	(60)	–	(60)	(50)	–	(50)	(138)	–	(138)
<b>Return on ordinary activities after taxation</b>	<b>2,610</b>	<b>65,898</b>	<b>68,508</b>	<b>1,801</b>	<b>23,097</b>	<b>24,898</b>	<b>6,792</b>	<b>36,400</b>	<b>43,192</b>
<b>Return per share (note 4)</b>	<b>3.6p</b>	<b>91.3p</b>	<b>94.9p</b>	<b>3.0p</b>	<b>38.9p</b>	<b>41.9p</b>	<b>10.8p</b>	<b>58.0p</b>	<b>68.8p</b>

The "Total" column of this statement represents the Income Statement of the Company. 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.

# Reconciliation of Movements in Shareholders' Funds

(Unaudited) Six months ended 31 March 2013	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 30 September 2012	17,142	86,458	3,453	12,424	128,685	6,047	254,209
Net return from ordinary activities	–	–	–	–	65,898	2,610	68,508
Second interim dividend (5.2p per share) for the year ended 30 September 2012	–	–	–	–	–	(3,579)	(3,579)
Issue of shares	1,854	28,367	–	–	–	–	30,221
Cost of share issuance	–	(114)	–	–	–	–	(114)
At 31 March 2013	18,996	114,711	3,453	12,424	194,583	5,078	349,245

## (Unaudited) Six months ended 31 March 2012

At 30 September 2011	14,309	50,253	3,453	12,424	92,285	4,894	177,618
Net return from ordinary activities	–	–	–	–	23,097	1,801	24,898
Second interim dividend (4.8p per share) for the year ended 30 September 2011	–	–	–	–	–	(2,740)	(2,740)
Issue of shares	1,445	18,127	–	–	–	–	19,572
Cost of share issuance	–	(116)	–	–	–	–	(116)
At 31 March 2012	15,754	68,264	3,453	12,424	115,382	3,955	219,232

## (Audited) Year ended 30 September 2012

At 30 September 2011	14,309	50,253	3,453	12,424	92,285	4,894	177,618
Net return from ordinary activities	–	–	–	–	36,400	6,792	43,192
Second interim dividend (4.8p per share) for the year ended 30 September 2011	–	–	–	–	–	(2,740)	(2,740)
First interim dividend (4.6p per share) for the year ended 30 September 2012	–	–	–	–	–	(2,899)	(2,899)
Issue of shares	2,833	36,321	–	–	–	–	39,154
Cost of share issuance	–	(116)	–	–	–	–	(116)
Year ended 30 September 2012	17,142	86,458	3,453	12,424	128,685	6,047	254,209

# Balance Sheet

as at 31 March 2013

	(Unaudited) 31 March 2013 £'000	(Unaudited) 31 March 2012 £'000	(Audited) 30 September 2012 £'000
<b>Fixed assets</b>			
Investments designated at fair value through profit or loss	365,197	231,900	266,915
<b>Current assets</b>			
Debtors	2,211	655	2,343
Cash at bank	1,264	925	2,224
	3,475	1,580	4,567
<b>Current liabilities</b>			
Creditors	(2,227)	(198)	(2,023)
Bank loan	(17,200)	(14,050)	(15,250)
	(19,427)	(14,248)	(17,273)
<b>Net current liabilities</b>	(15,952)	(12,668)	(12,706)
<b>Total net assets</b>	349,245	219,232	254,209
<b>Capital and reserves</b>			
Share capital	18,996	15,754	17,142
Share premium account	114,711	68,264	86,458
Capital redemption reserve	3,453	3,453	3,453
Special reserve	12,424	12,424	12,424
Capital reserve	194,583	115,382	128,685
Revenue reserve	5,078	3,955	6,047
<b>Equity shareholders' funds</b>	349,245	219,232	254,209
<b>Net asset value per share (note 5)</b>	459.6p	347.9p	370.7p

# Cash Flow Statement

for the six months ended 31 March 2013

	(Unaudited) 31 March 2013 £'000	(Unaudited) 31 March 2012 £'000	(Audited) 30 September 2012 £'000
<b>Net cash inflow from operating activities (note 7)</b>	1,953	1,915	5,956
<b>Net cash outflow from servicing of finance</b>	(180)	(190)	(310)
<b>Financial investment</b>			
Purchase of investments	(31,420)	(21,455)	(42,666)
Sale of investments	–	1,003	2,865
<b>Net cash outflow from financial investment</b>	(31,420)	(20,452)	(39,801)
<b>Equity dividends paid</b>	(3,579)	(2,740)	(5,639)
<b>Net cash outflow before financing</b>	(33,226)	(21,467)	(39,794)
<b>Financing</b>			
Cost of share issuance	(114)	(116)	(116)
Drawdown of loan	1,950	500	1,700
Shares issued	30,445	19,572	38,007
<b>Net cash inflow from financing</b>	32,281	19,956	39,591
<b>Decrease in cash</b>	(945)	(1,511)	(203)
<b>Reconciliation of net cash flow to movement in net debt</b>			
Decrease in cash resulting from cashflows	(945)	(1,511)	(203)
Increase in debt	(1,950)	(500)	(1,700)
Exchange movements	(15)	(30)	(39)
<b>Movement in net debt</b>	(2,910)	(2,041)	(1,942)
<b>Net debt at start of period/year</b>	(13,026)	(11,084)	(11,084)
<b>Net debt at end of period/year</b>	(15,936)	(13,125)	(13,026)

# Notes to the Accounts

## 1. Basis of preparation

The condensed financial statements have been prepared 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 dated January 2009.

The same accounting policies used for the year ended 30 September 2012 have been applied.

## 2. Income

	(Unaudited) Six months ended 31 March 2013 £'000	(Unaudited) Six months ended 31 March 2012 £'000	(Audited) Year ended 30 September 2012 £'000
<b>Income from investments</b>			
Franked investment income			
– dividends	2,911	2,085	6,901
Unfranked investment income			
– limited liability partnership profit-share	–	–	149
– overseas dividends	400	305	1,033
<b>Total income</b>	<b>3,311</b>	<b>2,390</b>	<b>8,083</b>

## 3. Investment management and management fees

	(Unaudited) Six months ended 31 March 2013 £'000	(Unaudited) Six months ended 31 March 2012 £'000	(Audited) Year ended 30 September 2012 £'000
Investment management fee	670	448	978
Management fee	258	184	396
VAT on management fees	51	36	79
<b>Total fees</b>	<b>979</b>	<b>668</b>	<b>1,453</b>

# Notes to the Accounts

Continued

## 4. Return per share

The total return per share is based on the total return attributable to equity shareholders of £68,508,000 (six months ended 31 March 2012: return of £24,898,000; year ended 30 September 2012: return of £43,192,000) and on 72,182,311 shares (six months ended 31 March 2012: 59,455,798; year ended 30 September 2012: 62,788,996), being the weighted average number of shares in issue.

The revenue return per share is calculated by dividing the net revenue return of £2,610,000 (six months ended 31 March 2012: return of £1,801,000; year ended 30 September 2012: return of £6,792,000) by the weighted average number of shares in issue as above.

The capital return per share is calculated by dividing the net capital return attributable to shareholders of £65,898,000, (six months ended 31 March 2012: return of £23,097,000; year ended 30 September 2012: return of £36,400,000) by the weighted average number of shares in issue as above.

## 5. Net asset value per share

The net asset value per share is based on net assets attributable to shares of £349,245,000 (31 March 2012: £219,232,000 and 30 September 2012: £254,209,000) and on 75,986,219 shares in issue (31 March 2012: 63,017,163 and 30 September 2012: 68,568,381).

## 6. Transaction costs

Purchase transaction costs for the six months ended 31 March 2013 were £184,000 (six months ended 31 March 2012: £84,000; year ended 30 September 2012: £211,000).

Sales transaction costs for the six months ended 31 March 2013 were £nil (six months ended 31 March 2012: £nil; year ended 30 September 2012: £nil).

# Notes to the Accounts

Continued

## 7. Reconciliation of net total return before finance costs and taxation to net cash inflow from operating activities

	(Unaudited) Six months ended 31 March 2013 £'000	(Unaudited) Six months ended 31 March 2012 £'000	(Audited) Year ended 30 September 2012 £'000
Total return before finance charges and taxation	68,741	25,139	43,728
Less capital return before finance charges and taxation	(66,014)	(23,225)	(36,667)
Net revenue before finance costs and taxation	2,727	1,914	7,061
(Increase)/decrease in accrued income and prepayments	(108)	39	(30)
Decrease in debtors	–	451	–
Increase in creditors	34	14	63
Taxation – irrecoverable overseas tax paid	(44)	(50)	(159)
Investment management and management fees charged to capital	(656)	(448)	(974)
Other expenses charged to capital	–	(5)	(5)
<b>Net cash inflow from operating activities</b>	<b>1,953</b>	<b>1,915</b>	<b>5,956</b>

## 8. 2012 accounts

The figures and financial information for the year to 30 September 2012 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for the year.

Those accounts have been delivered to the Registrar of Companies and included the Report of the Auditors which was unqualified and did not contain a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, and did not contain a statement under section 498 of the Companies Act 2006.

# Interim Management Report

## Principal Risks and Uncertainties

A review of the half year, including reference to the risks and uncertainties that existed during the period, and the outlook for the Company can be found in the Chairman's Statement beginning on page 3 and in the Investment Manager's Review beginning on page 5. The principal risks faced by the Company fall into the following broad categories: market price risk; interest rate risk; portfolio performance; operational and regulatory risk; credit risk; liquidity risk; investment management key person risk; availability of bank finance; inability to maintain a progressive dividend policy. Information on each of these areas, with the exception of the availability of bank finance and the Board's ability to maintain a progressive dividend policy, is given in the Business Review within the Annual Report and Accounts for the year ended 30 September 2012. The risk associated with the availability of bank finance is that the provider or any other lender may no longer be prepared to lend to the Company. Copies of the monthly loan covenant compliance certificates, provided for the lender, are circulated to the Board and both the Board and the Investment Manager are kept fully informed of any likelihood of the withdrawal of the loan facility so that repayment can be effected in an orderly fashion if necessary. With regard to the Company's dividend policy, the Board regularly reviews the Company's portfolio and also income forecasts prepared by the Manager; regular reports on the Company's income position are also made by the Company's Investment Manager at each Board meeting. The Company also maintains a distributable revenue reserve which can be used to help make up any shortfall in income received by the Company.

In the view of the Board these principal risks and uncertainties are applicable to the remaining six months of the financial year as they were to the six months under review.

## Related Party Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

## Going Concern

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

# Interim Management Report

Continued

## Directors' Responsibilities

The Board of Directors confirms that, to the best of its knowledge:

- (i) the condensed set of financial statements contained within the Half Year Report has been prepared in accordance with applicable accounting standards; and
- (ii) the interim management report includes a true and fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority and Transparency Rules.

The Half Year Report has not been reviewed or audited by the Company's auditors.

The Half Year Report was approved by the Board on 10 May 2013 and the above responsibility statement was signed on its behalf by:

**Anthony Townsend**  
Chairman

# Glossary of Terms

## 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

The term used to describe the process of borrowing money for investment purposes. The expectation is that the returns on the investments purchased will exceed the finance costs associated with those borrowings.

There are several methods of calculating gearing and the following has been selected:

Total assets, less current liabilities (before deducting any prior charges) minus cash/cash equivalents divided by Shareholders' funds, expressed as a percentage.

## Net Asset Value (NAV)

The value of the Company's assets, principally investments made in other companies and cash being held, minus 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.

## 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.

# Glossary of Terms

Continued

## Ongoing Charges

Ongoing charges are calculated by taking the Company's annualised expenses, excluding performance fees and exceptional items, and dividing by the average net asset value of the Company over the year.

The publishing of ongoing charges information rather than a total expense ratio (TER) is advocated by the Association of Investment Companies who believe that using a single methodology to calculate ongoing charges will help reduce inconsistencies and allow investors and advisers to compare investment companies more easily with open-ended funds.

## Share Price Total Return

The change in capital value of a company's shares over a given period, plus dividends received, expressed as a percentage of the opening value.

## 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.

## 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:

Alliance Trust Savings	<a href="http://www.alliancetrustsavings.co.uk/">http://www.alliancetrustsavings.co.uk/</a>
Barclays Stockbrokers	<a href="https://www.barclaysstockbrokers.co.uk/Pages/index.aspx">https://www.barclaysstockbrokers.co.uk/Pages/index.aspx</a>
Club Finance	<a href="http://www.clubfinance.co.uk/">http://www.clubfinance.co.uk/</a>
Fast Trade	<a href="http://www.fastrade.co.uk/wps/portal">http://www.fastrade.co.uk/wps/portal</a>
FundsDirect	<a href="http://www.fundsdirect.co.uk/Default.asp">http://www.fundsdirect.co.uk/Default.asp</a>
Halifax Share Dealing	<a href="http://www.halifax.co.uk/Sharedealing/">http://www.halifax.co.uk/Sharedealing/</a>
Hargreaves Lansdown	<a href="http://www.hl.co.uk/">http://www.hl.co.uk/</a>
HSBC	<a href="https://investments.hsbc.co.uk/">https://investments.hsbc.co.uk/</a>
iDealing	<a href="http://www.idealing.com/">http://www.idealing.com/</a>
IG Index	<a href="http://www.igindex.co.uk/">http://www.igindex.co.uk/</a>
Interactive Investor	<a href="http://www.iii.co.uk/">http://www.iii.co.uk/</a>
IWEB	<a href="http://www.iweb-sharedealing.co.uk/share-dealing-home.asp">http://www.iweb-sharedealing.co.uk/share-dealing-home.asp</a>
James Brearley	<a href="http://www.jbrearley.co.uk/Marketing/index.aspx">http://www.jbrearley.co.uk/Marketing/index.aspx</a>
Natwest Stockbrokers	<a href="http://www.natweststockbrokers.com/nw/products-and-services/share-dealing.aspx">http://www.natweststockbrokers.com/nw/products-and-services/share-dealing.aspx</a>
Saga Share Direct	<a href="https://www.sagasharedirect.co.uk/">https://www.sagasharedirect.co.uk/</a>
Selftrade	<a href="http://www.selftrade.co.uk/">http://www.selftrade.co.uk/</a>
The Share Centre	<a href="https://www.share.com/">https://www.share.com/</a>
Sippdeal	<a href="http://www.sippdeal.co.uk/">http://www.sippdeal.co.uk/</a>
Saxo Capital Markets	<a href="http://uk.saxomarkets.com/">http://uk.saxomarkets.com/</a>
TD Direct Investing	<a href="http://www.tddirectinvesting.co.uk/">http://www.tddirectinvesting.co.uk/</a>

### Capita Registrars – Share Dealing Service

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

Type of trade	Online	Telephone
Share certificates	1% of the value of the deal (Minimum £21.00, max £125.00)	1.5% of the value of the deal (Minimum £28.50, max £175.00)

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, shareholder reference number, full postcode and your date of birth. Your shareholder reference number can be found on your latest statement or certificate where it will appear as either a 'folio number' or 'investor code'. 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.

# How to Invest

Continued

For further information on this service please contact:  
www.capitadeal.com (online dealing) or 0871 664 0364† (telephone dealing)

If calling from outside of the UK please dial +44 (0) 203 367 2686

† Calls cost 10p per minute plus network extras and may be recorded for training purposes. Lines are open from 8.00 a.m. to 4.30 p.m. Monday to Friday.

*The Share Dealing Service is provided by Capita IRG Trustees Limited which has issued and approved the preceding paragraphs. Capita IRG Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU is registered in England and Wales with number 2729260. Capita IRG Trustees Limited is authorised and regulated by the Financial Services Authority and is also authorised to conduct cross-border business in the EEA under the provisions of the EU Markets in Financial Investments Directive.*

## 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 by the changing conditions in the relevant stockmarkets 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 stockmarket, 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, it may invest in stocks and shares that are denominated in currencies other than sterling and to the extent they do so, 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.

# Company Information

## Directors

Anthony Townsend, (Chairman)  
John Allard  
Neil Collins  
David Hunt, FCA  
Vanessa Renwick  
Giles Warman

## Registered Office

50 Lothian Road,  
Festival Square,  
Edinburgh EH3 9WJ

## Website

[www.finsburygt.com](http://www.finsburygt.com)

## Company Registration Number

13958 (Registered in Scotland)

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

## Investment Manager

Lindsell Train Limited  
Cayzer House,  
30 Buckingham Gate,  
London SW1E 6NN  
Telephone: 0207 802 4700  
Website: [www.lindselltrain.com](http://www.lindselltrain.com)

*Authorised and regulated by the Financial Conduct Authority.*

## Manager, Company Secretary and Administrator

Frostrow Capital LLP  
25 Southampton Buildings,  
London WC2A 1AL  
Telephone: 0203 008 4910  
E-Mail: [info@frostrow.com](mailto:info@frostrow.com)  
Website: [www.frostrow.com](http://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 Capital using the above e-mail address.

## Stockbrokers

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

## Registrars

Capita Registrars  
The Registry,  
34 Beckenham Road,  
Beckenham,  
Kent BR3 4TU  
Telephone (in UK): 0871 664 0300†  
Telephone (from overseas): +44 208 639 3399  
Facsimile: + 44 (0) 1484 600911  
E-Mail: [ssd@capitaregistrars.com](mailto:ssd@capitaregistrars.com)  
Website: [www.capitaregistrars.com](http://www.capitaregistrars.com)

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

†Calls cost 10p per minute plus network charges and may be recorded for training purposes. Lines are open from 8.30 a.m. to 5.30 p.m. Monday to Friday.

## Custodian and Banker

Bank of New York Mellon  
160 Queen Victoria Street,  
London EC4V 4LA

## Lending Banker

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

## Auditors

Grant Thornton UK LLP  
30 Finsbury Square,  
London EC2P 2YU

## Share Price Listings

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

## Identification Codes

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



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