



Finsbury Growth & Income Trust PLC

Annual Report for the year ended 30 September 2011

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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 quoted 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, FTSE 100 companies, including preference shares issued by such companies, will normally represent between 50% and 100% of the portfolio; at least 70% of the portfolio will normally be invested in companies within the FTSE 350.

Further details of the Company's investment policy are set out in the Report of the Directors on page 12.

Capital Structure

At 30 September 2011 the Company had 57,237,423 shares of 25p each in issue (2010: 52,947,423). As at this date no shares were held in treasury (2010: Nil). During the year 4,290,000 new shares were issued. Following the year-end and up to 14 December 2011, the latest practicable date before the printing of this report, a further 1,004,742 new shares have been issued and, as at 14 December 2011, the Company had 58,242,165 shares in issue.

Gearing

As at 30 September 2011 the Company had a secured one year multicurrency revolving committed credit facility of £20 million with Scotiabank Europe PLC and, as at that date, a total of £13.6 million was drawn down under this facility. This facility expired on 5 October 2011 and was rolled for a further two years with an increased limit of £25 million. As at 14 December 2011 a total of £14.1 million was drawn down from this facility.

Annual General Meeting

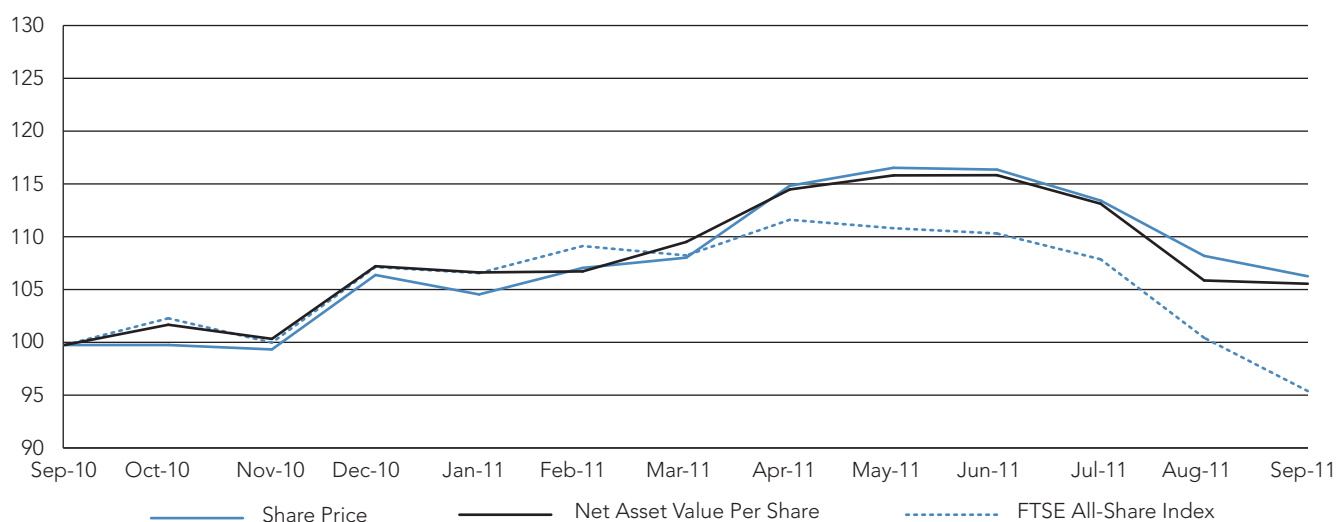
The Annual General Meeting of the Company will be held at the Barber-Surgeons' Hall, Monkwell Square, Wood Street, London EC2Y 5BL at 12 noon on Wednesday, 18 January 2012.

Financial Highlights

	30 Sep 2011	30 Sep 2010
Share price total return*	+6.5%	+33.1%
Net asset value per share total return*	+5.8%	+25.6%
FTSE All-Share Index total return*	−4.4%	+12.5%
Dividends per share	9.2p	8.8p

* Source: Morningstar

One Year Total Return Performance to 30 September 2011



Source: Morningstar
Rebased to 100 at 30 September 2010

Winner:

Investment Week, Investment Trust of the Year 2010 and 2011, UK Income Category
 Money Week, Investment Trust of the Year 2011, UK Growth & Income Category
 Moneywise, Investment Trust of the Year 2011, UK Growth & Income Category

Chairman's Statement

"Net asset value per share and share price total returns both significantly outperformed the benchmark."



Performance

I am delighted to report that the Company's net asset value per share total return for the year of 5.8% and the share price total return of 6.5% both significantly outperformed the Company's benchmark, the FTSE All-Share Index, measured on a total return basis, which fell by 4.4% over the same period. During a difficult time for markets, the Company's performance when compared to the benchmark index is particularly pleasing. The principal contributions to net asset value per share performance came from our major holdings in Diageo, Pearson, Unilever and Rathbone Brothers.

The premium of the Company's share price to the ex-income net asset value per share increased slightly during the year from 0.3% at 30 September 2010 to 0.9% at 30 September 2011.

I am also delighted to report that the Company was the winner of the UK Income Category at the 2011 Investment Week, Investment Trust of the Year Awards for the second year running. It was also the winner of the UK Growth & Income Category at both the Money Week and Moneywise 2011 Investment Trust of the Year Awards.

Share Capital

Over the past year, strong demand has meant that the Company's shares have traded consistently close to its net asset value per share. In order to satisfy this demand the Company issued 5,294,742 shares during the year and up to the date of this report, at a minimum premium of 0.5% to the prevailing cum income net asset value per share at the time of issue, raising £17.3 million of new funds for the Company. The

number of shares issued represents the maximum number possible under the authority obtained at the Company's Annual General Meeting held in January 2011. A General Meeting was therefore held on 8 December where shareholder authority was obtained to issue a further 5,824,216 shares on a non-pre-emptive basis at prices not less than the prevailing cum income net asset value per share. A prospectus has also been published in order to obtain admission to the Official List maintained by the UK Listing Authority of any shares issued under this authority. The authority will be renewed at the Company's Annual General Meeting to be held on 18 January 2012.

Return and Dividend

The Income Statement shows a total return per share of 15.8p per share (year ended 30 September 2010: 62.5p) consisting of a revenue return per share of 9.7p (year ended 30 September 2010: 8.5p) and a capital return per share of 6.1p (year ended 30 September 2010: 54.0p).

I am pleased to report that the Company's net revenue return during the year was higher than the previous year and your Board has declared two interim dividends for the year totalling 9.2p per share (year ended 30 September 2010: 8.8p) an increase of 4.5%. This is in line with the Board's long term objective of a progressive dividend policy.

In light of the recent strong demand for the Company's shares, your Board continues to elect to distribute the Company's income to shareholders by means of two interim dividends rather than an interim and final

Chairman's Statement

Continued

dividend in order that the payments can be made on a timely basis.

Borrowings

Subsequent to the year end the Company renewed its secured fixed term committed revolving credit facility with Scotiabank Europe PLC at an increased limit of £25 million for a further two years; the facility is subject to a variable interest rate. A total of £14.1 million is currently drawn down from this facility.

Outlook

The outlook for the UK economy remains uncertain. While inflation is expected to fall next year, the sovereign debt issues plaguing the euro zone are a continued concern and were conditions in Europe to deteriorate then the UK would also suffer.

Against this backdrop, your Board continues its full support of our Investment Manager's strategy and its belief that a number of the franchises held within the Company's portfolio will be beneficiaries of technological change; we expect that the durability and long term value of many of the brands owned by investee companies within the portfolio will continue to deliver strong investment returns for shareholders.

Further information concerning the portfolio, including dividend prospects, can be found in our Investment Manager's Review beginning on page 4.

Annual General Meeting

The Annual General Meeting of the Company will this year be held at the **Barber-Surgeons' Hall, Monkswell Square, Wood Street, London EC2Y 5BL** on Wednesday, 18 January 2012 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 Investment Manager.

Anthony Townsend
Chairman

14 December 2011

Investment Manager's Review

"... I remind myself of the durability and enduring value of the brands we've invested in for your portfolio."



Your Company's financial year ended slap in the middle of a period of feverish investor disquiet, with attention monopolised by daily media lamentations about the intractability of the euro debt crisis and the risk of ensuing banking collapse and global depression.

Shareholders often and quite reasonably ask what impact such macro-economic worries have on our investment strategy. Our answer is: very little. Some find that answer unsatisfactory and indicate they think insouciance has tipped over into a willful complacency. Specifically, that by sticking, as we have done, fully invested in equities we are failing to fulfill our duty of care to you, by not taking evasive action during an attack of stock market collywobbles.

But the reason we pay little attention to macro-economics is because it has little long term impact on the value of equity assets. After all, economies have always been cyclical and, to date, the world has demonstrated a reliable tendency to "Muddle Through" its periodic panics. And, as a result and over time stock markets have delivered handsome real returns. No, what drives long term equity value is when companies (whose shares represent that equity) enjoy access to opportunities for secular profit growth and/or productivity gains, these last most often delivered by technology change. And on these less hyped "macro" issues – secular growth and technology - we find plenty of encouragement in 2011. More than enough, indeed, to maintain our enthusiasm for the UK stock market.

For instance, in our opinion the most important news for long term equity values in the second half of 2011 did not relate to either Greece or the euro, but was Amazon's announcement of its new tablet, Kindle Fire. This device is likely to further extend the reach of the Internet into people's work practices and day-to-day lives. News, information, entertainment, plus all manner of shopping/transactions will be more freely available and in greater profusion than ever before. In corroboration, we were staggered to learn that in the month of July 2011 alone 6.9 billion online videos were downloaded in the US – a record and an astonishing indication of how

quickly people are adapting to new technology, but a record we are sure will soon be exceeded.

It is clear that many heavily-capitalised sectors of the world's equity markets are impacted, for both good and ill, by the spread of tablets and all other related devices – for example, fixed-line and mobile telephony, tech hardware, software, Internet, media, retail and leisure. On balance, we think the devices are a force for good, tending to improve the productivity of those economies where they have become networked and to stimulate creativity amongst owners or developers of Intellectual Property (IP). In particular, consumption of software, very broadly defined, is likely to explode, as more and more "analogue" activities go online. Our bet is that the Amazon announcement will be looked back on in five years time as way more significant for its impact on long term equity values, than the eventual denouement of the Greek tragedy.

A number of franchises we hold within your Company should be beneficiaries – Financial Times, Penguin, Pearson Education, Economist, MailOnline, Metal Bulletin, Bank Credit Analyst, Reuters, LSE (for its data services) Hargreaves Lansdown and others. Technology is helping to make these products more valuable to their users, with much lower costs. It is no coincidence, we think, that many of our Media/Technology investments have proven resilient through 2011, demonstrating, at least, their shares are no longer in a primary bear market. Indeed, we hope all our IP investments – Daily Mail, Euromoney, Fidessa, Pearson, Reed, Sage and Thomson Reuters (all told 31.9% of net asset value) will be at the vanguard of any new bull market. We find it hard to conceive this eventual bull market being driven by anything other than Technology, or technology-exploiting corporations.

Sticking, for the moment, with social media, we were impressed by a recent announcement from Heineken's PR department – it boasts that the Heineken brand now has over 3 million adult Facebook friends, which is the biggest fan page for any alcoholic beverage. The company clearly believes that reaching out to young consumers is crucial to

Investment Manager's Review

Continued

the health of its brand. Heineken is a new holding for your Company, the position initiated during the August turmoil. The investment case is straightforward. Heineken is one of the world's great brands, being, by some margin, the world's biggest selling premium beer. We asserted above that companies enjoying "secular growth" are attractive investments today and believe that Heineken has a wonderful opportunity to grow its beer volumes and profits, particularly in developing economies. Meanwhile, we observe the high rarity value that other companies place on well-established, resonant brands. SAB Miller recently purchased Fosters, by now reduced to a parochial Australian business – paying some 3.0x Fosters' annual revenues. We have been able to access Heineken equity, with its global brand and opportunity, at half that rating.

Whenever I get flustered by bearish commentary and, of course, it's hard not to be affected sometimes, I remind myself of the durability and enduring value of the brands we've invested in for your portfolio. Not only Heineken, but Bulmers, Guinness, Johnnie Walker, Dove, Walls, IRN-BRU, Rubicon, Burberry, Cadbury, Oreos, Dr Pepper, Snapple, Pedigree, London Pride and, my own favourite, Marmite – and many others. Put your trust in these, not government obligations or paper money.

Sometimes secular growth can be found in unlikely places. We are reassured by the revenue performance of the UK brewers in the portfolio – Fullers, Greene King, Marston's and Youngs – during and, apparently, despite well-recognised consumer retrenchment. Part of this decent business performance can be ascribed to the nature of UK pub culture. Just as people don't smoke less during a recession; it takes a lot for them to give up socialising at the pub. But there is something else, something new at work. In a recent presentation, Marston's note that in the US of every dollar spent on food, 46c or 46% is spent eating out. Meanwhile, in the UK it's 33p out of every £1. Marston's believes there is a secular shift toward dining out and that US/UK gap will close, particularly as, more and more, both partners in a family are breadwinners. Good value pub grub, with no preparation or washing-up looks awfully compelling after a hard day's work. Certainly there is a sustained acceleration in food sales for all our regional brewers, helping them grow profits and, for three of them, dividends.

Performance has been hurt over the summer by our long-standing holdings in various asset management franchises – Hargreaves, Rathbones and Schroders. The London Stock Exchange fell too. But we still maintain that these are long

term growth companies – albeit their prices flit according to the prevailing mood of investors. It is important to note, though, that they have no debt, or in the case of the LSE only moderate debt and, as a result, face no existential challenge. More important, as I've emphasised throughout this report, Lindsell Train remains a perennial bull of equities and we know that when the turn comes for the markets it will likely come too quick and unexpectedly to shift portfolio weightings. Therefore we propose to retain, or indeed add to these "market proxies" to ensure shareholders get the full benefit of recovery.

Nick Train, Lindsell Train Limited

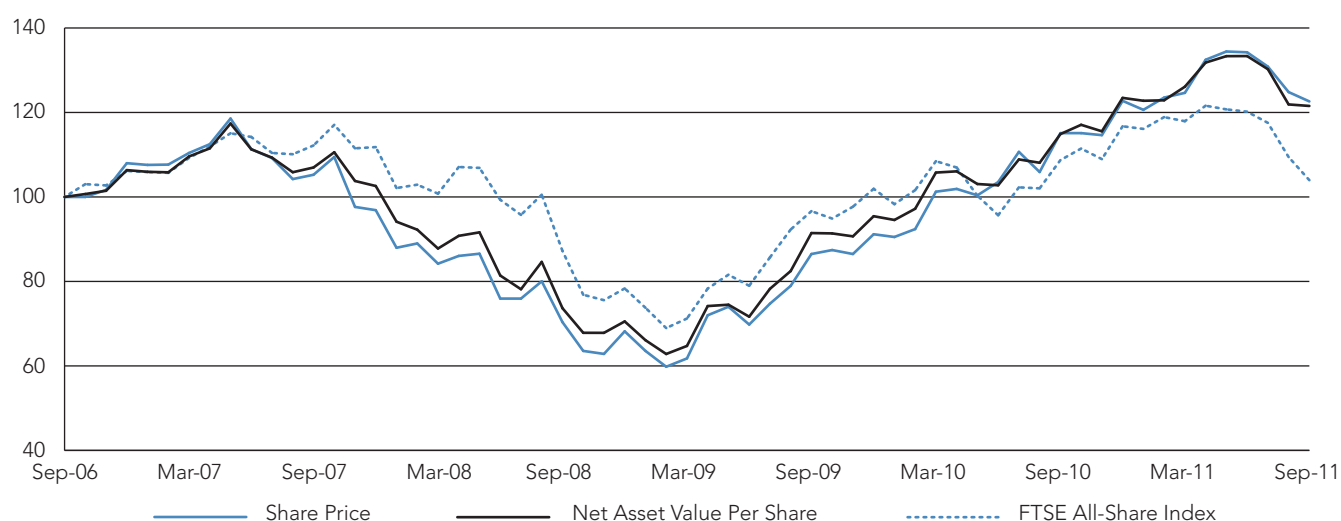
Investment Manager

14 December 2011

Performance

	30 Sep 2011	30 Sep 2010	% Change
Share price total return*	+6.5%	+33.1%	
Net asset value per share total return*	+5.8%	+25.6%	
FTSE All-Share Index (total return)*	-4.4%	+12.5%	
Share price	308.1p	297.8p	+3.5
Net asset value per share (including income)	310.3p	301.4p	+3.0
Net asset value per share (excluding income)	305.5p	297.0p	+2.9
Dividends per share (see note 8 on page 39)	9.2p	8.8p	+4.5
Gearing†	7.6%	6.7%	

Five Year Total Return Performance to 30 September 2011



Five Year Performance Summary	30 Sep 2007	30 Sep 2008	30 Sep 2009	30 Sep 2010	30 Sep 2011
Share price	307.5p	202.0p	231.0p	297.8p	308.1p
Share price total return*	+5.3%	-33.1%	+22.9%	+33.1%	+6.5%
Net asset value per share (including income)	315.4p	215.5p	249.0p	301.4p	310.3p
Net asset value per share (excluding income)	310.6p	215.5p	243.9p	297.0p	305.5p
Net asset value per share (total return)*	+6.9%	-31.4%	+24.0%	+25.6%	+5.8%
FTSE All-Share Index (total return)	+12.2%	-22.3%	+10.8%	+12.5%	-4.4%
(Discount)/premium of share price to net asset value per share (excluding income)	(1.0)%	(6.3)%	(5.3)%	0.3%	0.9%
Revenue return per share (see note 7 on page 39)	9.4p	10.1p	9.1p	8.5p	9.7p
Ordinary dividends per share	9.0p	9.5p	9.5p	8.8p	9.2p
Total expense ratio†	1.1%	1.0%	0.9%	1.0%	1.0%

*Source: Morningstar

†See glossary on page 52

Contribution to Net Asset Value

For the year ended 30 September 2011

Investment	Total Return £'000	Contribution per share (pence)*
Equities		
Diageo	2,874	5.3
Pearson	2,427	4.5
Unilever	2,336	4.3
Rathbone Brothers	2,144	3.9
Kraft Foods	939	1.7
Young & Co's Brewery	903	1.7
Fidessa	892	1.6
London Stock Exchange	875	1.6
Burberry Group	786	1.5
Fuller Smith & Turner	713	1.3
Dr Pepper Snapple	643	1.2
Marston's	356	0.7
Hargreaves Lansdown	234	0.4
Euromoney Institutional Investor	178	0.3
Lindsell Train Investment Trust	127	0.2
Heineken	14	0.0
Celtic	(61)	(0.1)
A.G. Barr	(156)	(0.3)
Greene King	(284)	(0.5)
Reed Elsevier	(355)	(0.7)
Sage Group	(482)	(0.9)
Schroders	(780)	(1.4)
Thomson Reuters	(1,163)	(2.1)
Daily Mail & General Trust	(2,034)	(3.7)
	11,126	20.5
Preference Shares (franked income)		
Celtic 6% (cum preference)	(17)	0.0
Lloyds Banking Group 9.25% (non cum preference)	(802)	(1.5)
	(819)	(1.5)
Unquoted		
Frostrow Capital	235	0.4
Total contribution (after taxation)	10,542	19.4
Fees, expenses and finance charges	(1,943)	(3.6)
Total contribution for the year	8,599	15.8

* based on 54,352,887 shares, being the weighted average number of shares in issue during the year ended 30 September 2011.

Investments

as at 30 September 2011

Investment	Sector	Fair value £'000	% of investments
Diageo	Beverages	21,397	11.4
Unilever	Food Producers	19,428	10.3
A.G. Barr	Beverages	17,233	9.2
Pearson	Media	14,618	7.8
Fidessa	Software & Computer Services	10,597	5.6
Sage Group	Software & Computer Services	9,466	5.0
Rathbone Brothers	General Financials	9,373	5.0
Kraft Foods [^]	Food Producers	7,845	4.2
Schroders	General Financials	7,613	4.0
Reed Elsevier	Media	7,587	4.0
Top 10 investments		125,157	66.5
Greene King	Travel & Leisure	6,135	3.2
Burberry Group	Personal Goods	5,977	3.2
Marston's	Travel & Leisure	5,776	3.1
London Stock Exchange	General Financials	5,612	3.0
Euromoney Institutional Investor	Media	5,587	3.0
Daily Mail & General Trust	Media	5,425	2.9
Dr Pepper Snapple [^]	Beverages	5,394	2.9
Fuller Smith & Turner	Travel & Leisure	4,585	2.4
Young & Co's Brewery	Travel & Leisure	4,191	2.2
Hargreaves Lansdown	General Financials	3,765	2.0
Top 20 investments		177,604	94.4
Thomson Reuters [~]	Media	3,438	1.9
Lindsell Train Investment Trust	General Financials	2,130	1.1
Lloyds Banking Group 9.25% (non cum preference)*	Preference Shares (Banks)	2,072	1.1
Heineken ^{**}	Beverages	1,888	1.0
Celtic	Travel & Leisure	585	0.3
Frostrow Capital ⁺	General Financials	470	0.2
Celtic 6% (cum preference)*	Travel & Leisure	60	–
Total investments		188,247	100.0

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

* Non-equity – Preference Shares

[^] Listed in the United States

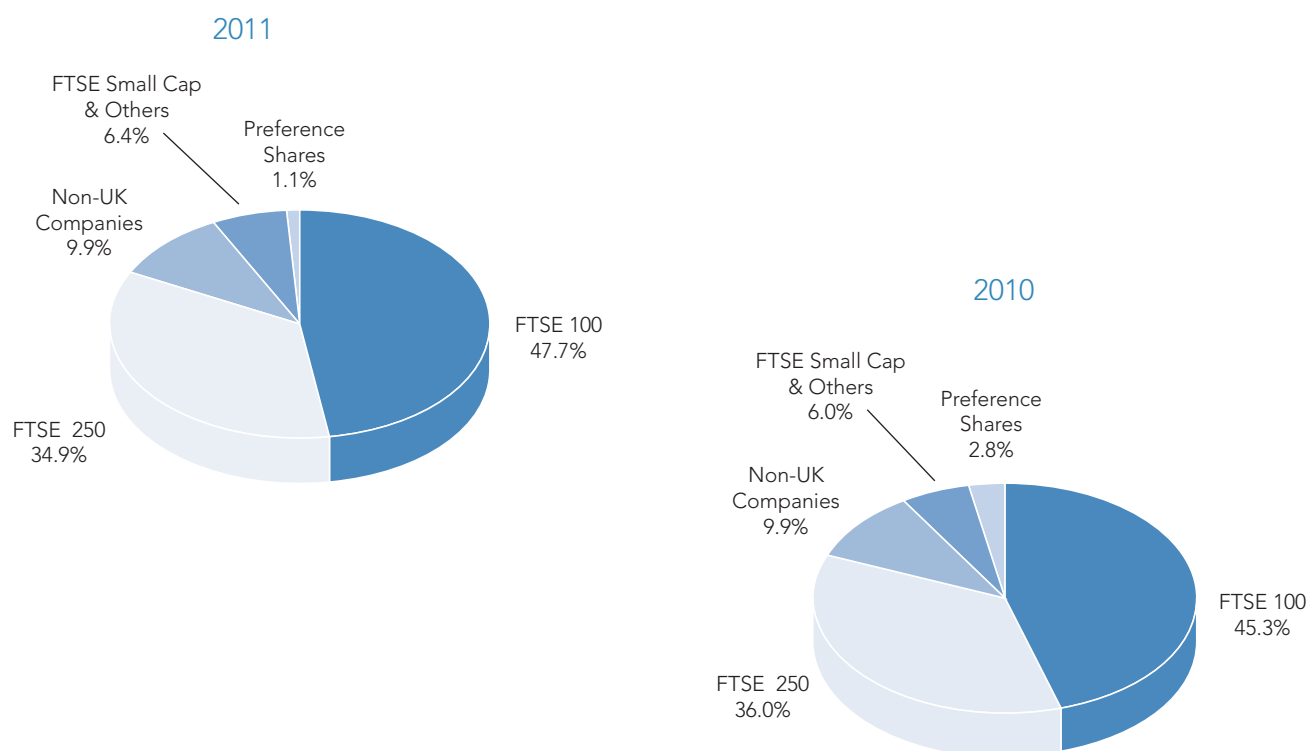
[~] Listed in Canada

⁺ Unquoted partnership interest

^{**} Listed in the Netherlands

Portfolio Distribution

as at 30 September



Analysis of the Portfolio

as at 30 September 2011

	£'000	%
Listed on a recognised stock exchange	185,645	98.7
Total listed equities	185,645	98.7
Frostrow Capital LLP	470	0.2
Total unquoted investments	470	0.2
Lloyds Banking Group 9.25% (non cum preference)	2,072	1.1
Celtic 6.0% (cum preference)	60	–
Total preference shares	2,132	1.1
Total investments	188,247	100.0

Sector Analysis of the Portfolio

as at 30 September 2011

Comparison of sector weightings with the FTSE All-Share Index

Sector	Finsbury Growth & Income %	FTSE All-Share Index %	Finsbury Growth & Income (Under)/over weight %
Oil & Gas	–	17.5	(17.5)
Oil & Gas Producers	–	16.8	(16.8)
Oil Equipment, Services & Distribution	–	0.7	(0.7)
Alternative Energy	–	–	–
Basic Materials	–	10.7	(10.7)
Chemicals	–	0.5	(0.5)
Forestry & Paper	–	0.1	(0.1)
Industrial Metals & Mining	–	0.1	(0.1)
Mining	–	10.0	(10.0)
Industrials	–	7.4	(7.4)
Construction & Materials	–	0.2	(0.2)
Aerospace & Defence	–	1.8	(1.8)
General Industrials	–	0.6	(0.6)
Electronic & Electrical Equipment	–	0.4	(0.4)
Industrial Engineering	–	0.8	(0.8)
Industrial Transportation	–	0.1	(0.1)
Support Services	–	3.5	(3.5)
Consumer Goods	42.1	13.3	28.8
Automobile & Parts	–	0.2	(0.2)
Beverages	24.4	3.6	20.8
Food Producers	14.5	2.3	12.2
Household Goods & Home Construction	–	1.9	(1.9)
Leisure Goods	–	–	–
Personal Goods	3.2	0.4	2.8
Tobacco	–	4.9	(4.9)
Healthcare	–	8.1	(8.1)
Healthcare Equipment & Services	–	0.4	(0.4)
Pharmaceuticals & Biotechnology	–	7.7	(7.7)
Consumer Services	30.8	9.7	21.1
Food & Drug Retailers	–	2.8	(2.8)
General Retailers	–	1.5	(1.5)
Media	19.6	2.8	16.8
Travel & Leisure	11.2	2.6	8.6
Telecommunications	–	6.7	(6.7)
Fixed Line Telecommunications	–	1.1	(1.1)
Mobile Communications	–	5.6	(5.6)
Utilities	–	4.4	(4.4)
Electricity	–	0.9	(0.9)
Gas, Water & Multiutilities	–	3.5	(3.5)
Financials	15.4	20.3	(4.9)
Banks	–	10.0	(10.0)
Nonlife Insurance	–	0.9	(0.9)
Life Insurance/Assurance	–	2.8	(2.8)
Real Estate Investment & Services	–	0.3	(0.3)
Real Estate Investment Trusts	–	1.4	(1.4)
General Financial	15.4	1.8	13.6
Equity Investment Instruments	–	3.1	(3.1)
Technology	10.6	1.9	8.7
Software & Computer Services	10.6	1.2	9.4
Technology Hardware & Equipment	–	0.7	(0.7)
Total excluding Preference Shares	98.9	100.0	(1.1)
Preference shares	1.1	–	1.1
Total including Preference Shares	100.0	100.0	–

The Board



Anthony Townsend (Chairman)

Anthony Townsend, (63), rejoined the Board in February 2005 and became Chairman in 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. He is Chairman of Baronsmead VCT 3 plc, British & American Investment Trust PLC, F&C Global Smaller Companies PLC and Miton Worldwide Growth Investment Trust Plc. He is also a Director of Worldwide Healthcare Trust PLC. Anthony is Chairman of the Management Engagement Committee.

John Allard

John Allard, (65), has served on the Board since 2000. 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.

Neil Collins

Neil Collins, (64), joined the Board in 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, he is a Director of Templeton Emerging Markets Investment Trust PLC.

David Hunt, FCA

David Hunt, (64), joined the Board in 2006. A Chartered Accountant, he was formerly a Director in the Assurance and Business Services division of Smith & Williamson Limited. David has over 30 years' experience advising quoted companies. He is Chairman of the Audit Committee and also the Senior Independent Director.

Vanessa Renwick

Vanessa Renwick, (50), has served on the Board since 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.

Giles Warman

Giles Warman, (63), has served on the Board since 1989. Giles is a Director of European Assets Trust NV and was formerly employed by Numis Securities Limited. Prior to this he was a partner at Sheppards & Chase and a Director of Charterhouse Tilney. He has over 40 years' experience in the investment industry.

All members of the Board are non-executive. None of the Directors has any other connections with the Investment Manager or is employed by any of the companies in which the Company holds an investment.

Report of the Directors incorporating the Business Review

The Directors present their report and the financial statements for the year ended 30 September 2011.

Introduction

The Report of the Directors includes the Business Review and Corporate Governance Statement. The Business Review contains a review of the Company's business, the principal risks and uncertainties it faces and an analysis of its performance during the financial year and the position at the year end and the future business plans of the Company. To aid understanding of these areas the Board has included an analysis using appropriate Key Performance Indicators. The Business Review, prepared in accordance with the requirements of Section 417 of the Companies Act 2006, should be read in conjunction with the Chairman's Statement on pages 2 and 3, the Investment Manager's Review on pages 4 and 5 and the analyses on pages 6 to 10.

Business and Status of the Company

The Company is registered as a public limited company and is an investment company within the terms of Section 833 of the Companies Act 2006. Its shares are listed on the Official List of the UK Listing Authority and traded on the main market of the London Stock Exchange. The Company has received approval from HM Revenue & Customs as an authorised investment trust under Section 1158 of the Corporation Tax Act 2010 ("CTA 2010"), formerly Section 842 ICTA 1988, for the year ended 30 September 2010 and all previous periods. This approval is subject to there being no subsequent enquiry under corporation tax self-assessment. In the opinion of the Directors, the Company continues to direct its affairs so as to enable it to qualify for such approval and the Company will continue to seek approval each year.

The Company's shares are eligible for inclusion in the stocks and shares component of an Individual Savings Account.

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 quoted companies, although 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 ("Lindsell Train" or the "Investment Manager") and will normally comprise approximately 30 investments. Unless driven by market movements, FTSE 100 companies, including preference shares issued by such companies, will normally represent between 50% and 100% of the portfolio; at least 70% of the portfolio will normally be invested in companies within the FTSE 350.

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 does not and will not invest more than 15%, in aggregate, of the value of the gross assets of the Company in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.

No investment will be made in any company or fund where Lindsell Train acts as the investment manager without the prior approval of the Board.

The Board has set a maximum level of gearing of 25% of the Company's net assets.

The Company has the ability to invest a proportion (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 Investment Manager believes market or economic conditions make equity investment unattractive or while seeking appropriate investment opportunities or to maintain liquidity.

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 Investment Manager. The Investment Manager uses a bottom-up stock picking approach and looks to invest in a universe of excellent listed businesses that appear undervalued.

Report of the Directors

Continued

Results and Dividends

The results attributable to shareholders for the year are shown on page 31. The dividends for the year to 30 September were:

	2011 £'000	2010 £'000
First Interim paid of 4.4p per share (2010: 4.4p)	2,353	2,224
Second Interim paid of 4.8p per share (2010: 4.4p)	2,740	2,330
Total	5,093	4,554

Performance and Performance Measurement

While the Board monitors the net asset value as the primary financial measurement it is aware that share price performance and income return are the most important factors to the Company's shareholders. Net asset value and share price performance are of course closely linked and it is the responsibility of the Investment Manager to seek the best investments and to manage the portfolio in the most beneficial way to achieve the highest returns for shareholders. The Company's net asset value per share total return for the year was 5.8%. The Company's benchmark, the FTSE All-Share Index (measured on a total return basis) fell by 4.4% during the same period. The Company's share price total return for the year was 6.5%. The Contribution to Net Asset Value table for the year under review, is detailed on page 7.

The Board recognises that income return is also important to shareholders. Due to an increase in the Company's net revenue this year, the Company paid an increased second interim dividend of 4.8p per share (2010: 4.4p per share), making total dividends for the year of 9.2p per share compared to a total of 8.8p per share for the previous year.

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 (see page 54 of this annual report for details).

Monitoring Performance – Key Performance Indicators ("KPIs")

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 KPI's are as follows:

- Net asset value per share total return (see pages 1 and 6)
- Share price total return (see pages 6 and 29)
- Revenue return per share (see pages 6, 31 and 39)
- Share price premium/(discount) to net asset value per share analysis (see page 6)

- Benchmark and peer group performance (see pages 6, 13 and 29)

As indicated, Lindsell Train has been appointed by the Board as Investment Manager and Frostrow Capital LLP ("Frostrow" or the "Manager") has been appointed as the Company's Manager, Administrator and Company Secretary. Each provider is responsible to the Board which is ultimately responsible to the shareholders for performing against *inter alia* the above KPIs within the terms of their respective agreements by utilising the capabilities of the experienced professionals within each firm.

Principal Risks and their Mitigation

The Company's assets consist principally of listed equities; its main area of risk is therefore stock market related. The specific key risks faced by the Company, together with the mitigation approach adopted, are as follows (further information on the Company's risk management strategy can be seen in note 16 beginning on page 42).

Objective and Strategy – The Company and its Investment Objective become unattractive to investors

The Board regularly reviews the investment mandate and the long-term investment strategy in relation to market and economic conditions, and the operation of the Company's peers, thereby monitoring whether the Company should continue in its present form. Each month the Board receives a Monthly Review, which monitors the Company's investment performance (both on an absolute basis and against the benchmark and peer group) and its compliance with the investment guidelines. The Company's Manager and Investment Manager regularly present additional reports and presentations to the Board and their continuity is regularly considered by the Board.

Level of discount/premium – Share price performance lags NAV performance

The Board undertakes a regular review of the level of discount/premium and consideration is given to ways in which share price performance may be enhanced, including the

Report of the Directors

Continued

effectiveness of marketing. The Board operates an active discount control mechanism with the aim of limiting the discount of the share price to the ex-income net asset value per share to a maximum of 5%. In the event of shares being repurchased by the Company, such shares may be held in treasury for reissue into the market when demand arises. Shareholders should note that it remains possible for the share price discount to the ex-income net asset value per share to be greater than 5% on any one day and this is due to the fact that the share price continues to be influenced by overall supply and demand for the Company's shares in the secondary market.

Market Price Risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential gain or loss the Company might suffer through holding market positions in the face of price movements.

The Board meets on at least a quarterly basis during the year and at each meeting they consider the asset allocation and concentration of the portfolio in order to review the risk associated with particular instruments, as well as receiving a report from the Investment Manager on the portfolio and its performance. The Investment Manager has responsibility for selecting investments in accordance with the Company's investment objective and seeks to ensure that individual stocks meet an acceptable risk-reward profile.

Liquidity Risk

The Company's assets comprise mainly realisable securities, which can be sold to meet funding requirements where necessary.

Interest Rate Risk

The Company borrows in sterling at floating rates of interest and hence is exposed to the risk that its cashflow will change due to movements in prevailing interest rates. The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis.

The Company also invests in fixed rate preference shares which are exposed to movements in their fair value arising from changes in interest rates. These risks are managed alongside market price risk as described above.

Credit Risk

The Company's principal financial assets are bank balances, debtors and investments which represent the Company's

maximum exposure to credit risk in relation to financial assets. The credit risk on bank balances is considered low because the counter-parties are banks with high credit ratings assigned by international credit agencies. The credit risk in relation to the companies that comprise the portfolio is monitored closely by the Investment Manager.

Portfolio Performance – Investment performance may not be meeting the investment objective or shareholder requirements

The Board regularly reviews investment performance against the benchmark and against the peer group. The Board also receives reports that show an analysis of performance compared with other relevant indices. The Investment Manager provides an explanation of stock selection decisions and an overall rationale for the make-up of the portfolio. The Investment Manager discusses current and potential investment holdings with the Board on a regular basis in addition to new initiatives, which may enhance shareholder returns.

Operational and Regulatory Risk

Failure to qualify as an Investment Trust under the terms of Section 1158 of the CTA 2010 may lead to the Company being subject to corporation tax on its capital profits. A breach of the Listing Rules of the Financial Services Authority ("FSA") may result in censure by the FSA and/or the Company's suspension from listing. Other control failures, either by the Manager, the Investment Manager or any other of the Company's service providers, may result in operational and/or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations. An independent custodian has been appointed by the Company to safeguard the assets of the Company.

The Manager and the Investment Manager review the level of compliance with Section 1158 of the CTA 2010 and other financial regulatory requirements on a daily basis. All transactions, income and expenditure forecasts are reported to the Board. The Board regularly considers all risks, the measures in place to control them and the possibility of any other risks that could arise. These risks are formalised in the Company's risk assessment register. The Board ensures that satisfactory assurances are received from its various service providers. In addition, each of the third party providers provides a copy of its report on internal controls (SAS 70, AAF or equivalent) to the Board each year. The Manager's and the Investment Manager's Compliance Officers produce regular reports for review by the Company's Audit Committee and are

Report of the Directors

Continued

available to attend meetings in person if required.

Investment Management Key Person Risk

There is a risk that the individual responsible for managing the Company's portfolio may leave his employment or may be prevented from undertaking his duties.

The Investment Manager has in place an insurance policy covering key personnel. There is a qualified individual within the Investment Manager who works with the designated portfolio manager who could take over if necessary.

Fixed Asset Investments

The fair value of the Company's investments at 30 September 2011 was £188,247,000 (2010: £168,514,000) showing a gain since acquisition of £60,810,000 (2010: gain £56,209,000). Taking these investments at this valuation, the net assets attributable to each share at 30 September 2011 amounted to 310.3p (2010: 301.4p).

Issue and Repurchase of Shares

At the Annual General Meeting held on 26 January 2011, authority to allot up to 5,294,742 shares on a non pre-emptive basis was granted.

The Board continues to believe the use of a discount management policy, to buy back shares if offered at a discount greater than 5% to the ex-income net asset value per share, and the use of the treasury share facility, whereby shares repurchased by the Company are held in treasury for reissue into the market (at a discount less than 5% to the ex income net asset value per share) when demand is present, are in the best interests of the Company and shareholders. During the year no shares were repurchased by the Company, and no shares were reissued out of treasury. As at 14 December 2011 no shares were held in treasury.

The reissue of shares at a discount to the Company's prevailing ex income net asset value per share will have a dilutive effect on the net asset value per share.

In addition, 4,290,000 new shares were issued during the year by the Company at a minimum of a 0.5% premium to the estimated cum income net asset value per share at the time of issue. Since the year-end and to the date of this report, a further 1,004,742 new shares were issued under the same issuance criteria.

All of the shares available under the allotment authority granted at the Annual General Meeting held in January 2011 have been issued and the Company held a General Meeting on 8 December where shareholder authority was obtained to issue a further 5,824,216 shares on a non-pre-emptive basis at

prices not less than the prevailing cum income net asset value per share. A prospectus has also been published in order to obtain admission to the Official List maintained by the UK Listing Authority of any shares issued pursuant to the authority obtained.

Current and Future Developments

A review of the Company's year, its performance since the year-end and the outlook for the Company can be found in the Chairman's Statement on pages 2 and 3 and in the Investment Manager's Review on pages 4 and 5. The Board concentrates its attention on the Company's investment performance and the Investment Manager's investment approach and on factors that may have an effect on this approach. Marketing reports are given to the Board at each Board meeting, which include how the Company is being promoted and details of communications with existing and potential shareholders. The Board is regularly updated on wider investment trust industry issues and discussions are held concerning the Company's development and strategy.

Management

The Company has no employees and most of its day-to-day activities are delegated to third parties. The Company has appointed Lindsell Train as Investment Manager and Frostrow as Manager, Administrator and Company Secretary.

Lindsell Train was appointed Investment Manager to the Company in December 2000. Lindsell Train has given 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 Financial Services Authority.

The Board looks to the Investment Manager to deliver investment performance.

The Investment Manager continues to manage the portfolio in accordance with the investment objective and policy. The Investment Manager is an independent investment management company and is able to access, through in-depth research and analysis, the most profitable investments for the Company.

Frostrow is a firm established in 2007 to provide specialist management, administration, company secretarial and marketing services to investment companies. Frostrow is authorised and regulated by the Financial Services Authority.

Report of the Directors

Continued

Frostrow is responsible for providing company secretarial, administrative, accounting and marketing services. Details of the appointment of each party are given below.

Investment Management Agreement: Under the terms of the Investment Management Agreement, Lindsell Train provides discretionary investment management services to the Company for a periodic fee equal to 0.45% per annum of the Company's market capitalisation. The Investment Management Agreement may be terminated by either party giving notice of not less than 12 months. The Investment Manager under the terms of the Agreement 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;
- advising the Company in relation to trends, market movements and other matters which may affect the investment policy of the Company; and
- marketing.

Management, Administrative and Secretarial Services Agreement: Management, Administrative, Secretarial and other services are provided to the Company by Frostrow.

Under the terms of the Management, Administrative and Secretarial Services Agreement Frostrow receives a periodic fee at a rate of 0.15% per annum of the Company's market capitalisation plus a fixed fee of £70,000 per annum calculated monthly and payable monthly in arrears.

The notice period on the Management, Administration and Company Secretarial Agreement with Frostrow is 12 months and may be terminated by either party.

Frostrow, under the terms of the Management, Administrative & Secretarial Services Agreement provides *inter alia* the following services:

- marketing and shareholder services;
- company secretarial and administrative services;
- advice and guidance in respect of corporate governance requirements;
- performance measurement reports;

- maintenance of adequate accounting records and management information;
- preparation and despatch of the audited annual financial statements, the unaudited interim report and the interim management statements; and
- attending to general tax affairs where necessary.

Performance Fee: Dependent on the level of performance achieved, Lindsell Train and Frostrow are also entitled to the payment of a performance fee. The calculation basis of the performance fee is by reference to the annual increase in the Company's adjusted market capitalisation per share, but only after attainment of an absolute return hurdle, which is the sum of the increase in the Retail Price Index ("RPI") in the year, plus a fixed return of 6%. During the year the RPI rose by 5.59%, therefore the performance fee hurdle, as at 30 September 2011, was 507.78p per share, being 11.59% above the hurdle at 30 September 2010. The Company's adjusted market capitalisation per share as at 30 September 2011 was 311.61p. Lindsell Train receives 85% and Frostrow receives 15% of the performance fee. The total fixed, periodic and performance fees payable in any one year to Lindsell Train and Frostrow are capped at 1.25% of the Company's market capitalisation. Any outperformance, that would have resulted in a higher fee being paid had there been no cap, is carried forward into the calculation of future years' fees. Similarly, in the case of underperformance, any underperformance has to be made up in future years before a performance fee becomes payable in those years. In the year under review, no performance fee was accrued or paid.

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 its issued share capital, in The Lindsell Train Investment Trust plc, which is managed by Lindsell Train, the Company's Investment 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% interest in Frostrow at a cost 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 8.

Report of the Directors

Continued

Investment Manager, Manager Evaluation and Re-Appointment

The review of the performance of Lindsell Train as Investment Manager and Frostrow as Manager is a continuous process carried out by the Board with a formal evaluation being undertaken each year. As part of this process the Board monitors the services provided by the Investment Manager and the Manager and receives regular reports and views from them. The Board also receives comprehensive performance measurement reports to enable it to determine whether or not the performance objective set by the Board has been met.

The Board believes the continuing appointment of the Investment Manager and the Manager, under the terms described on the previous page, is in the best interests of shareholders as a whole. In coming to this decision it also took into consideration the following additional reasons:

- the quality and depth of experience allocated by the Investment Manager to the management of the portfolio and the level of past performance of the portfolio in absolute terms and also by reference to the benchmark index; and
- the quality and depth of experience of the management, administrative, company secretarial and marketing team that the Manager allocates to the management 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.

Creditors' Payment Policy

Terms of payment are negotiated with service providers when agreeing settlement details for transactions. While the Company does not follow a formal code, it is the Company's continuing policy to pay amounts due to creditors as and when they become due. As at 30 September 2011, the Company did not have any trade creditors (2010: nil).

Social, Economic and Environmental Matters

The Company invests principally in the securities of UK quoted 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. The Board recognises that this should be achieved by investing in an environmentally responsible and ethical way. The Directors, through the Company's Investment Manager, encourage companies in which investments are made to adhere to best practice with regard to Corporate Governance. They believe that this can best be achieved through dialogue with company management to persuade them, where necessary, to improve their policies in this area. However, as the majority of the Company's investments are in blue-chip companies, the Board is of the opinion that investee companies are likely to have high standards of corporate governance and considerable regard both for the welfare of their employees and on environmental matters in relation to areas where their operations are located.

The Company itself owns no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint.

Charitable and Political Donations

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

Directors

The Directors of the Company, all of whom served throughout the year, are shown below. Further information on the Directors can be found on page 11.

Anthony Townsend
John Allard
Neil Collins
David Hunt
Vanessa Renwick
Giles Warman

Report of the Directors

Continued

Directors' Interests

The beneficial interests in the Company of the Directors and also of Mr Nick Train, the individual with responsibility for managing the Company's portfolio at Lindsell Train and Mr Alastair Smith, Managing Partner at Frostrow Capital, and their families were as set out below:

	Number of shares held	
	30 September 2011	30 September 2010
Anthony Townsend	120,638	95,940
John Allard	17,094	17,094
Neil Collins	12,986	7,986
David Hunt	20,500	15,000
Vanessa Renwick	18,514	12,580
Giles Warman	78,540	73,000
Alastair Smith	30,251	20,134
Nick Train	133,179	121,013

There have been no changes to the above interests in the Company's shares between the end of the year and the date of this report.

None of the Directors were granted or exercised rights over shares during the year. None of the Directors has any contract (including service contracts) with the Company.

Directors' Fees

A report on Directors' Remuneration is set out on pages 28 and 29.

Directors' and Officers' Liability Insurance Cover

Directors' and Officers' liability insurance cover was maintained by the Board during the year ended 30 September 2011. It is intended that this policy will continue for the year ended 30 September 2012 and subsequent years.

Directors' Indemnities

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 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 Capital LLP during normal business hours and will be available for inspection at the Annual General Meeting.

Capital Structure

The following information is disclosed in accordance with Part 6 of Schedule 7 of The Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008:

- The Company's capital structure and voting rights are summarised on the inside front cover;
- Details of the substantial shareholders in the Company are listed overleaf;
- The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association;
- 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 20 and 21;
- 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; and
- There are no agreements between the Company and its Directors concerning compensation for loss of office.

Report of the Directors

Continued

Substantial Share Interests

As at 30 November 2011 the Company was aware of the following substantial interests in the voting rights of the Company:

Fund manager	Registered holder	Number of shares	% of shares
Brewin Dolphin	Various Brewin Nominee Managed Accounts	9,179,926	15.8
Alliance Trust Savings	Alliance Trust Savings Nominees	6,452,192	11.1
Rathbone	Various Rathbone Nominee Managed Accounts	4,489,058	7.7
Investec Wealth & Investment	Various Nominee Accounts	3,392,127	5.8
Henderson Global Investors	Various Nominee Accounts	3,314,751	5.7
JP Morgan Asset Management	Chase Nominees, Bank of New York Nominees	2,736,290	4.7
Charles Stanley	Rock Nominees	2,360,009	4.0
Legal & General Investment Management	Various Nominee Accounts	1,892,926	3.3

Auditor

Grant Thornton UK LLP have indicated their willingness to continue to act as Auditor to the Company and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

Audit Information

So far as the Directors are aware, there is no relevant information of which the Auditors are unaware. The Directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditors are aware of such information.

Corporate Governance

A formal statement on Corporate Governance is set out on pages 23 to 27 and forms part of the Report of the Directors.

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 Registrars, or to the Company directly.

Directors' Remuneration

The Directors Remuneration Report on pages 28 and 29 details the fees paid to the Company's Directors for the years to 30 September 2010 and 30 September 2011 and the proposed increase for the forthcoming year. An ordinary resolution will also be put to shareholders at the Annual General Meeting to increase the limit on Directors' fees from £150,000 to £200,000 in aggregate per annum. Although the current level of fees is within the agreed limit the increase provides flexibility for an increase in levels in future years.

The Bribery Act 2010

The Board of Finsbury Growth & Income Trust PLC 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.

The Board applies the same standards to its service providers in their activities for the Company.

A copy of the Company's anti Bribery and Corruption policy can be found on its website at www.finsburygt.com.

Notice Period for General Meetings

At last year's Annual General Meeting, a special resolution was passed allowing general meetings of the Company to be called on a minimum notice period provided for in the Companies Act 2006. For meetings other than Annual General Meetings this is a period of 14 clear days.

The Board believes that it should continue to have the flexibility to convene general meetings of the Company (other than annual general meetings) on 14 clear days' notice.

The Board is therefore proposing Resolution No. 15 as a special resolution to approve 14 clear days as the minimum period of notice for all General Meetings of the Company other than Annual General Meetings. The notice period for Annual General Meetings will remain 21 clear days.

The authority, if given, will lapse at the next Annual General Meeting of the Company after the passing of this resolution.

Annual General Meeting

The formal notice of Annual General Meeting is set out on

Report of the Directors

Continued

pages 47 to 51 of this Annual Report. Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting:

Issue of Shares

Ordinary Resolution No. 10 in the Notice of Annual General Meeting will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £1,456,054 (equivalent to 5,824,216 shares, or 10% of the Company's existing issued share capital on 14 December 2011, 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 No. 11 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 2011 (reduced by any treasury shares sold by the Company pursuant to Resolution No. 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 No. 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 No. 11, Resolution No. 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 No. 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 2011 (reduced by any equity securities allotted for cash on a non-pro rata basis pursuant to Resolution No. 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.

The Directors intend to use the authority given by Resolutions Nos. 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.

Share Repurchases

At the Annual General Meeting held on 27 January 2011, shareholders approved the renewal of the authority permitting the Company to repurchase its own shares.

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

Report of the Directors

Continued

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 No. 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 2011, being the nearest practicable date prior to the signing of this Report, (amounting to 8,730,500 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.

Directors' Remuneration

Ordinary Resolution No. 14 seeks shareholder approval to increase the limit on Directors' fees from £150,000 to £200,000 in aggregate per annum.

By order of the Board

Frostrow Capital LLP
Company Secretary

14 December 2011

General Meetings

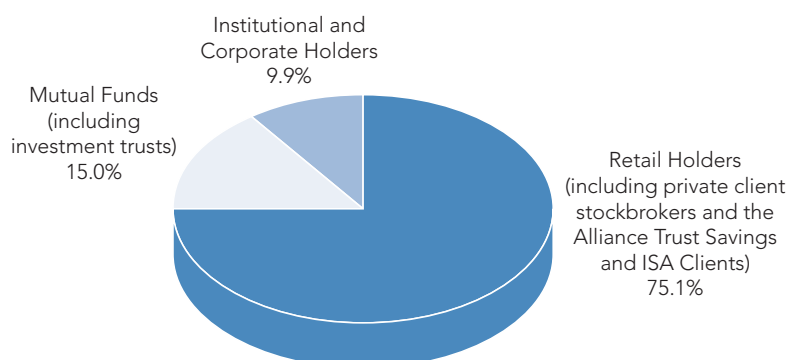
Special Resolution No. 15 seeks shareholder approval for the Company to hold General Meetings (other than the Annual General Meeting) at 14 clear days' notice.

Recommendation

The Board considers that the resolutions relating to the above 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 above resolutions to be proposed at the forthcoming Annual General Meeting as the Directors intend to do in respect of their own beneficial holdings totalling 268,272 shares.

Shareholder Analysis

% of Shares held on 30 September 2011



Statement of Directors' Responsibilities

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year. The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations. In preparing these financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable UK accounting standards; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements 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 Directors are responsible for ensuring that the Report of the Directors and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

The financial statements are published on the Company's website (website address: www.finsburygt.com) and on the Manager's website (website address: www.frostrow.com). The maintenance and integrity of these websites, so far as it relates to the Company, is the responsibility of the Manager. 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 the financial statements may differ from legislation in their jurisdiction.

The Directors, whose details can be found on page 11, confirm that to the best of their knowledge the financial statements, within the Annual Report, have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and the return for the year ended 30 September 2011, and that the Chairman's Statement, Investment Manager's Review and the Report of the Directors include a fair review of the information required by 4.1.8R to 4.1.11R of the FSA's Disclosure and Transparency Rules.

On behalf of the Board

Anthony Townsend
Chairman

14 December 2011

Corporate Governance

This Corporate Governance Statement forms part of the Report of the Directors.

Compliance

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"), both of which can be found on the AIC website www.theaic.co.uk. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code published in May 2010 (the "UK Governance Code") as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against the principles and recommendations of the AIC code, and by reference to the AIC Guide (which incorporates the UK Governance Code), will provide better information to shareholders. A copy of the UK Governance Code can be found at www.frc.org.uk.

The Board considers that it has managed its affairs throughout the year ended 30 September 2011 in compliance with the recommendations of the AIC Code and the relevant provisions of the UK Governance Code, except as set out below:

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

For the reasons set out in the AIC Guide, and in the preamble to the AIC Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment trust. The Company has therefore not reported further in respect of these provisions.

Internal Audit

As the Company delegates to third parties its day-to-day operations and has no employees, the Board has determined that there are no requirements for an internal audit function. The Board reviews annually whether a function equivalent to an internal audit is needed and it will continue to monitor its systems of internal controls in order to provide assurance that they operate as intended.

Board Independence, Composition and Tenure

The Board, chaired by Anthony Townsend who is responsible for its leadership and for ensuring its effectiveness in all aspects of its role, currently consists of six non-executive Directors. The Directors' biographical details, set out on page 11, demonstrate a breadth of investment, commercial and

professional experience. David Hunt has been designated as the Senior Independent Director, who can act as a sounding board for the Chairman and also acts as an intermediary for the other Directors when necessary. The Directors review their independence annually.

The Company's Articles of Association provide that a Director appointed during the year is required to retire and seek election by shareholders at the next Annual General Meeting and that all Directors are required to submit themselves for re-election at least once every three years. The Board has implemented the provisions of the UK Governance Code whereby all Directors of the Company will stand for re-election on an annual basis.

John Allard, Vanessa Renwick (who both joined the Board in 2000) and Giles Warman (who became a Director in 1989) have all served in excess of nine years on the Board. Nonetheless, the Board considers them to be independent in character and judgement and does not consider that the criterion of length of service should necessarily preclude them from being so considered. Anthony Townsend, who rejoined the Board in 2005, David Hunt, appointed a Director in 2006 and Neil Collins who became a Director in 2008, are all also considered by the Board to be independent. This position accords with the recommendation of the AIC Code that a director may be viewed as being independent notwithstanding service that could be considerably more than nine years. 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 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 other relationships or circumstances which are likely to affect their judgement. The Board has considered the position of Mr Townsend, Mrs Renwick and Messrs Allard, Collins, Hunt and Warman 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.

None of the Directors has a service contract with the Company. New Directors are appointed with the expectation that they will serve for a minimum period of three years and the terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the offices of the Company's Manager and will be available at the Annual General Meeting. When a new Director is appointed to the Board, he/she is provided with all relevant

Corporate Governance

Continued

information regarding the Company and his/her duties and responsibilities as a Director. In addition, a new Director will also spend time with representatives of the Manager and Investment Manager in order to learn more about their processes and procedures. The Chairman also regularly reviews the training and development needs of each Director. Directors' appointments are reviewed formally every three years by the Board. Any Director may resign in writing to the Board at any time.

The Board also receives regular briefings from, amongst others, the Auditors and the Company Secretary regarding any proposed developments or changes in laws or regulations that could affect the Company and/or the Directors.

The Board's Responsibilities

The Board is responsible for efficient and effective leadership of the Company and has reviewed the schedule of matters reserved for its decision. The Board meets at least on a quarterly basis and at other times as necessary. 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 investment policy which is set out on page 12 of this annual report. It also has responsibility for all corporate strategy issues, dividend policy, share buy-back policy, gearing, share price and discount/premium monitoring and corporate governance matters. To enable them to discharge their responsibilities, prior to each meeting the Directors are provided, in a timely manner, with a comprehensive set of papers giving detailed information on the Company's transactions, financial position, performance and income forecast. Representatives of the Manager and Investment Manager attend each Board meeting, enabling the Directors to seek clarification on specific issues or to probe further on matters of concern; a full written report is also received from the Investment Manager at each quarterly meeting. In light of these reports, the Board gives direction to the Investment Manager with regard to the Company's investment objectives and guidelines. Within these established guidelines, the Investment Manager takes decisions as to the purchase and sale of individual investments.

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. The Directors have access to the advice and services of the Company Secretary, through its appointed representative, who is responsible to the Board for ensuring that Board procedures are followed.

Performance Evaluation

Since the year-end the performance of the Board, 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 David Hunt.

Committees of the Board

During the year the Board delegated certain responsibilities and functions to committees. In line with the AIC Code, the Nominations and Remuneration function is carried out by the full Board under the Chairmanship of the Chairman of the Company, Anthony Townsend. The Audit and Management Engagement Committees continue in operation and copies of the full Terms of Reference, which clearly define the responsibilities of each Committee, can be obtained from the Company Secretary, will be available at the Annual General Meeting and can be found on the Company's website on www.finsburygt.com and via the website of the Manager at www.frostrow.com. The Audit Committee is chaired by David Hunt. All Directors of the Company, including the Chairman of the Company, are members of this Committee to enable them to be kept fully informed of any issues that may arise. The Directors believe that Mr Hunt, a Chartered Accountant, has relevant financial knowledge and experience to enable him to chair this Committee effectively. The Management Engagement Committee is chaired by the Chairman of the Company, Anthony Townsend. Again, all Directors of the Company are members of this Committee to enable them to be kept fully informed of any issues that may arise.

The table overleaf details the number of Board and Committee meetings attended by each Director. During the year there were six Board meetings, two Audit Committee meetings and one meeting of the Management Engagement Committee.

Audit Committee

The Company's Audit Committee meets at least twice per year. The Audit Committee is responsible for the review of the Annual Report and the Interim Report, the nature and scope of the external audit and the findings thereof and the terms of appointment of the Auditors, including their remuneration and the provision of any non-audit services by them.

Corporate Governance

Continued

The Audit Committee reviews the need for non-audit services and authorises such on a case by case basis having given consideration to the cost effectiveness of the services and the independence and objectivity of the auditors.

The Audit Committee meets representatives of the Manager and the Investment Manager and their Compliance Officers who report as to the proper conduct of business in accordance with the regulatory environment in which both the Company, the Manager and the Investment Manager operate. The Company's external Auditor also attends the Audit Committee at the Audit Committee's request and reports on its work procedures, the quality and effectiveness of the Company's accounting records and its findings in relation to the Company's statutory audit. The Committee meets with the external Auditor, without representatives of the Manager and the Investment Manager being present, at least once a year.

Management Engagement Committee

The Management Engagement Committee meets at least once per year. The Management Engagement Committee is responsible for the regular review of the terms of the management and investment management agreements with, and the performance of, the Manager and Investment Manager and also the Company's other service providers. The Committee last met in September 2011, at which time it was agreed that no amendments to the agreements were required. The agreements shall continue to be reviewed on a periodic basis as necessary.

Conflicts of Interest

It is a statutory requirement that a Director must avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests (a "situational conflict").

It is the responsibility of each individual Director to avoid an unauthorised conflict situation arising. He or she must request authorisation from the Board as soon as he or she becomes aware of the possibility of a situational conflict arising.

The Board is responsible for considering Directors' requests for authorisation of situational conflicts and for deciding whether they should be authorised. The factors to be considered will include whether the situational conflict could prevent the Director from performing his or her duties, whether it has, or could have, any impact on the Company and whether it could be regarded as likely to affect the judgment and/or actions of the Director in question. When the Board is deciding whether to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

A register of conflicts is maintained by the Company Secretary and is reviewed at quarterly Board meetings, to ensure that any authorised conflicts remain appropriate. Directors are required to confirm at these meetings whether there has been any change to their position.

The Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

The table below details the number of Board and Committee meetings attended by each Director. During the year there were six Board meetings, two Audit Committee meetings and one meeting of the Management Engagement Committee.

Type and number of meetings held in the year to 30 September 2011	Board (6)	Audit Committee (2)	Management Engagement Committee (1)
Anthony Townsend	6	2	1
John Allard	6	2	1
Neil Collins	6	2	1
David Hunt	6	2	1
Vanessa Renwick	5	2	1
Giles Warman	6	2	1

Other ad hoc meetings of the Board and Committees are held in connection with specific events as and when necessary. All of the Directors attended the Annual General Meeting held on 27 January 2011.

Corporate Governance

Continued

Internal Controls

Risk assessment and the review of internal controls are undertaken by the Board in the context of the Company's overall investment objective. The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming a reality; and
- the Company's ability to reduce the incidence and impact of risk on its performance.

Against this background, the Board has split the review of risk and associated controls into five sections reflecting the nature of the risks being addressed. These sections are as follows:

- corporate strategy;
- investment activity;
- published information, compliance with laws and regulations;
- service providers; and
- investment and business activities

The Company has outsourced all its activities to agents. The Company has obtained from its various service providers assurances and information relating to their internal systems and controls to enable the Board to make an appropriate risk and control assessment, including the following:

- details of the control environment in operation;
- identification and evaluation of risks and control objectives;
- review of communication methods and procedures; and
- assessment of the control procedures.

The key procedures which have been established to provide internal financial controls are as follows:

- investment management is provided by Lindsell Train. The Board is responsible for setting the overall investment policy and monitors the actions of the Investment Manager at regular Board meeting;
- administration, company secretarial and marketing duties for the Company are performed by Frostrow;

- custody of assets is undertaken by The Bank of New York Mellon;
- the duties of Investment Manager, Manager and the Custodian are segregated. The procedures of the individual parties are designed to complement one another;
- the Board clearly defines the duties and responsibilities of their agents and advisers. The appointment of agents and advisers to the Company is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their ongoing performance and contractual arrangements;
- mandates for authorisation of investment transactions and expense payments are set by the Board; and
- the Board reviews financial information produced by the Investment Manager and the Manager in detail on a regular basis.

All of the Company's management functions are performed by third parties whose internal controls are reviewed by the Board or on its behalf by Frostrow.

In accordance with guidance issued to directors of listed companies, the Directors confirm that they have carried out a review of the effectiveness of the system of risk management and internal financial control during the year, through the procedures set out above.

Relations with Shareholders

The Board reviews the shareholder register at each Board meeting. The Company has regular contact with its institutional shareholders particularly through the Manager. The Board supports the principle that the Annual General Meeting be used to communicate with private investors. The full Board attends the Annual General Meeting under the Chairmanship of the Chairman of the Board. Details of proxy votes received in respect of each resolution are made available to shareholders at the meeting and are also published on the Company's website at www.finsburygt.com. Representatives from the Investment Manager attend the Annual General Meeting and give a presentation on investment matters to those present. The Company has adopted a nominee share code which is set out on page 27.

The Board receives marketing and public relations reports from the Manager to whom the marketing function has been delegated. The Board reviews and considers the marketing plans of the Manager on a regular basis.

Corporate Governance

Continued

The Annual and Interim Reports, the Interim Management Statements and a monthly fact sheet are available to all shareholders. The Board considers the format of the Annual and Interim Reports so as to ensure they are useful to all shareholders and others taking an interest in the Company. In accordance with best practice, the Annual Report, including the Notice of the Annual General Meeting, is sent to shareholders at least 20 working days before the meeting. Separate resolutions are proposed for substantive issues.

Proxy Voting and Stewardship

The Financial Reporting Council ('FRC') published the UK Stewardship Code (the 'Code') for institutional shareholders on 2 July 2010. The purpose of the Code is to improve the quality of engagement between institutional investors and companies to help enhance long-term returns to shareholders and assist institutional investors with the exercise of their governance responsibilities. The FRC is encouraging institutional investors to make a statement of their commitment to the Code.

The Board has delegated responsibility for monitoring the activities of portfolio companies to the Investment Manager. The Board has reviewed and accepts the Investment Manager's Corporate Governance Principles, which may be found on the Manager's website, at www.lindselltrain.com. These Principles set out the Investment Manager's framework on corporate governance, proxy voting and shareholder engagement in relation to the companies in which the Investment Manager has invested or is considering investing. The Board has also reviewed the Investment Manager's Disclosure Response to the UK Stewardship Code, which also appears on the Investment Manager's website given above.

The Investment Manager is responsible for reviewing, on a regular basis, the publications produced by the portfolio companies and also for attending company meetings. The Investment Manager, in the absence of explicit instruction from the Board is empowered to use discretion in the exercise of the Company's voting rights.

The Board recognises and supports the Investment Manager's policy of active engagement with investee companies and the voting of all of the shares held by the Company. The Board receives from the Investment Manager regular reports on the exercise by the Investment Manager of the Company's voting rights and discusses with the Investment Manager any issues arising. It is the Board's view that having an active voting policy and a process for the monitoring by the Board of the

Manager's exercise of those votes, especially in relation to controversial issues, aids the efficient exercise of the Company's governance responsibilities.

Accountability and Audit

The Directors' statement of responsibilities in respect of the financial statements is set out on page 22. The report of the Company's auditor is set out on page 30. The Board has delegated contractually to external agencies, including the Manager and the Investment Manager, the management of the portfolio, custodial services (which includes the safeguarding of the Company's assets), the day to day marketing, accounting administration, company secretarial requirements and registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company. The Board receives and considers regular reports from the Manager and ad hoc reports and information are supplied to the Board as required.

Nominee Share Code

Where shares are held in a nominee company name, 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 or ISA 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.

Directors' Remuneration Report

for the year ended 30 September 2011

The Board has prepared this report, in accordance with the requirements of Schedule 8 to The Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires your Company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on page 30.

Policy on Directors' Fees

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. It is intended that this policy will continue for the year ending 30 September 2012 and for subsequent financial years.

At a Board Meeting held on 22 September 2011 it was agreed that the fees paid to the Directors should be increased for the forthcoming year as detailed overleaf. The fees paid to the Directors having remained unchanged since 2009 and those to the Chairman since 2005.

The fees for the Directors are determined within the limits set out in the Company's Articles of Association, the maximum aggregate amount currently being £150,000 per annum, and

they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. An ordinary resolution will be put to shareholders at the Annual General Meeting to increase this limit to £200,000.

Directors' Service Contracts

It is the Board's policy that 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.

Your Company's Performance

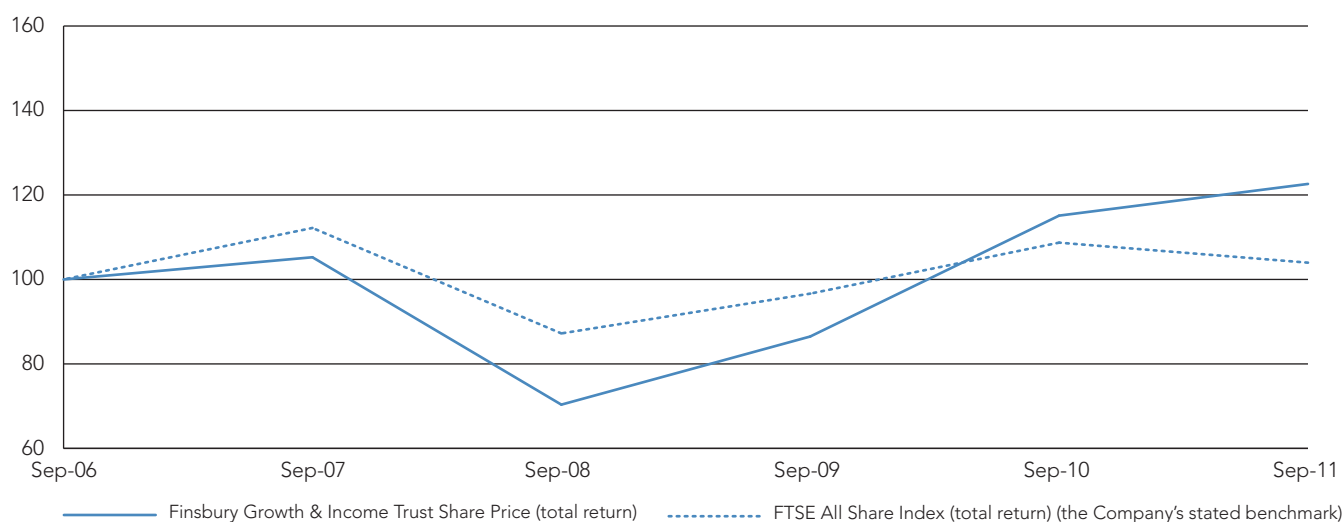
The law requires a line graph be included in the Directors' Remuneration Report showing total shareholder return for each of the financial years in the relevant period. The graph set out below compares, on a cumulative basis, the total return (assuming all dividends are reinvested) to shareholders compared to the total shareholder return on a notional investment made up of shares of the same kind and number as those by reference to which the FTSE All-Share Index (total return) (the Company's stated benchmark) is calculated.

The Board, while fulfilling the function of a Remuneration Committee, reviews the level of remuneration on an annual basis by reference to the activities of the Company and comparison with other companies of a similar structure and size.

Directors' Remuneration Report

Continued

Five Year Total Shareholder Return to 30 September 2011



Directors' Emoluments for the Year (audited)

The Directors who served in the year received the following emoluments in the form of fees:

	Level of fees with effect from 1 October 2011	Fees 2011	Fees 2010
Anthony Townsend (Chairman)	£30,000	£27,500	£27,500
John Allard	£20,000	£18,000	£18,000
Neil Collins	£20,000	£18,000	£18,000
David Hunt*	£23,000	£21,000	£21,000
Vanessa Renwick	£20,000	£18,000	£18,000
Giles Warman	£20,000	£18,000	£18,000

* Chairman of the Audit Committee and Senior Independent Director

Approval

The Directors' Remuneration Report was approved by the Board of Directors on 14 December 2011 and signed on its behalf by

Anthony Townsend
Chairman

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

We have audited the financial statements of Finsbury Growth & Income Trust PLC for the year ended 30 September 2011 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cashflow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 22, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2011 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules, we are required to review:

- the Directors' statement, set out on page 17, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the Board of Directors' remuneration.

Julian Bartlett

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

14 December 2011

Income Statement

for the year ended 30 September 2011

	Notes	Revenue £'000	Capital £'000	2011 Total £'000	Revenue £'000	Capital £'000	2010 Total £'000
Gains on investments designated at fair value through profit or loss	9	–	4,344	4,344	–	28,733	28,733
Exchange difference		–	(1)	(1)	–	(3)	(3)
Income	2	6,299	–	6,299	5,363	–	5,363
Investment management and management fees	3	(390)	(793)	(1,183)	(305)	(619)	(924)
Recovery of VAT on investment management fees previously paid		–	–	–	11	23	34
Other expenses	4	(458)	(4)	(462)	(492)	(89)	(581)
Return on ordinary activities before finance charges and taxation		5,451	3,546	8,997	4,577	28,045	32,622
Finance charges	5	(98)	(200)	(298)	(109)	(221)	(330)
Return on ordinary activities before taxation		5,353	3,346	8,699	4,468	27,824	32,292
Taxation on ordinary activities	6	(100)	–	(100)	(84)	–	(84)
Return on ordinary activities after taxation		5,253	3,346	8,599	4,384	27,824	32,208
Return per share	7	9.7p	6.1p	15.8p	8.5p	54.0p	62.5p

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.

The notes on pages 35 to 46 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2011

	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 2010	13,237	37,213	3,453	12,424	88,939	4,324	159,590
Net return from ordinary activities	–	–	–	–	3,346	5,253	8,599
Second interim dividend (4.4p per share) for the year ended 30 September 2010	–	–	–	–	–	(2,330)	(2,330)
First interim dividend (4.4p per share) for the year ended 30 September 2011	–	–	–	–	–	(2,353)	(2,353)
Issue of shares	1,072	13,040	–	–	–	–	14,112
Year ended 30 September 2011	14,309	50,253	3,453	12,424	92,285	4,894	177,618
At 30 September 2009	13,199	35,914	3,453	12,424	57,890	4,779	127,659
Net return from ordinary activities	–	–	–	–	27,824	4,384	32,208
Second interim dividend (5.1p per share) for the year ended 30 September 2009	–	–	–	–	–	(2,615)	(2,615)
First interim dividend (4.4p per share) for the year ended 30 September 2010	–	–	–	–	–	(2,224)	(2,224)
Issue of shares	38	381	–	–	–	–	419
Repurchase of shares into treasury	–	–	–	–	(5,934)	–	(5,934)
Sale of shares from treasury	–	918	–	–	9,159	–	10,077
Year ended 30 September 2010	13,237	37,213	3,453	12,424	88,939	4,324	159,590

The notes on pages 35 to 46 form part of these financial statements.

Balance Sheet

as at 30 September 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Investments designated at fair value through profit or loss	9	188,247	168,514
Current assets			
Debtors	10	1,145	613
Cash at bank		2,466	1,387
		3,611	2,000
Current liabilities			
Creditors	11	(690)	(224)
Bank loan	11	(13,550)	(10,700)
		(14,240)	(10,924)
Net current liabilities		(10,629)	(8,924)
Total net assets		177,618	159,590
Capital and reserves			
Share capital	12	14,309	13,237
Share premium account		50,253	37,213
Capital redemption reserve		3,453	3,453
Special reserve		12,424	12,424
Capital reserve	13	92,285	88,939
Revenue reserve		4,894	4,324
Equity shareholders' funds		177,618	159,590
Net asset value per share	14	310.3p	301.4p

The financial statements on pages 31 to 46 were approved by the Board of Directors on 14 December 2011, and were signed on its behalf by:

Anthony Townsend
Chairman

The notes on pages 35 to 46 form part of these financial statements.

Finsbury Growth & Income Trust PLC • Company Registration Number 13958 (Registered in Scotland).

Cash Flow Statement

for the year ended 30 September 2011

	Notes	2011 £'000	2010 £'000
Net cash inflow from operating activities	17	4,034	4,244
Net cash outflow from servicing of finance		(350)	(326)
Financial investment			
Purchase of investments		(17,588)	(19,152)
Sale of investments		2,705	18,170
Net cash outflow from financial investment		(14,883)	(982)
Equity dividends paid		(4,683)	(4,839)
Net cash outflow before financing		(15,882)	(1,903)
Financing			
Shares issued net of issue expenses		14,112	419
Repurchase of shares into treasury		–	(5,934)
Sale of shares from treasury		–	10,077
Drawdown/(repayment) of loans		2,850	(2,800)
Net cash inflow from financing		16,962	1,762
Increase/(decrease) in cash	18	1,080	(141)
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash resulting from cashflows		1,080	(141)
(Increase)/decrease in debt		(2,850)	2,800
Exchange movements		(1)	(3)
Movement in net debt		(1,771)	2,656
Net debt at 1 October 2010		(9,313)	(11,969)
Net debt at 30 September 2011	18	(11,084)	(9,313)

The notes on pages 35 to 46 form part of these financial statements.

Finsbury Growth & Income Trust PLC – Annual Report for the year ended 30 September 2011

Notes to the Financial Statements

1. Accounting Policies

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 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.

(b) Investments

As the entity'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 designated at fair value through profit or loss and are initially recognised at fair value. The entity 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 exchange on which they are quoted.

Unquoted investments are valued by the Directors using primary valuation techniques, in accordance with IPEVCA guidelines.

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 "gains or losses on investments designated at fair value through profit or loss".

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 capital column of the Income Statement. The total of such expenses, showing the total amounts included in disposals and acquisitions are disclosed in note 9 on page 40, as recommended by the SORP.

(c) 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 Reconciliation of Movements in Shareholders' Funds.

(d) Investment Income

Dividends receivable on equity shares are recognised on the ex-dividend date.

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

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.

LLP profit share is recognised in the financial statements when the entitlement to the income is established.

Notes to the Financial Statements

Continued

1. Accounting Policies *Continued*

(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 investment management fee, management fee and finance costs are taken to the capital reserve;
- (3) performance fees are charged 100% to capital.

(f) Taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by Financial Reporting Standard 19.

Any tax relief obtained in respect of management and investment 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 – realised 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) Capital Reserve

The following are charged to the capital column of the Income Statement and transferred to this reserve:

- Gains and losses on the disposal of investments;
- Exchange differences of a capital nature;
- Expenses, together with the related taxation effect, in accordance with the above policies; and
- Increase and decrease in the valuation of investments held at the year end.

(h) Cash at bank

Cash at bank comprises cash in hand and on demand deposits.

2. Income

	2011 £'000	2010 £'000
Income from investments		
Franked investment income		
– dividends	5,628	4,807
Unfranked investment income		
– limited liability partnership profit-share	105	80
– overseas dividends	566	463
	6,299	5,350
Other income		
Interest from HMRC (re: VAT reclaim on management fees)	–	13
Total income	6,299	5,363

Notes to the Financial Statements

Continued

3. Investment Management and Management Fees

	Revenue 2011 £'000	Capital 2011 £'000	Total 2011 £'000	Revenue 2010 £'000	Capital 2010 £'000	Total 2010 £'000
Investment management fee	259	527	786	200	406	606
Management fee	110	222	332	90	182	272
VAT on management fees	21	44	65	15	31	46
Total fees	390	793	1,183	305	619	924

4. Other Expenses

	Revenue 2011 £'000	Capital 2011 £'000	Total 2011 £'000	Revenue 2010 £'000	Capital 2010 £'000	Total 2010 £'000
Directors' fees	121	–	121	121	–	121
Fees payable to the Company's auditor – statutory annual audit	22	–	22	20	–	20
Fees payable to the Company's auditor – all other services	6	–	6	3	–	3
Printing	31	–	31	33	–	33
Bank and custody fees	21	–	21	20	–	20
Marketing costs	45	–	45	63	–	63
Legal and professional fees	2	4	6	59	89	148
Other expenses	210	–	210	173	–	173
Total expenses	458	4	462	492	89	581

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

Details of the amounts paid to Directors are included in the Directors' Remuneration Report on pages 28 and 29.

5. Finance Charges

	Revenue 2011 £'000	Capital 2011 £'000	Total 2011 £'000	Revenue 2010 £'000	Capital 2010 £'000	Total 2010 £'000
On bank loans wholly repayable within five years	85	173	258	89	181	270
Arrangement fees	13	27	40	20	40	60
	98	200	298	109	221	330

Notes to the Financial Statements

Continued

6. Taxation on Ordinary Activities

	Revenue 2011 £'000	Capital 2011 £'000	Total 2011 £'000	Revenue 2010 £'000	Capital 2010 £'000	Total 2010 £'000
(a) Analysis of charge for the year						
Irrecoverable overseas tax	100	–	100	84	–	84
(b) Factors affecting tax charge for year						
Return on ordinary activities before taxation	5,353	3,346	8,699	4,468	27,824	32,292
Return on ordinary activities multiplied by corporation tax of 27%^ (2010: 28%)	1,445	903	2,348	1,251	7,791	9,042
Effects of:						
Irrecoverable overseas tax	100	–	100	84	–	84
Franked investment income not subject to corporation tax	(1,519)	–	(1,519)	(1,346)	–	(1,346)
Overseas dividends not taxable	(153)	–	(153)	(130)	–	(130)
Excess expenses unutilised	223	–	223	221	–	221
Amounts charged to capital	–	270	270	–	254	254
Expenses not deductible for tax purposes	4	–	4	4	–	4
Capital return not subject to tax*	–	(1,173)	(1,173)	–	(8,045)	(8,045)
Current tax charge for the year (note 6(a))	100	–	100	84	–	84

^Under the Finance Act 2011, the rate of corporation tax was lowered to 26% from 28% on 1 April 2011. An average rate of 27% was applicable for the year ended 30 September 2011.

*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 2011, the Company has not recognised a deferred tax asset of £9,228,000 (26% tax rate) (2010: £9,428,000 (28% tax rate)) arising as a result of excess 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.

Notes to the Financial Statements

Continued

7. Return per Share

	Revenue 2011	Capital 2011	Total 2011	Revenue 2010	Capital 2010	Total 2010
Return per Share	9.7p	6.1p	15.8p	8.5p	54.0p	62.5p

The total return per share is based on the total return attributable to equity shareholders of £8,599,000 (2010: £32,208,000), and on 54,352,887 (2010: 51,546,561) shares, being the weighted average number of shares in issue during the year.

Revenue return per share is based on the net revenue on ordinary activities after taxation of £5,253,000 (2010: £4,384,000).

Capital return per share is based on the net capital profit for the year of £3,346,000 (2010: £27,824,000).

8. Dividends

	Ex-Div Date	Register Date	Payment Date	2011 £'000	2010 £'000
2011:					
First interim dividend of 4.4p per share (2010: 4.4p)	30 March 2011	1 April 2011	6 May 2011	2,353	2,224
Second interim dividend of 4.8p per share (2010: 4.4p)	28 September 2011	30 September 2011	4 November 2011	2,740	2,330

The second interim dividend of 4.8p per share (2010: 4.4p) 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 dividend payable in respect of the financial year which forms the basis of Section 1158 of the Corporation Tax Act 2010 are set out below:

	2011 £'000
Revenue available for distribution by way of dividend for the year	5,253
2011: First interim dividend of 4.4p per share paid on 1 April 2011	(2,353)
2011: Second interim dividend of 4.8p per share paid on 4 November 2011	(2,740)
Net addition to revenue reserves	160

Notes to the Financial Statements

Continued

9. Investments

Analysis of portfolio movements

	2011 £'000	2010 £'000
Opening book cost	112,305	116,639
Opening investment holding gains	56,209	22,160
Valuation at 30 September 2010	168,514	138,799
Movements in the year:		
Purchases at cost	18,094	19,152
Sales		
– proceeds	(2,705)	(18,170)
Loss on sales	(257)	(5,316)
Net movement in investment holdings gains	4,601	34,049
Valuation at 30 September 2011	188,247	168,514
Closing book cost	127,437	112,305
Investment holding gains at 30 September 2011	60,810	56,209
Valuation at 30 September 2011	188,247	168,514

Investment holding gains

	2011 £'000	2010 £'000
Losses based on historical cost	(257)	(5,316)
Amounts recognised as investment holding losses in previous year	291	6,031
Gain based on carrying values at previous year's balance sheet date	34	715
Net movement in investment holding gains in the year	4,310	28,018
Gains on investments during the year	4,344	28,733

Transaction costs on the acquisition and sale of investments totalled £116,000 and £4,000 respectively (2010: £141,000 and £22,000) and are included within the gains/(losses) on investments within the Income Statement.

10. Debtors

	2011 £'000	2010 £'000
Prepayments and accrued income	694	613
Amount due from broker in respect of shares issued by the Company	451	–
	1,145	613

11. Creditors

Amounts falling due within one year

	2011 £'000	2010 £'000
Amounts due to brokers	506	–
Bank loan with Scotiabank Europe PLC*	13,550	10,700
Other creditors and accruals	184	224
	14,240	10,924

* Further details on the loan facility can be found in note 16.

Notes to the Financial Statements

Continued

12. Share Capital

	2011 £'000	2010 £'000
Authorised: Shares of 25p	25,000	25,000
Allotted, issued and fully paid: 57,237,423 (2010: 52,947,423) shares of 25p each	14,309	13,237

During the year 4,290,000 new shares were issued for consideration of £14,112,000 being an average price of 3.28p per share and at an average premium of 0.7% to the cum income net asset value per share at the time of issue. At the year-end there was a debtor of £451,000 in relation to shares issued but not settled until after the year-end. At the year-end the Company held no shares in treasury (2010: Nil).

13. Capital Reserve

	Capital Reserves Realised £'000	Capital Reserve Investment Holding Gains Unrealised £'000	Total £'000
At 1 October 2010	32,730	56,209	88,939
Transfer on disposal of investments	(291)	291	–
Net gains on investments	34	4,310	4,344
Expenses charged to capital	(997)	–	(997)
Foreign currency exchange difference	(1)	–	(1)
At 30 September 2011	31,475	60,810	92,285

Under the terms of the Company's Articles of Association, sums within "Capital Reserves" are available for distribution only by way of redemption or purchase of any of the Company's own shares. In addition, in order to maintain investment trust status, the Company may only distribute by way of dividend accumulated revenue profits.

14. Net Asset Value per Share

The net asset value per share is based on net assets of £177,618,000 (2010: £159,590,000) and on 57,237,423 (2010: 52,947,423) (excluding treasury shares) shares in issue at the year end. As at 30 September 2011 the Company held no shares in treasury (2010: Nil).

15. Related Parties

Details of the relationship between the Company and Lindsell Train Limited are disclosed in the Report of the Directors on pages 15 to 17. During the year ended 30 September 2011, Lindsell Train Limited received £786,000 (2010: £606,000) in respect of Investment Management fees, of which £66,000 (2010: £57,000) was outstanding at the year end.

The Company has an investment in The Lindsell Train Investment Trust plc with a book cost of £1,000,000 (2010: £1,000,000) and a fair value of £2,130,000 (2010: £2,040,000) as at 30 September 2011. The Lindsell Train Investment Trust plc is managed by the Company's Investment Manager.

Notes to the Financial Statements

Continued

16. 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 12. 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 profits available for distribution.

The Company's financial instruments comprise equity and fixed rate investments, cash balances, borrowings and 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 Report of the Directors on pages 13 to 15.

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. Further information regarding market price risk can be found in the Report of the Directors on page 14.

At 30 September 2011, the fair value of the Company's assets exposed to market price risk was £188,247,000 (2010: £168,514,000) (see page 8). If the fair value of the Company's investments at the balance sheet 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 2011 would have increased or decreased by £18,825,000 or 32.9p per share (2010: £16,851,000 or 31.8p per share).

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

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 at bank and on deposit
- the fair value of investments of fixed rate securities

Notes to the Financial Statements

Continued

16. Risk Management *Continued*

The Company's main exposure to interest rate risk during the year ended 30 September 2011 was through its £20,000,000 secured multicurrency committed revolving credit facility with Scotiabank Europe PLC. Borrowings varied throughout the year as part of the Board's endorsed policy. Borrowings at the year-end amounted to £13,550,000 (2010: £10,700,000) at an interest rate of 2.08% (LIBOR plus 1.25%).

If the above level of borrowing was maintained for a year a 1% increase/decrease in LIBOR would decrease/increase the revenue return by £45,000, would decrease/increase the capital return by £91,000, and would decrease/increase the net assets by £136,000 (2010: decrease/increase the revenue return by £35,000, decrease/increase the capital return by £72,000 and decrease/increase the net assets by £107,000).

The weighted average interest rate, during the year, on borrowings under the above mentioned revolving credit facility provided by Scotiabank Europe PLC was 2.05% (2010: 2.13%).

At the year-end, the Company's financial assets and liabilities exposed to interest rate risk were as follows:

	2011 Within one year £'000	2010 Within one year £'000
Exposure to floating rates:		
Cash at bank	2,466	1,387
Creditors: amount falling due within one year		
– borrowings under the loan facility	13,550	10,700
Exposure to fixed rates:		
Investments designated at fair value through profit or loss [#]	2,132	4,723

[#] Comprises holdings in Lloyds Banking Group 9.25% non cum preference and Celtic 6% cum preference as set out on page 8.

Currency risk

The financial statements are presented in sterling, which is the functional currency and presentational currency of the Company. At 30 September 2011, all of the Company's investments, with the exception of four, were priced in sterling. The four exceptions, Thomson Reuters, listed in Canada, Heineken, listed in the Netherlands, and Dr Pepper Snapple and Kraft Foods, both listed in the United States, represent 10.0% of the portfolio (see page 8).

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 Investment 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 Investment Manager and the 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 Aa2 (Moody's) and AA– (S&P).

Scotiabank Europe PLC, the provider of the Company's loan facility, has established a first fixed and floating charge over the assets of the Company as security against any funds drawn down by the Company under the loan facility.

Notes to the Financial Statements

Continued

16. Risk Management *Continued*

As at 30 September 2011, the exposure to credit risk was £5,743,000 (2010: £6,723,000), comprising:

	2011 £'000	2010 £'000
Fixed assets:		
Non-equity investments (preference shares)	2,132	4,723
Current assets:		
Other receivables (amounts due from brokers, dividends and interest receivable)	1,145	613
Cash at bank	2,466	1,387
Total exposure to credit risk	5,743	6,723

The exposure to credit risk calculation is based on the Company's credit risk exposure as at 30 September 2011.

Liquidity Risk

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 that are readily realisable, and are significantly in excess of its financial liabilities.

Fair value of financial assets and financial liabilities

Financial assets and financial liabilities are either carried in the balance sheet 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 – valued using quoted prices unadjusted in active markets for identical assets or liabilities.
- Level 2 – valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included within Level 1.
- Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data for the asset or liability.

The table below sets out fair value measurements of financial instruments as at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised.

Financial assets at fair value through profit or loss at 30 September 2011	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	185,645	–	470	186,115
Preference share investments	2,132	–	–	2,132
	187,777	–	470	188,247
Financial assets at fair value through profit or loss at 30 September 2010	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	163,451	–	340	163,791
Preference share investments	4,723	–	–	4,723
	168,174	–	340	168,514

Notes to the Financial Statements

Continued

The valuation techniques used by the company are explained in the accounting policies note on page 35.

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

	2011 £'000	2010 £'000
Opening fair value	340	250
Total gains or losses included in gains on investments in the Income Statement – on assets held at the end of the year	130	90
Closing fair value	470	340

Capital management objectives, policies and procedures

The structure of the Company's Capital is described in note 12 to the financial statements and details of the Company's reserves are shown in the Reconciliation of Movements in Shareholders' Funds on page 32. Details of the Company's debt, representing 7.6% of net assets, can be found on the Balance Sheet on page 33 and in note 16 on page 43.

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 capital and debt.

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

- the level of gearing, set at a maximum of 25% of net assets, which takes account of the Company's position and the views of the Board and the Investment Manager on the market; and
- the extent to which revenue reserves should be retained or utilised.

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

The Company is subject to externally imposed capital requirements;

- In order to be able to pay dividends out of profits available for distribution, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law.

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.

Notes to the Financial Statements

Continued

17. Reconciliation of Net Return Before Finance Charges and Taxation to Net Cash Inflow from Operating Activities

	2011 £'000	2010 £'000
Total return before finance charges and taxation	8,997	32,622
Less: capital return before finance charges and taxation	(3,546)	(28,045)
Net revenue before finance charges and taxation	5,451	4,577
(Increase)/decrease in accrued income and prepayments	(83)	260
(Increase)/decrease in debtors	(451)	135
Increase/(decrease) in creditors	12	26
Taxation – irrecoverable overseas tax paid	(98)	(69)
Investment management and management fees charged to capital	(793)	(596)
Other expenses charged to capital	(4)	(89)
Net cash inflow from operating activities	4,034	4,244

18. Analysis of Changes in Net Debt

	At 1 October 2010 £'000	Cashflow £'000	Exchange Movement £'000	At 30 September 2011 £'000
Cash at bank	1,387	1,080	(1)	2,466
Debt falling due within 1 year	(10,700)	(2,850)	–	(13,550)
Net debt	(9,313)	(1,770)	(1)	(11,084)

19. Substantial Interests

The Company holds interests in 3% or more of any class of capital in the following entities:

Company or Limited Liability Partnership	Shares held	Fair value £'000	% of issued share capital or Limited Liability Partnership interest
A.G. Barr	1,446,934	17,233	3.7
Frostrow Capital LLP (unquoted)	–	470	10.0
Lindsell Train Investment Trust*	10,000	2,130	5.0
Marston's	6,244,565	5,776	3.7

*Also managed by Lindsell Train Limited who receive an Investment Management fee of 0.65% per annum of the company's adjusted market capitalisation.

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 **Barber-Surgeons' Hall, Monkwell Square, Wood Street, London EC2Y 5BL** on Wednesday, 18 January 2012 at 12 noon, for the following purposes:

Ordinary Business

1. To receive and consider the audited accounts and the Report of the Directors for the year ended 30 September 2011.
2. To re-elect Anthony Townsend as a Director of the Company.
3. To re-elect John Allard as a Director of the Company.
4. To re-elect Neil Collins as a Director of the Company.
5. To re-elect David Hunt as a Director of the Company.
6. To re-elect Vanessa Renwick as a Director of the Company.
7. To re-elect Giles Warman as a Director of the Company.
8. To approve the Directors' Remuneration Report.
9. To reappoint Grant Thornton UK LLP as auditors of the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider, and if thought fit, pass the following resolutions of which resolutions 11, 12, 13 and 15 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 £1,456,054 being 10% of the issued share capital at 14 December 2011 and representing 5,824,216 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 2013 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.

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 Companies Act 2006 (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:

Notice of the Annual General Meeting

Continued

- (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 £1,456,054, being 10% of the issued share capital of the Company as at 14 December 2011 and representing 5,824,216 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 12 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 net asset value per Share as at the latest practicable date 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.

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 Companies Act 2006 (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 their 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
 - (b) this power shall be limited to the sale of relevant shares having an aggregate nominal value of £1,456,054, being 10% of the issued share capital of the Company as at 14 December 2011 and representing 5,824,216 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,

Notice of the Annual General Meeting

Continued

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 Companies Act 2006 (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") provided that:
- (i) the maximum aggregate number of Shares authorised to be purchased is 8,730,500 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);
 - (iv) this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2013 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.

Directors' Fees

14. THAT the limit on Directors' fees be increased from £150,000 to £200,000 in aggregate per annum.

General Meetings

15. THAT as permitted by the EU Shareholders' Rights Directive (2007/36/EC) 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 in accordance with the provisions of the Articles of Association of the Company 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 the resolution.

By order of the Board

Frostrow Capital LLP
Company Secretary

14 December 2011

Registered office
50 Lothian Road
Festival Square
Edinburgh
EH3 9BY

Notice of the Annual General Meeting

Continued

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 Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 12 noon on 16 January 2012.
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") at 5.30 p.m. on 16 January 2012 (or, in the event of any adjournment, 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 2011 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 58,242,165 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 14 December 2011 are 58,242,165.
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.
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.

Notice of the Annual General Meeting

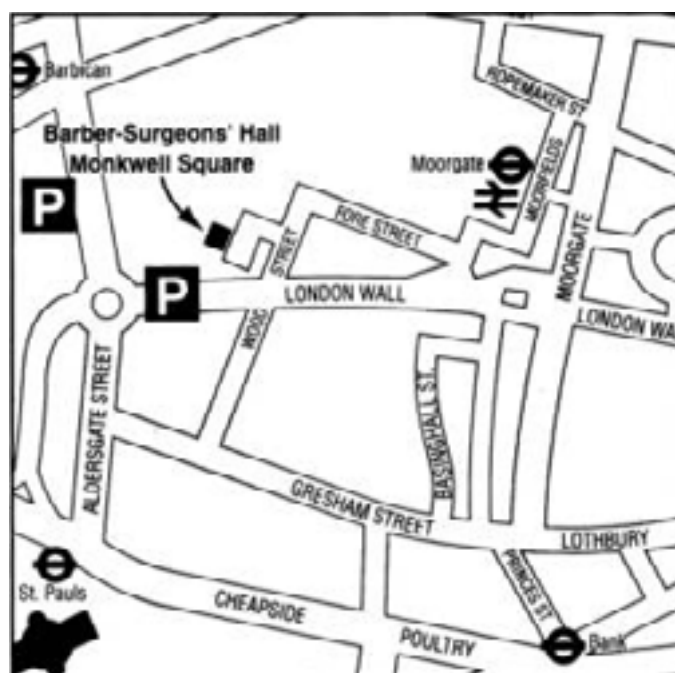
Continued

Notes (continued)

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 Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras).
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 Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
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.

Location of the Annual General Meeting

to be held at the **Barber-Surgeons' Hall, Monkwell Square, Wood Street, London EC2Y 5BL** on Wednesday, 18 January 2012 at 12 noon.



Glossary of Terms

Discount or Premium

A description of the situation when the share price is lower or higher than 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 this situation is called a premium. If the share price is lower than the net asset value, shares are trading at a discount.

Gearing

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

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

It is calculated by dividing the drawdown loans of the Company by the Shareholders' funds.

Net Asset Value (NAV)

The value of the Company's assets, principally investments made in other companies and cash being held, minus any liabilities for which the Company is responsible, e.g. money owed to other people. The NAV is also described as 'shareholders' funds'. 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 shareholders' funds per share, including an assumed amount of an original investment at the beginning of the period specified, reflecting the change in net asset value assuming that dividends paid to shareholders were reinvested at net asset value per share at the time the shares were quoted ex-dividend. A way of measuring investment management performance of investment trusts which is not affected by movements in discounts or premiums.

Total Assets

Total assets give an indication of the total value of all the Company's investments before deducting any borrowings used for gearing/investment purposes.

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.

Total Expense Ratio

The total operating expenses incurred by a company, including any charged to capital, excluding performance fees, finance charges, recovery of VAT on management fees and other exceptional items, as a percentage of average total shareholders' funds.

How to Invest

Alliance Trust Savings Limited

The Company's shares are available through savings plans (including Investment Dealing Accounts, ISAs, Junior ISAs and SIPP) operated by Alliance Trust Savings Limited, which facilitates both regular monthly investments and lump sum investments in the Company's shares. Shareholders who would like information on the savings plans should call Alliance Trust Savings Limited on 01382 573737 or log on to www.alliancetrustsavings.co.uk or email contact@alliancetrust.co.uk. Calls to this number may be recorded for monitoring purposes.

An Individual Savings Account ('ISA') and Junior ISA are tax efficient methods of investment for an individual which give the opportunity to invest in the Company up to £10,680 for an ISA and £3,600 for a Junior ISA in the tax year 2011/2012 and also in subsequent tax years.

The preceding two paragraphs have been issued and approved by Alliance Trust Savings Limited. Alliance Trust Savings Limited of PO Box 164, 8 West Marketgait, Dundee DD1 9YP is registered in Scotland with number SC98767. Alliance Trust Savings Limited provides investment products and services and is authorised and regulated by the Finance Services Authority. It does not provide investment advice.

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 £20.00, max £75.00)	1.5% of the value of the deal (Minimum £25.00, max £102.50)

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.

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 8.30 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 tax advantages will depend on personal circumstances. The favourable tax treatment of 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

Company Registration Number

13958 (Registered in Scotland)

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

The Company was incorporated in Scotland on 15 January 1926. The Company was incorporated as Scottish Cities Investment Trust PLC.

Website

www.finsburygt.com

Investment Manager

Lindsell Train Limited
Cayzer House,
30 Buckingham Gate
London SW1E 6NN
Website: www.lindselltrain.com

Authorised and regulated by the Financial Services Authority.

Manager, Administrator and Company Secretary

Frostrow Capital LLP
25 Southampton Buildings,
London WC2A 1AL
Telephone: 020 3008 4910
E-Mail: info@frostrow.com
Website: www.frostrow.com

Authorised and regulated by the Financial Services Authority.

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



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, Capita Registrars, 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.

Finsbury Growth & Income Trust PLC – Annual Report for the year ended 30 September 2011

Custodian and Banker

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

Auditors

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

Registrars

Capita Registrars
The Registry,
34 Beckenham Road,
Beckenham, Kent BR3 4TU
Telephone (in UK): 0871 664 0300†
Telephone (from overseas): +44 (0) 20 8639 3399
Facsimile: +44 (0) 1484 600911
E-mail: ssd@capitaregistrars.com
Website: 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 extras and may be recorded for training purposes. Lines are open from 8.30 a.m. to 5.30 p.m. Monday to Friday.

Stockbrokers

Winterflood Securities Limited
The Atrium Building, Cannon Bridge,
25 Dowgate Hill
London EC4R 2GA

Share Price Listings

The price of your shares can be found in various publications including the Financial Times, and in The Daily Telegraph, The Times and The Scotsman.

The Company's net asset value per share is announced daily and is available, together with the share price, on the TrustNet website at www.trustnet.com

Identification Codes

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

aic

The Association of
Investment Companies

A member of the Association of Investment Companies

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