Troy Income & Growth Trust plc

Annual Report and Accounts

for the year ended 30 September 2011

TROY

INCOME & GROWTH TRUST PLC

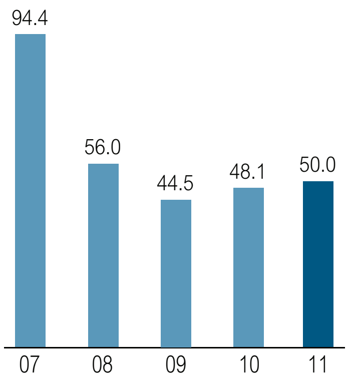
Contents

Financial Highlights

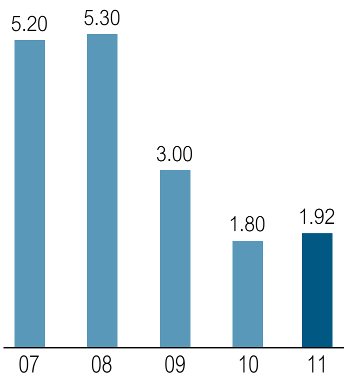
	2011	2010
Net asset value total return	**+7.9%**	+13.1%
Share price total return	**+7.8%**	+19.2%
Benchmark total return	**–4.4%**	+12.5%
Dividend per share	**1.9175p**	1.80p
Dividend yield *	**3.9%**	3.8%
FTSE All-Share Index yield	**3.7%**	3.2%

* Dividend per share/share price at 30 September.

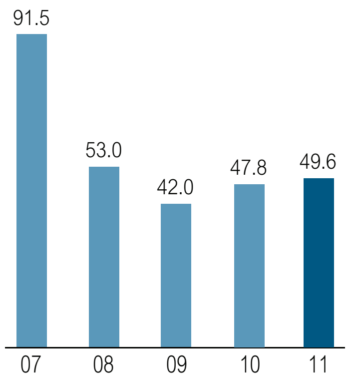
Net Asset Value per Ordinary share
At 30 September – pence



Dividends per Ordinary share
pence



Share price per Ordinary share
At 30 September – pence



Key Historical Events

1 August 2009	Troy Asset Management Ltd appointed manager
17 September 2009	Investment policy changed from high income to income & growth
14 January 2010	Discount control policy introduced

Financial Calendar

5 January 2012	Annual General Meeting
27 January 2012	First interim dividend 2011/2012 payable
27 April 2012	Second interim dividend 2011/2012 payable
May 2012	Interim results announced
May 2012	Interim Report published
27 July 2012	Third interim dividend 2011/2012 payable
26 October 2012	Fourth interim dividend 2011/2012 payable

Corporate Summary

Capital Structure
The Company's issued share capital as at 30 September 2011 consisted of 126,441,432 Ordinary shares of 25p each and no Ordinary shares were held in treasury. As at 22 November 2011 there were 128,641,432 Ordinary shares in issue and no Ordinary shares held in treasury.

Dividends
Dividends on the Ordinary shares are payable quarterly at the end of January, April, July and October. As commented upon in the Chairman's Statement, the Board and Troy Asset Management Limited ("Troy" or the "Manager") expect that the investment policy of the Company can generate an income yield that is higher than the dividend yield on the FTSE All-Share Index and also be able to grow the dividend over time.

Continuation Vote
A continuation vote was passed at the AGM on 14 January 2010. As a result of this, the Company's next continuation vote will be held at the Company's first AGM following the financial year ending 30 September 2013 and, if passed, at each fifth AGM thereafter.

Management Company and Fee
With effect from 1 August 2009, Troy were appointed as Manager to the Company under a management contract which is terminable by either party on six months' notice. The fee is at an annual rate of 0.75% of the Company's net assets.

SIPPs and ISAs
The Company's Ordinary shares are available for investment in SIPPs and ISAs.

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

Share Price and Net Asset Value Information
The share price of the Ordinary shares, which are listed on the main market of the London Stock Exchange, is quoted in the Financial Times, The Times, The Daily Telegraph and The Herald. The Company's Net Asset Value is calculated daily and announced to the London Stock Exchange.

Share Register Enquiries
The Company's Registrars, Equiniti Limited, maintain the share register. In the event of queries regarding your shares, please contact the Registrars on 0871 384 2501. Calls to this number cost 8p per minute from a BT landline, other providers' cost may vary. Lines are open 8.30 am to 5.30 pm Monday to Friday. The overseas helpline number is +44 121 415 7047. Changes of name or address must be notified in writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

Shareview Website
The Registrars provide an on-line service that enables shareholders to access details of their shareholdings. A shareholder wishing to view the information, together with additional information such as indicative share prices and details of recent dividends, should visit www.shareview.co.uk.

Shares Held in Nominee Names
Where notification has been received in advance, the Company will provide nominee companies with copies of shareholder communications for distribution to their customers. Shareholders who hold their shares in nominee names may, if appointed as a proxy by the nominee company, attend and speak at general meetings.

Company Secretary
Steven Cowie, C.A., Personal Assets Trust Administration Company Limited, 10 St Colme Street, Edinburgh EH3 6AA.

Website
www.tigt.co.uk

Investment policy

The Company's investment objective is to provide shareholders with an attractive income yield and the prospect of income and capital growth through investing in a portfolio of predominantly UK equities.

Equities are selected for their inclusion within the portfolio solely on the basis of the strength of the investment case with the focus being on long term income growth along with capital preservation.

Asset classes other than equities will be purchased from time to time and will vary as opportunities are identified and will include convertibles, preference shares, fixed income securities and corporate bonds. Investments will be made when prospective returns appear to be superior to those from equity markets or are considered likely to exceed the Company's borrowing costs. However, non-equity securities will not constitute the majority of the portfolio. The Company may also use derivatives for the purpose of efficient portfolio management (including reducing, transferring or eliminating investment risk in its investments and protection against currency risk), to exploit an investment opportunity and to achieve capital growth.

There are no pre-defined maximum or minimum exposure levels for asset classes but these exposures are reported to, and monitored by, the Board in order to ensure that adequate diversification is achieved. The Company is permitted to hold up to 15 per cent of gross assets in non-UK investments.

The Company does from time to time invest in other UK listed investment companies but the Company will not invest more than 15 per cent of gross assets in other listed investment companies.

The portfolio will be relatively concentrated and the number of individual holdings in equities and funds will vary over time but, in order to diversify risk, will typically be between 30 and 50. The Board monitors the aggregate exposure to any one equity across the whole investment portfolio.

While there is a comparative index for the purpose of measuring performance over material periods, no attention is paid to the composition of this index when constructing the portfolio and the composition of the portfolio is likely to vary substantially from that of the index.

The Company may utilise gearing in a tactical and flexible manner to enhance returns to shareholders. As an investment trust, the Company is able to borrow money and does so when the Board and the Manager have sufficient conviction that the assets funded by borrowed monies will generate a return in excess of the cost of borrowing. Such gearing may be in the form of bank borrowings or through derivative instruments which provide a geared exposure to equity markets. Gearing levels are discussed by the Board and the Manager at every Board meeting and monitored between meetings and adjusted accordingly with regard to the outlook. The Board currently intends that the aggregate borrowings of the Company will be up to 15 per cent of net assets immediately following drawdown, with a maximum level of aggregate borrowings of 25 per cent of net assets immediately following drawdown. The Board will, however, retain flexibility to increase or decrease the level of the Company's gearing to take account of changing market circumstances and in pursuit of the Company's investment policy.

The following does not form part of the Company's investment policy:

- It is intended that the Company will generally remain fully invested but the Company will retain the ability to hold cash or cash equivalents from time to time. Troy's commitment to capital preservation means that the level of cash held in portfolios which it manages has always been an active investment decision.
- In addition, various guidelines have been set by the Board in discussion with the Manager which are detailed on page 17 of the Directors' Report.

Principal Risks and Uncertainties

The principal risks facing the Company relate to the Company's investment activities and include market price risk (comprising interest rate risk, foreign currency risk and other price risk), liquidity risk and credit risk. Other risks faced by the Company include breach of regulatory rules which could lead to suspension of the Company's Stock Exchange Listing, financial penalties, or a qualified audit report. Breach of Section 1159 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on capital gains. An explanation of the principal risks and how they are managed is contained in the Directors' Report and in the notes to the financial statements.

Chairman's Statement

I am pleased to report that the Company has made steady progress on a number of fronts, despite the challenging economic background and volatile market conditions. Over the twelve months to 30 September 2011 the NAV total return was +7.9%. The share price total return was +7.8%, reflecting the success of the discount control mechanism, which has been in place since January 2010. Over the same period the FTSE All-Share Index total return was –4.4%. The dividends paid in relation to the year to 30 September 2011 totalling 1.9175p per share represent a 6.5% increase on the previous year. The distinctive Troy investment approach has served shareholders well in difficult market conditions and has delivered positive absolute returns, while exposing the portfolio to lower than average volatility.

A cautious approach to gearing has also helped to reduce volatility and although the Company has an overdraft facility in place this will only be drawn down when equity valuations present a compelling opportunity to use leverage. As yet the Manager has not sought to use gearing but this position is reviewed regularly by the Board. At present the level of market volatility is too great.

Economic Background

The past year has seen a considerable contrast between the macro economic background and the experiences of individual companies, particularly those in the more defensive sectors which make up the bulk of the Company's portfolio. The problems of the global financial system, and those countries most weakened in their attempts to shore it up, have grown considerably. The Eurozone in particular has teetered on the brink of crisis as the enormous deficits of Southern Europe threaten to cause the single currency to implode unless Germany agrees to underwrite the vast losses embedded in the system. In contrast many large companies have strong balance sheets and continue to grow revenues, earnings and dividends thanks to exposure to emerging growth markets. These companies have proved to be more insulated from the macro concerns than the market as a whole.

Performance & Discount Control

Against this background of the Company's NAV total return for the year being +7.9% and the FTSE All-Share Index total return –4.4%, the FTSE 350 Higher Yield Index produced a total return of +2.1%. This shows that this was a period which favoured stocks with above average yields.

It is encouraging that the NAV and share price returns were nearly identical at +7.9% and +7.8% respectively, indicating that discount volatility was minimal.

Prior to March 2011 the Company was repurchasing many more shares than it was issuing in order to ensure the continued elimination of the discount. At that date the number of shares in issue had fallen from 121 million to 110 million. I am pleased to say that market demand has led to the reissue of all the shares held in treasury (which peaked at 12.7 million shares) and then subsequently the issue of 4.5 million new shares in the period to 30 September 2011, so the issued share capital of the Company is now greater than it was when the process began. Shareholders have therefore seen the elimination of the discount and a more liquid market in the Company's shares than considerably larger trusts can offer.

Future

The Board remains of the view that the Troy Income & Growth Trust is an attractive long term savings vehicle. The total expense ratio of 1.3% will reduce as the company grows organically and if suitable opportunities arise, by acquisition. The market would appear to have recognised the Company's clear commitment to its discount control policy and the Company is attracting new investors as a result.

Dividends

One of the Board's objectives is to deliver on a progressive dividend policy.

The fourth interim dividend of 0.5p per share, brought the total dividends for the year to 30 September 2011 to 1.9175p per share, an increase of 6.5% on the total dividends paid for the year to 30 September 2010. The revenue reserve of just under £2 million after the fourth quarterly dividend represents approximately 78% of the cost of the annual dividends and should provide comfort to investors. It is the Board's intention, barring unforeseen circumstances, that they will at least maintain the quarterly dividend rate of 0.5p per share for the full year to 30 September 2012.

Conclusion

This has been an encouraging year for investment performance in very difficult market conditions. Increasingly the benefit of reducing the volatility of the share price through our discount control policy is well understood and appreciated. Although the market is likely to remain volatile and the economic environment difficult, our emphasis on low volatility and consistent absolute returns should continue to serve investors well in the future. Unlike many other asset classes, we believe high quality equities still offer a reasonable level of income without exposure to serious overvaluation, whilst income growth also offers some protection from inflation.

We believe that this formula provides a sound basis for successful long term investment.

R G Hanna

Chairman

22 November 2011

Manager's Review

Background

The Company has delivered a strong positive return over the year. This contrasts markedly with a –4.4% total return from the FTSE All-Share. However, the weakness of the market return has not entirely surprised us. We believe at Troy that high long term returns from assets can only be expected from a strong starting point and 12 months ago the investment climate was far from ideal. The outlook paragraph of the 2010 Manager's report, written at that time, cites several causes for concern. Chief amongst these was the Eurozone and the unfolding Greek sovereign crisis. Despite a plethora of meetings and summits the intervening 12 months have delivered little progress. The eventual expansion of the European Financial Stability Fund to an increasingly inadequate level of €440 billion has just been ratified by the final member state. Spain and Italy have both been added to the list of countries who have seen their sovereign debt downgraded by the ratings agencies while the Greeks have failed to deliver on their austerity commitments and the market continues to be racked by intermittent fears of new crises in the banking sector.

The possibility of further rounds of quantitative easing also weighed heavily on our minds at that time. A $600 billion second round of extraordinary monetary easing was announced in November 2010 and was met with much less enthusiasm by the market than the initial tranche. Doubts over the efficacy of this policy have only increased nervousness. Lastly, we also expressed concerns regarding inflation and GDP growth. A combination of loose monetary policy, an increase in the level of VAT and a series of external price shocks has driven inflationary measures to above 5.2%, a level not seen since 2008. The latest quarterly UK growth figure was a paltry 0.1%. This is alarmingly low when the level of monetary stimulus that has been implemented is considered.

What we could not have anticipated was the tragic earthquake and tsunami that struck Japan in March of this year. In addition to the huge human cost, markets fell hard and it is evident that there has been a sizable negative impact on global GDP.

Performance

Despite the poor equity market return your Company delivered a share price total return of +7.8% and a Net Asset Value (NAV) total return of +7.9% over the year, a 12.3% NAV total return outperformance of the FTSE All-Share total return of –4.4%. This performance has also been delivered with significantly lower volatility than that of the broader market. The discrepancy between the NAV return and the price return is minimal at 0.1% and this is testament to the robust nature of the discount control mechanism.

Discount Control Mechanism

The additional liquidity created by the implementation of the mechanism has allowed investors, both buyers and sellers, to benefit from a much higher level of liquidity than would have been experienced had the mechanism not been implemented. What is more, buybacks were all conducted at a narrow discount to NAV, and shares issued were all at a small premium. As a result this process delivered a 12 month net asset value enhancement of £114,000, in excess of three times the cost of implementing the mechanism. The Company remains committed to ensuring that shareholders can sell at or close to their net asset value at all times.

During the course of its reporting year the Company bought back slightly in excess of 5 million shares and issued more than 15.1 million shares from treasury. All the shares held in treasury, including all those bought back during the initial period of closing the discount, have now been reissued to the market. What is more, a further 4.5 million new shares have been created using the authority granted at the AGM. The Company is now growing.

Continued growth of the Company will place downwards pressure on the total expense ratio. As such we are committed to the continued growth of the Company.

Troy Investment Approach

Troy Asset Management's mandate remains unaltered. We continue to strive to generate consistent long term investment returns without exposing investors to undue levels of volatility. One of the pillars of this investment philosophy is that, over the long term, the empirical evidence shows that the lion's share of the total return from the UK equity market has been delivered by dividends and dividend growth and not derived from the revaluation of equities. As such, it comes as no surprise to us to see that an index of the UK's higher yielding stocks generated a positive return of +2.1% over the year compared to –4.4% for the broader index. The outperformance of the portfolio, even when compared to this higher yielding index, can be attributed to our additional focus on quality and valuation.

Portfolio Changes

The continued uncertainty faced by equity markets has meant that the portfolio retained its stance over the year. Towards the end of 2010 a new holding in Dairy Crest, the milk distributor and branded dairy manufacturer, was purchased. Following a period of weakness the shares were yielding in excess of 5% and represented strong value on a number of measures. Since the initial purchase the Dairy Crest Board has announced increases to both the interim and final dividends, combining to deliver 7% dividend growth.

In the spring the decision was made to sell the Company's holding of Lancashire Holdings, the Lloyds insurer. The stock had returned in excess of 70% since the initial purchase but following a series of natural disasters, including the Christchurch earthquake, and with the US hurricane season approaching, the risks looked to have increased for this specialist catastrophe insurer. Although no significant hurricane events have yet materialised, our sale of Lancashire Holdings illustrates the focus on reducing risk that has protected the Company from the excessive volatility of the market throughout the year.

At the same time we also made an initial purchase of Reckitt Benckiser, the healthcare and household goods company. The stock had been significantly de-rated during the preceding months and was bought on a 3.8% yield with expectations that the dividend would continue to grow at a rate significantly in excess of inflation. In July a 10% increase in the Reckitt Benckiser interim dividend was announced.

A holding in the 3i Infrastructure fund was started. The Fund is expected to deliver a steadily growing dividend from a diversified base of infrastructure assets. As further investment opportunities arise the infrastructure fund will become more fully invested and the potential for higher returns will increase.

Finally, new holdings were bought in Jardine Lloyd Thompson, the specialist insurance broker, and Inmarsat, a unique global satellite communications systems owner and operator. Both companies occupy niches within their industry that allow them to make above average returns and both were trading on attractive valuations. Our view on JLT's valuation has since been reinforced by an offer from Jardine Matheson to buy a further 10% of the outstanding shares at a price more than 20% above where the Company's holding was purchased.

Investment Outlook

It seems to us that the subtle hand of the market is being increasingly replaced by the clunking fist of government. Extraordinary monetary policy, huge fiscal pressures and increased regulation are all driving extreme distortions in asset valuations and the mis-pricing of risk. In these circumstances both uncertainty and volatility remain elevated and as such the Company remains defensively positioned to cope with this environment. However, our August purchases of Inmarsat and Jardine Lloyd Thompson came following a 15% fall in the FTSE All-Share and were the result of a first brief glimpse of value being offered to investors. If we see further evidence of more widespread value on offer then both cash, and potentially gearing, could be used to take advantage of this.

Troy Asset Management Limited

22 November 2011

Troy Asset Management is an independent fund management company aiming to generate absolute returns for investors over the long term. It manages approximately £2.9 billion of assets including three open-ended investment funds: the Trojan Fund, the Trojan Income Fund and the Trojan Capital Fund; and two investment trusts: Troy Income & Growth Trust plc and Personal Assets Trust plc. Our investors include private individuals, charities, pension funds, trusts and endowments.

Results

Financial Highlights

	30 September 2011	30 September 2010	% change
Total investments	£57,246,000	£51,902,000	+10.3
Shareholders' funds	£63,227,000	£53,807,000	+17.5
Market capitalisation	£62,753,000	£53,455,000	+17.4
Net asset value per share	50.00p	48.06p	+4.0
Share price (mid market)	49.63p	47.75p	+3.9
Discount to NAV	0.7%	0.7%	
Total gearing	0.0%	0.0%	
Total expense ratio[A]	1.3%	1.2%	
Dividends and earnings			
Revenue return per share[B]	1.95p	1.80p	+8.3
Dividends per share[C]	1.9175p	1.80p	+6.5
Dividend cover	1.02	1.00	
Revenue reserves[D]	£2,622,000	£2,503,000	

[A] Excludes non-recurring expenses of £36,000 (2010 – £nil).
[B] Measures the revenue earnings for the year divided by the weighted average number of Ordinary shares in issue (see Income Statement).
[C] The figures for dividends per share reflect the years in which they were earned (see note 8 on page 39).
[D] The revenue reserve figure does not take account of the fourth interim dividend amounting to £633,000 (2010 – £504,000).

Performance (total return)

	Year ended 30 September 2011	From change of Manager 26 months ended 30 September 2011
Share price	+7.8%	+48.9%
Net asset value per share	+7.9%	+37.8%
FTSE All-Share Index	–4.4%	+21.3%

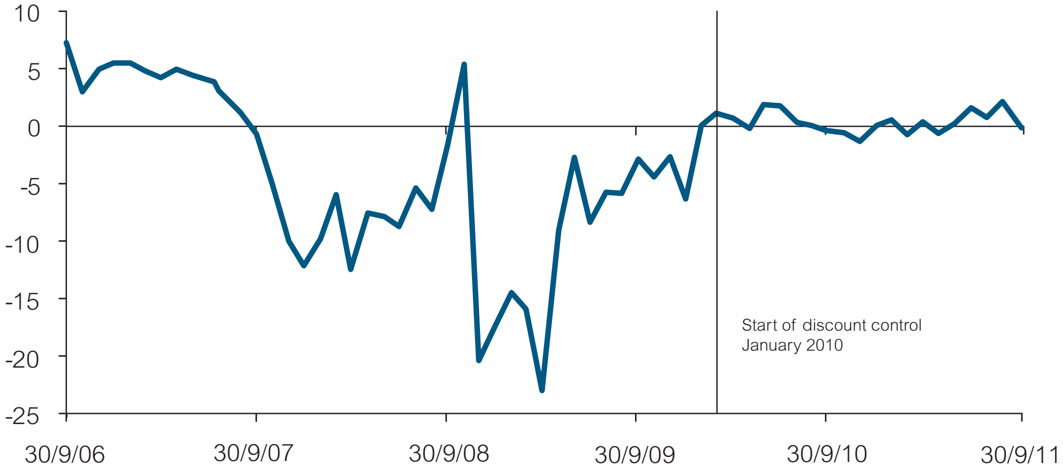
Dividends

	Rate per share	xd date	Record date	Payment date
First interim dividend	0.4725p	5 January 2011	7 January 2011	28 January 2011
Second interim dividend	0.4725p	6 April 2011	8 April 2011	28 April 2011
Third interim dividend	0.4725p	6 July 2011	8 July 2011	29 July 2011
Fourth interim dividend	0.5000p	5 October 2011	7 October 2011	28 October 2011
2010/11	**1.9175p**			
First interim dividend	0.45p	6 January 2010	8 January 2010	29 January 2010
Second interim dividend	0.45p	7 April 2010	9 April 2010	30 April 2010
Third interim dividend	0.45p	7 July 2010	9 July 2010	30 July 2010
Fourth interim dividend	0.45p	6 October 2010	8 October 2010	29 October 2010
2009/10	**1.80p**			

Performance

Share Price Premium/(Discount) to NAV

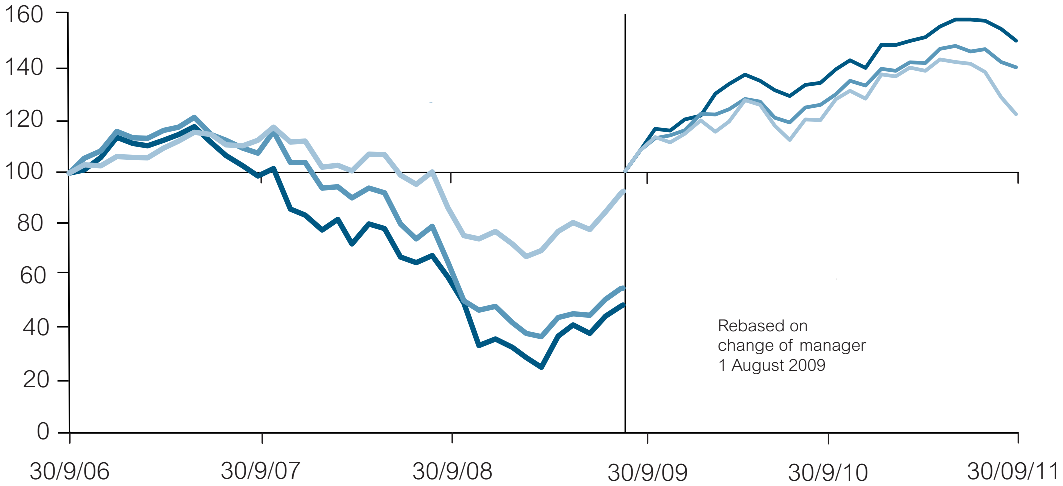
Five years to 30 September 2011



Source: Datastream

Total Return of NAV and Share Price vs FTSE All-Share Index

Five years to 30 September 2011 (rebased to 100 at 30/09/06 and 01/08/09)



Source: Datastream

Performance (continued)

Ten Year Financial Record

Year to 30 September	**2002**	**2003**	**2004***	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Revenue available for ordinary dividends (£'000)	1,682	1,796	2,294	3,210	4,650	6,331	6,790	3,957	2,104	2,220
Per share										
Net revenue return (p)	4.92	4.85	4.94	5.24	5.32	5.43	5.58	3.26	1.80	1.95
Net dividends paid/proposed (p)	4.85	4.85	4.85	4.85	5.05	5.20	5.30	3.00	1.80	1.92
Total return (p)	(11.96)	10.32	11.97	20.12	16.16	5.24	(33.04)	(7.44)	5.74	3.63
Net asset value per share										
Basic (p)	51.70	57.17	64.55	80.38	92.58	94.37	56.04	44.47	48.06	50.00
Shareholders' funds (£m)	19.14	21.16	31.61	63.42	87.01	115.08	68.04	53.99	53.81	63.23

* 2004 figures restated following the introduction of International Reporting Standards ('IFRS'). Figures for 2003 and earlier have not been restated.

Cumulative Performance from Change of Manager

(% of 31 July 2009 value)

As at	**31.07.09**	**30.09.09**	**30.09.10**	**30.09.11**
NAV	100.0	112.9	122.0	126.9
NAV total return(B)	100.0	112.9	127.7	137.8
Share price performance	100.0	115.9	131.7	136.9
Share price total return(B)	100.0	115.9	138.1	148.9
Benchmark performance	100.0	112.0	121.8	112.8
Benchmark total return(B)	100.0	112.8	126.9	121.3

(B) Total return figures are based on reinvestment of net income

Cumulative Performance

(% of 30 September 2001 value)

As at 30 September	**2001**	**2002**	**2003**	**2004***	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
NAV	100.0	76.5	84.6	95.5	116.4	134.1	136.7	81.2	64.4	69.6	72.4
NAV total return†	100.0	81.7	99.0	122.9	160.5	196.2	210.6	133.4	117.2	132.6	143.0
Share price performance	100.0	80.6	89.8	93.0	116.9	137.0	128.9	74.6	59.2	67.3	69.9
Share price total return†	100.0	85.7	104.0	117.9	158.1	196.1	194.1	120.6	106.7	127.1	137.1
Benchmark performance	100.0	77.0	86.6	97.1	117.3	130.3	141.7	106.1	112.6	122.5	113.4
Benchmark total return†	100.0	79.2	92.4	107.0	133.6	153.2	171.8	133.6	148.0	166.5	159.2

* 2004 figures restated following the introduction of International Reporting Standards ("IFRS"). Figures for 2003 and earlier have not been restated.

† Total return figures are based on reinvestment of net income.

Investment Portfolio – Ordinary Shares

As at 30 September 2011

	Valuation 2011 £'000	Total portfolio %
Royal Dutch Shell	2,715	4.7
British American Tobacco	2,456	4.3
GlaxoSmithKline	2,438	4.3
Reynolds American	2,407	4.2
Imperial Tobacco	2,391	4.2
Vodafone	2,327	4.1
Diageo	2,094	3.7
National Grid	2,042	3.6
Pennon Group	1,957	3.4
Centrica	1,934	3.4
Ten largest investments	**22,761**	**39.9**
Astrazeneca	1,864	3.3
Unilever	1,817	3.2
Provident Financial	1,807	3.2
Tesco	1,606	2.8
HSBC Holdings	1,590	2.8
BP	1,554	2.7
Amlin	1,276	2.2
3i Infrastructure	1,267	2.2
Close Brothers Group	1,190	2.1
SSE	1,165	2.0
Twenty largest investments	**37,897**	**66.4**
Greggs	1,154	2.0
PayPoint	1,139	2.0
Nestle	1,133	2.0
Severn Trent	1,119	2.0
BG Group	1,117	2.0
Coca-Cola	1,085	1.9
Primary Health Properties	1,081	1.9
Schroders	1,044	1.8
ICAP	1,030	1.8
Sage Group	1,024	1.8
Thirty largest investments	**48,823**	**85.6**
Smiths Group	999	1.7
Rathbone Brothers	990	1.7
Jardine Lloyd Thompson Group	915	1.6
Inmarsat	736	1.3
Reckitt Benckiser Group	654	1.1
Associated British Foods	610	1.0
Dairy Crest	597	1.0
Standard Chartered	479	0.8
London & Stamford Property	294	0.5
Hotel Corp	10	0.0
Total ordinary shares	**55,107**	**96.3**

Investment Portfolio – Other Investments

As at 30 September 2011

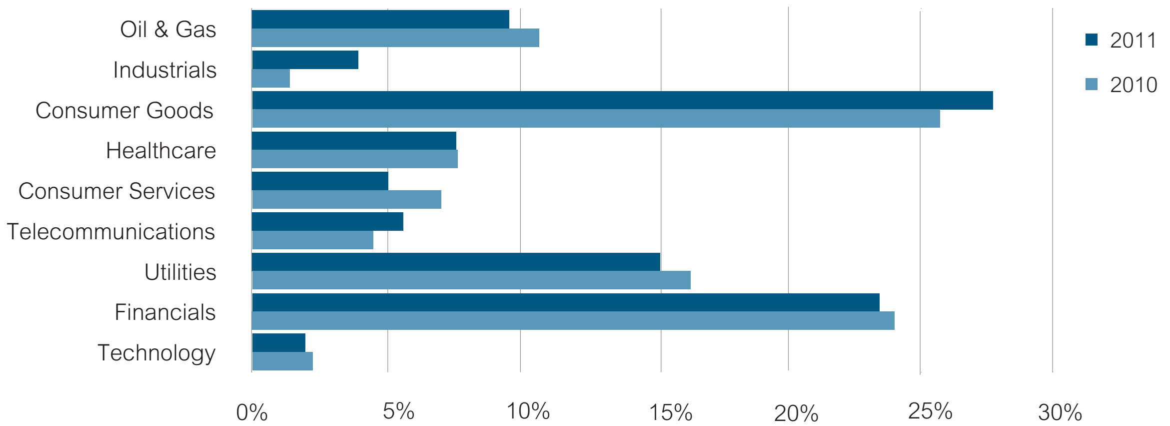
	Valuation 2011 £'000	Total portfolio %
Convertibles		
Balfour Beatty 10.75p	217	0.4
Total convertibles	**217**	**0.4**
Preference shares		
Co-operative Bank 9.25%	1,392	2.4
Standard Chartered 8.25%	530	0.9
Total preference shares	**1,922**	**3.3**
Total investments	**57,246**	**100.0**

Distribution of Assets and Liabilities

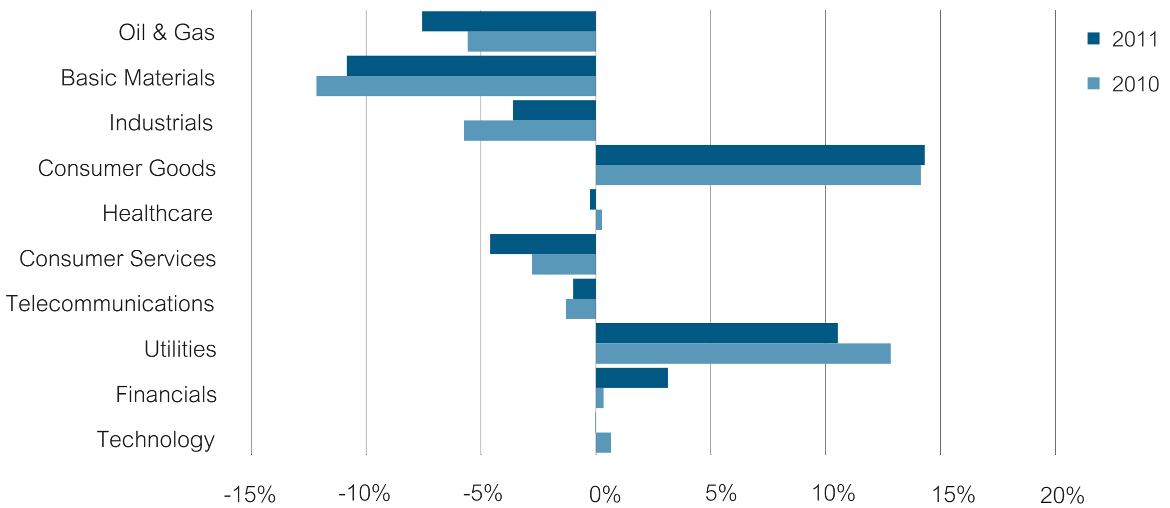
As at 30 September 2011

	Valuation at 30 September 2010 £'000	%	Purchases £'000	Sales £'000	Appreciation/ (depreciation) £'000	Valuation at 30 September 2011 £'000	%
Listed investments							
Ordinary shares	49,574	92.2	9,325	(6,186)	2,394	55,107	87.2
Convertibles	224	0.4	–	–	(7)	217	0.3
Other fixed interest	2,104	3.9	–	–	(182)	1,922	3.0
	51,902	96.5	9,325	(6,186)	2,205	57,246	90.5
Current assets	2,122	3.9				6,247	9.9
Current liabilities	(217)	(0.4)				(266)	(0.4)
Net assets	**53,807**	**100.0**				**63,227**	**100.0**
Net asset value per share	**48.06p**					**50.00p**	

Analysis of Listed Equity Portfolio

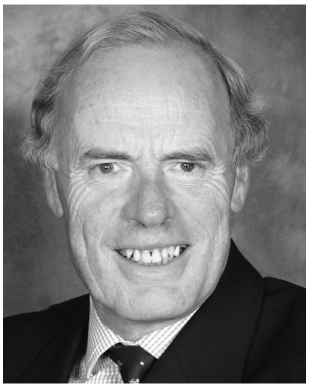


Troy Income & Growth Trust Weightings Relative to the FTSE All-Share Index



Your Board of Directors

The Directors, all of whom are non-executive and independent of the Manager, supervise the management of Troy Income & Growth Trust plc and represent the interests of shareholders.



Ronald G Hanna C.A.

Status: Independent Non-Executive Director – Chairman

Length of Service: 16 years.

Experience and other public company directorships: Non-executive Chairman of A G Barr plc and Chairman of Bowleven plc. Formerly Chief Executive of Bett Brothers plc. Formerly a Director of St. Andrew Trust plc.

Last re-elected to the Board: 21 January 2011.

Committee membership: Audit Committee, Nominations Committee (Chairman).

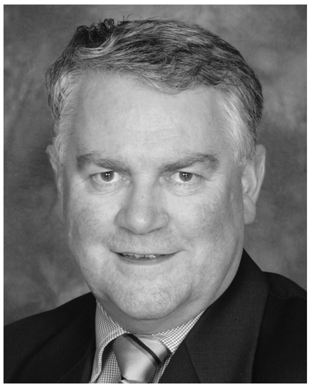
Remuneration for the financial year: £20,000 per annum.

Employment by the Manager: None.

Other connections with Company or Manager: None.

Shared Directorships with any other Company Directors: Bowleven plc.

Shareholding in Company: 212,514 Ordinary shares.



Ian M Boyd M.Sc, C.A.

Status: Independent Non-Executive Director.

Length of Service: 21 years.

Experience and other public company directorships: Formerly Chairman of Braid Group (Holdings) Limited and Group Finance Director of The Weir Group plc. He was a Council Member of The Institute of Chartered Accountants of Scotland from 1987 to 1993.

Last re-elected to the Board: 21 January 2011.

Committee membership: Audit Committee (Chairman), Nominations Committee.

Remuneration for the financial year: £14,000 per annum.

Employment by the Manager: None.

Other connections with Company or Manager: None.

Shared Directorships with any other Company Directors: None.

Shareholding in Company: 100,000 Ordinary shares.

Kevin Hart B.Sc (Hons)

Status: Independent Non-Executive Director.

Length of Service: 8 years.

Experience and other public company directorships: Chief Executive of Bowleven plc. Formerly Group Finance Director of Cairn Energy plc. Former Senior Associate Director of Deutsche Morgan Grenfell Limited and a former Director of Energy Services Hub Limited.

Last re-elected to the Board: 14 January 2010.

Committee membership: Audit Committee, Nominations Committee.

Remuneration for the financial year: £14,000 per annum.

Employment by the Manager: None.

Other connections with Company or Manager: None.

Shared Directorships with any other Company Directors: Bowleven plc.

Shareholding in Company: 32,258 Ordinary shares.

David Warnock B.Comm(Hons), C.Dip.A.F.

Status: Independent Non-Executive Director.

Length of Service: Appointed 17 November 2010.

Experience and other public company directorships: Non-executive Director of Phoenix IT Group plc, British Polythene Industries PLC and Standard Life European Private Equity Trust PLC. Former partner in investment managers Aberforth Partners LLP.

Last elected to the Board: 21 January 2011.

Committee membership: Audit Committee, Nominations Committee.

Remuneration for the financial year: £14,000 per annum.

Employment by the Manager: None.

Other connections with Company or Manager: None.

Shared Directorships with any other Company Directors: None.

Shareholding in Company: 400,000 Ordinary shares.

Directors' Report

Status of the Company

The Company, which was incorporated in 1988 (Registration No. SC 111955), has received approval as an investment trust by HM Revenue & Customs for all accounting periods up to and including 30 September 2010 and has since conducted its affairs so as to enable it to retain such approved status. It is a member of the Association of Investment Companies. The Company is an investment company within the meaning of Section 833 of the Companies Act 2006.

Business Review

Activities

The Company is an investment trust. Its subsidiary undertaking, G.I.T. Securities Limited, did not trade during the year and was dissolved with effect from 29 September 2011.

Investment Objective and Policy

Following shareholder approval at an extraordinary general meeting held on 17 September 2009, the Company's investment objective is to provide shareholders with an attractive income yield and the prospect of income and capital growth through investing in a portfolio of predominantly UK equities.

Details of the Company's investment policy and strategy are provided in the Corporate Summary section on page 3.

Results and Dividends

The financial statements for the year ended 30 September 2011 appear on pages 29 to 49. Dividends declared in respect of the year amounted to 1.9175p per share (2010 – 1.8p). The fourth interim dividend of 0.5p per share announced on 29 September 2011 (2010 – 0.45p) will be accounted for in the financial year ending on 30 September 2012.

Share Capital

At the Annual General Meeting held on 21 January 2011, shareholders approved the renewal of the authority permitting the Company to make market purchases of its own Ordinary shares. This authority (which, unless renewed, will expire at the conclusion of the Company's forthcoming AGM) is limited to Ordinary shares with a maximum aggregate nominal value of £4,210,894 (being equal to approximately 14.99% of the Ordinary shares in issue as at 21 January 2011). It is proposed that this authority will be renewed at the Company's forthcoming AGM (see Annual General Meeting on page 20). During the year ended 30 September 2011 5,065,000 Ordinary shares with an aggregate nominal value of £1,266,250 were purchased and 15,059,335 Ordinary shares were re-issued. The issued share capital at 30 September 2011 consisted of 126,441,432 Ordinary shares of 25p each and there were no Ordinary shares held in treasury. As at the date of this report the issued share capital consisted of 128,641,432 Ordinary shares of 25p each and no Ordinary shares held in treasury. Each holder of Ordinary shares, excluding treasury shares, is entitled to one vote on a show of hands and, on a poll, to one vote for every Ordinary share held.

Current and Future Development

A review of the business is given in the Chairman's Statement and the Manager's Review. Key performance indicators (''KPIs'') are shown in the financial information on pages 8 and 9 with historical performance being shown on page 10. These KPIs include net asset value total return, share price total return, and the premium/discount at which the shares trade. The Board also considers the marketing and promotion of the Company including effective communications with Shareholders, which is explained in more detail in the Relations with Shareholders section on page 23. The future strategic direction and development of the Company is discussed frequently as part of Board meeting agendas.

Principal Risks and Uncertainties and Risk Management

The principal risks facing the Company relate to the Company's investment activities and include market price risk (comprising interest rate risk, foreign currency risk and other price risk), liquidity risk and credit risk. Other risks faced by the Company include breach of regulatory rules which could lead to suspension of the Company's stock exchange listing, financial penalties, or a qualified audit report. Breach of Section 1159 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on capital gains. An explanation of the principal risks and how they are managed is contained below and in note 17 to the financial statements commencing on page 43.

Risk Management

The Directors are responsible for supervising the management of the Company, while the day-to-day management of the Company's assets has been delegated to the Manager. Troy is an independent fund management company aiming to generate absolute returns for investors over the longer term. Troy seeks to preserve and build investors' wealth by constructing conservative portfolios for the long term which demonstrate lower than average volatility.

Portfolio exposure is limited by the investment guidelines drawn up by the Board in conjunction with the Manager.

These (which may only be varied with the permission of the Board) include:

- Overseas investments not to exceed 15% of gross assets;
- UK equity portfolio to comprise between 30 and 50 individual holdings;
- No more than 6% of gross assets in any one FTSE 100 stock;
- No more than 3% of gross assets in any one Mid 250 stock;
- No more than 2% of gross assets in any one small cap stock;
- No more than 20% of gross assets in any one FTSE Industry Sector.

Analysis of Portfolio

A comprehensive analysis of the portfolio is given in the Manager's Review on pages 6 and 7, the Distribution of Assets and Liabilities on page 13 and the Investment Portfolio on pages 11 and 12.

Directors

Details of the current Directors are set out on pages 14 and 15. All held office throughout the year with the exception of D Warnock, who was appointed a Director on 17 November 2010. Having served on the Board for more than nine years, R G Hanna, and I M Boyd submit themselves for annual re-election in accordance with the AIC Code. Following best practice the directors have decided to submit themselves for re-election each year and therefore Mr K Hart and Mr D Warnock offer themselves for re-election.

The Board has reviewed its collective performance, that of its committees and that of each individual member and believes it continues to operate in an efficient and effective manner with each Director making a significant contribution to the performance of the Company and remaining independent of the Manager. Given this, the Board recommends to shareholders the re-election of Mr Hanna, Mr Boyd, Mr Hart and Mr Warnock.

There were no contracts during or at the end of the year in which any Director was materially interested. No Director had a material interest in any investment in which the Company itself had a material interest.

The Directors at 30 September 2011 had no other interest other than those interests, all of which are beneficial interests, shown below in the share capital of the Company.

	At 30 September 2011 Ordinary shares	At 1 October 2010 Ordinary shares
R G Hanna	212,086	210,534
I M Boyd	100,000	100,000
K Hart	32,258	32,258
D Warnock	400,000	–

R G Hanna holds part of his beneficial holding through the Aberdeen Investment Trust ISA. As a result of a standing arrangement to acquire shares in the Company by reinvestment of dividends, his beneficial holding has increased by 428 shares during the period 1 October 2011 to 22 November 2011. There have been no other changes in the interests of Directors in the share capital during the period 1 October 2011 to 22 November 2011.

Substantial Interests

As at 22 November 2011 the Company had received notification of the following interests in the Ordinary share capital of the Company:

Shareholder	Number of shares held	% held
Prudential plc group including		
M&G Investment Management	7,908,099	6.15
Troy Asset Management	6,309,974	4.91
Lloyds Banking Group	6,072,783	4.72
Brewin Dolphin	6,037,555	4.69
Henderson Global Investors	6,034,493	4.69

Manager

With effect from 1 August 2009, investment management services are provided to the Company by Troy Asset Management Limited and the fee is at an annual rate of 0.75% of the Company's net assets. The key terms of the investment management agreement (including details of the arrangements relating to the termination of the Manager's appointment) are set out in the section entitled ''Investment Management Agreement'' below.

Investment Management Agreement

Details of the fee charged by Troy in the financial year and how it is calculated are set out in note 3 to the financial statements. The Board believes the fee charged by Troy is competitive by comparison with other investment trusts with a similar investment mandate and is priced appropriately given the level of service provided by the Manager.

The contract between the Company and Troy may be terminated by either party on 6 months' notice. No compensation is payable to the Manager in the event of termination of the contract over and above payment in respect of the required minimum notice.

The contract is also terminable summarily by either party in the event of material breach by the other party; the occurrence of certain events suggesting the insolvency of the other party or relating to the winding up of the other party; the serious misconduct, negligence, wilful default, or fraud of the other party; or the Company being the subject of any reconstruction or amalgamation following a continuation vote having failed to be passed by the Company in general meeting and/or the Company being wound up, liquidated or dissolved. In addition, the Company is entitled to terminate the contract summarily (a) if Francis Brooke ceases to be a full-time executive of Troy, (b) if Troy ceases to have the appropriate FSA authorisation to manage the Company's assets, (c) if Troy or any of its employees or associates is involved in any conduct which is materially prejudicial to the interests of the Company, (d) if Troy undergoes a change of control (other than through a change of control whereby the existing management team of Sebastian Lyon, Francis Brooke and Simon de Zoete increases its aggregate holding in Troy to more than 50 per cent of the voting rights or through a change of control which does not involve a change of control of the Manager's ultimate holding company), (e) if the Company ceases to satisfy the conditions for approval as an investment trust by reason of the Manager's negligence or wilful default or (f) if an FSA audit or investigation gives rise to an adverse finding in relation to any significant aspect of the Manager's business which might be expected to have a materially adverse effect on the Company's business or reputation.

The Board considers the continuing appointment of the Manager to be in the best interests of the shareholders at this time. The Board believes Troy has the skills and experience appropriate to achieving the Company's investment objective.

As at 22 November 2011, Francis Brooke held 800,000 Ordinary shares in the Company.

Company Secretary

On 1 July 2010 Personal Assets Trust Administration Company Ltd ('PATAC') were appointed to provide Company Secretarial, accounting and administrative services, for an annual fee of £95,000 plus VAT payable quarterly in advance. The appointment is terminable on three months notice. These services were previously provided by Aberdeen Asset Managers Ltd for an annual fee of £100,000, plus VAT, chargeable monthly in advance.

Corporate Governance

The Statement of Corporate Governance is set out on pages 21 to 24 and forms part of this report.

Audit Committee

Details of the Audit Committee are contained within the Statement of Corporate Governance on page 22.

Payment Policy

The Company's policy, in relation to all of its suppliers, is to settle the terms of payment when agreeing the terms of the transaction and to abide by those terms. The Company does not have trade creditors (2010: none).

Going Concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as the assets of the Company consist mainly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. In reaching this view, the Directors reviewed the level of expenditure of the Company against the cash and asset liquidity within the portfolio.

Auditor

The Auditor, Ernst & Young LLP, has expressed its willingness to continue in office. Resolution 7, to re-appoint Ernst & Young LLP as the Company's Auditor, will be put to the forthcoming Annual General Meeting along with Resolution 8, to authorise the Directors to determine their remuneration. The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information, and to establish that the Company's Auditor is aware of that information.

Discount Policy

The Company's discount policy was introduced with effect from the conclusion of the AGM held on 14 January 2010. This policy is to ensure that the Ordinary shares trade at close to net asset value through a combination of share buy-backs and the issue of new Ordinary shares at a premium to net asset value where demand exceeds supply.

This discount control mechanism is operated by Troy for a fee (additional to its investment management fee) of £30,000 per annum (excluding VAT) and from 1 October 2010 this has been charged to the share premium account.

The Directors will continue to seek the renewal of the Company's authority to buy back Ordinary shares annually and at other times should this prove necessary. Any buy-back of Ordinary shares will be made subject to the Companies Act 2006 and within guidelines established from time to time by the Board and the making and timing of any buy-backs will be at the absolute discretion of the Board. The Directors will be authorised to cancel any Ordinary shares purchased under such authority or to hold them in treasury. Purchases of Ordinary shares will only be made through the market for cash at prices below the prevailing net asset value of the Ordinary shares (as last published). Such purchases will also only be made in accordance with the rules of the UK Listing Authority which provide that the price to be paid must not be less than the nominal value of an Ordinary share nor more than the higher of (a) 5% above the average of the middle market quotations for the Ordinary shares for the five business days before the purchase is made and (b) the higher of the price of the last independent trade and the highest current independent bid relating to an Ordinary share on the trading venue where the purchase is carried out.

It is the intention of the Directors that the share buy-back authority is used to purchase Ordinary shares if the middle market price for a Share is below the net asset value per Ordinary share most recently published by the Company (taking into account any rights to which the Ordinary shares are trading "ex"). However, nothing in this discount policy will require the Directors to take any steps that would require the Company to make a tender offer for its shares or to publish a prospectus. Notwithstanding this discount policy, there is no guarantee that the Ordinary shares will trade at close to the net asset value per Ordinary share. Shareholders should note that this discount policy could lead to a reduction in the size of the Company over time.

Share Premium Account and Special Capital Reserve

At an Extraordinary General Meeting of the Company held on 5 August 2010, the shareholders approved, subject to the consent of the Court of Session, the cancellation of the share premium account and the creation of a special capital reserve. The Court of Session in Scotland consent was received on 1 October 2010 and the cancellation of the share premium account and the creation of the special capital reserve has been reflected in year to 30 September 2011. The special capital reserve may only be used for certain restricted purposes including the purchase of the Company's own shares.

Annual General Meeting

Among the resolutions being put at the Annual General Meeting of the Company to be held on 5 January 2012, the following resolutions will be proposed:

(i) Section 551 authority to allot shares

Resolution 9 which is an ordinary resolution, will, if approved, give the Directors a general authority to allot new securities up to an aggregate nominal value of £10,720,119, representing approximately one third of the total Ordinary share capital of the Company in issue (excluding treasury shares) as at the date of this document, such authority to expire on 31 March 2013 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting).

The Directors issue new shares only when they believe it is advantageous to the Company's shareholders to do so and for the purposes of operating the Company's discount policy. In no circumstances would such issue of new shares result in a dilution of net asset value per share.

(ii) Disapplication of Pre-emption Provisions

Resolution 10 is to enable the Directors to issue new shares and to resell shares held in treasury up to an aggregate nominal amount of £3,216,035 (representing approximately 10 per cent of the total Ordinary share capital in issue (including treasury shares) as at the date of this document). Resolution 10, which is a special resolution, will, if approved, give the Directors power to allot Ordinary shares (including Ordinary shares held in treasury) for cash, otherwise than pro rata to existing shareholders, up to a maximum aggregate nominal amount of £3,216,035. Ordinary shares would only be issued for cash at a price not less than the net asset value per share. This authority will expire on 31 March 2013 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting). As noted, this disapplication of pre-emption rights also applies in respect of treasury shares which the Company may sell. It is the intention of the Board that the resale of any treasury shares would take place at a price of not less than the net asset value prevailing at the date of sale.

(iii) Purchase of the Company's own Ordinary shares

Resolution 11, which is a special resolution, will be proposed to renew the Company's authorisation to make market purchases of its own shares. The maximum number of Ordinary shares which may be purchased pursuant to the authority shall be 14.99% of the issued share capital of the Company as at the date of the passing of the resolution (approximately 19.2 million Ordinary shares). This authority will expire on 31 March 2013 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting). Further details in relation to the Board's discount policy including the details about the minimum and maximum price to be paid are set out on page 19.

(iv) Notice period for general meetings

Resolution 12, is required to reflect the coming into force of the Shareholders' Rights Regulations. The Shareholders' Rights Regulations, which amend the Companies Act 2006, increase the notice period for general meetings of the Company to 21 days. The Company's Articles of Association enable the Company to call general meetings (other than an annual general meeting) on 14 clear days' notice. In order for this to be effective, the shareholders must also approve annually the calling of meetings other than Annual General Meetings on 14 days' notice. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Companies Act 2006 (as amended by the Shareholders' Rights Regulations), offering facilities for all shareholders to vote by electronic means before it can call a general meeting on 14 days' notice. The Directors believe it is in the best interests of the shareholders of the Company to preserve the shorter notice period, although, it is intended that this flexibility will only be used for non-routine business and where merited in the interests of shareholders as a whole.

By Order of the Board

Steven Cowie C.A.
Secretary

22 November 2011

Statement of Corporate Governance

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (AIC Code) by reference to the AIC Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The AIC Code issued in October 2010 can be obtained from the AIC website at www.theaic.co.uk.

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 Corporate Governance Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- The role of the chief executive
- Executive Directors' remuneration
- The need for an internal audit function

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

The Board

The Board currently consists of four non-executive Directors. Given the size and composition of the Board it is not felt necessary to separate the roles of the Chairman and Senior Independent Director. Biographies of the Directors appear on pages 14 and 15 which demonstrate the wide range of skills and experience each brings to the Board. Each Director has signed a letter of appointment to formalise in writing the terms of his engagement as a non-executive Director. Copies of these letters are available for inspection at the registered office of the Company during normal business hours and will also be available for fifteen minutes prior to and during the Annual General Meeting.

The Articles of Association permit the Company to indemnify the Directors, former directors or any other officer for any liabilities incurred in the actual or purported execution of their duties or powers, or otherwise in relation to their duties, powers or office, to the widest extent possible under the Companies Act 2006.

The Board regularly reviews the independence of its members and, having due regard to the definitions and current AIC guidelines on independence, considers all Directors to be independent of the Company's Manager. The Board takes the view that independence is not compromised by length of tenure and that experience and continuity can add significantly to the Board's strength. The Board has considered the independence of Mr Hanna and Mr Boyd with particular care and feels they display all the characteristics of independence and can be relied upon so to act at all times. Mr Hanna and Mr Boyd will be subject to re-election on an annual basis.

The Board undertakes a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors. In order to review its effectiveness, the Board carries out a process of formal self appraisal. The Directors consider how the Board functions as a whole and also review the individual performance of its members. This process is led by the Chairman and encompasses quantitative and qualitative measures of performance implemented by way of an evaluation survey questionnaire and Board discussion. The performance of the Chairman is reviewed by the other Directors under the leadership of the Chairman of the Audit Committee. These reviews form the basis of the decision on whether or not Directors are nominated for re-election. These processes have been carried out in respect of the year under review and will be conducted on an annual basis. These reviews concluded that the Board is functioning well and there are no issues of concern.

Directors have attended Board and Committee meetings during the year ended 30 September 2011 as follows:

Director	Board Meetings Attended	Audit Committee Meetings Attended
R G Hanna	4/4	2/2
I M Boyd	4/4	2/2
K Hart	3/4	2/2
D Warnock*	4/4	2/2

*Appointed on 17 November 2010

The Board has appointed Troy to manage the Company's investment portfolio within guidelines set by the Board. The Board has appointed PATAC to provide accounting and secretarial services from 1 July 2010. PATAC provides the Board with monthly reports on the Company's activities. In the case of Board meetings, the information includes the investment manager's review, statistics analysing the Company's performance relative to its benchmark, peers and various stock market indicators, details on investments purchased and sold, projections of future income from investments, gearing and cash management details.

The Board has a formal schedule of matters specifically reserved to it for decision. These are discussed at regular intervals (at least once per annum) and comprise corporate matters, the Company's objective, advisers, the Manager and the management agreement. When necessary, the Manager is requested to withdraw so that the Directors may discuss matters in private. There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access which every Director has to the advice of the Company Secretary and PATAC.

The Board has appointed two committees to cover specific operations as set out below. Copies of the terms of reference of each committee are available on request from PATAC and will also be available at the Annual General Meeting.

Audit Committee

The Audit Committee comprises all of the Directors of the Company. The Board considers that it is appropriate for all Directors to be members of the Committee owing to the size and composition of the Board. The Audit Committee meets at least twice per year to coincide with the annual and interim reporting and audit cycle. The Chairman is Mr Boyd. The principal role of the Audit Committee is to review the annual and interim financial statements and the accounting policies applied therein and ensure compliance with financial and regulatory reporting requirements. The external auditor, Ernst & Young LLP, whose continued appointment is also reviewed and ratified by the Audit Committee, attend at least one meeting of the Audit Committee per year. In addition the Audit Committee reviews the independence of the external auditor in relation to the audit of the annual financial statements. In completing this review, the Audit Committee has taken into account the standing, experience and tenure of the Audit Partner, the nature and level of service provided and confirmation that they have complied with relevant UK independence guidelines. The Audit Committee considers Ernst & Young LLP to be independent both of the Company and the Manager in all respects.

The Audit Committee also reviewed the provision of non-audit services by the auditor. For the year ended 30 September 2011, these fees amounted to £9,000 (2010: £5,000) and relate to the provision of taxation services. The Board consider that the provision of such services at this low level is cost effective and does not impair the independence of Ernst & Young LLP.

The Audit Committee's responsibilities also include reviewing the arrangements in place within Troy and PATAC whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Company.

Nominations Committee

The Nominations Committee, which comprises all Directors of the Company, considers the appointment of new Directors. Under the Articles of Association new Directors are subject to re-election at the first Annual General Meeting after their appointment. Directors do not have a service contract or fixed term in office but in accordance with best practice have decided that from the forthcoming Annual General Meeting all directors will submit themselves for re-election annually. As the composition of the Board is expected to reflect a breadth of commercial, professional and industrial experience, new Directors are provided with sufficient guidance and instruction to enable them to understand the economic environment in which investment trusts operate and carry out an effective and objective evaluation of the Company's performance therein. There have been no meetings of the Nominations Committee in the period.

Remuneration Committee

As noted in the Directors' Remuneration Report on page 26, the Board as a whole reviews and sets the rates of remuneration payable to each Director, and therefore no separate Remuneration Committee has been constituted.

Management Engagement Committee

The Board does not deem it necessary to constitute a separate Management Engagement Committee. The Board as a whole reviews the Manager and the management agreement annually. Details of the management agreement are shown on page 18.

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company and the Company reports formally to shareholders twice a year by way of the Annual and Interim Report. All shareholders have the opportunity to attend and vote at Annual General Meetings at which Directors and the Manager are available to discuss key issues affecting the Company. Troy also conducts meetings with shareholders to discuss issues relating to the Company and also to give them the opportunity to meet the Board, if requested.

As recommended by the AIC Code, the Company makes available the proxy votes cast at general meetings. In addition the aim is to give at least twenty working days' notice to shareholders of the Annual General Meeting.

Internal Control

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

It is a requirement that the Board reviews the effectiveness of the Company's system of internal controls at least annually, comprising all controls including financial, operational, compliance and risk management. To achieve this, the Board has in place regular review procedures for the identification, evaluation and management of significant risks to the Company in accordance with the Financial Reporting Council's guidance document "Internal Control: Revised Guidance for Directors on the Combined Code". This process has been in place throughout the year under review and up to the date of approval of the Annual Report.

The Board has delegated certain functions. The main service providers are Troy, the Manager; PATAC the Secretary and administrator; HSBC Bank plc, the Custodian; and Equiniti Limited, the Registrars. Troy and PATAC provide the Board with regular reports, which cover investment activities and financial matters, and with periodic reports on the control procedures and the system of internal financial control. An independent custodian, HSBC Bank plc, is appointed to safeguard the Company's investments, which are registered in the name of the custodian's nominee company.

Proxy Voting and Stewardship

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

The Board delegates to the Manager responsibility for selecting the portfolio of investments, within investment guidelines established by the Board after discussion with the Manager, and for monitoring the performance and activities of investee companies. The Manager carries out detailed research of investee companies and possible future investee companies through internally generated research. The research on a company comprises an evaluation of fundamental details such as financial strength, quality of management, market position and product differentiation, plus an appraisal of issues relevant to it, including policies relating to socially responsible investment.

The Company's voting rights in respect of investee companies are delegated to the Manager, who votes at all general meetings of UK companies and reports to the Board on a regular basis. The Manager considers each case on its individual merits with the primary aim of the use of voting rights being to ensure a satisfactory return from investments.

Statement of Corporate Governance (continued)

Social, Ethical and Environmental Policy

The Directors recognise that their first duty is to act in the best financial interests of the Company's shareholders and to achieve good financial returns against acceptable levels of risk, in accordance with the objectives of the Company.

In asking the Company's Manager to deliver against these objectives, they have also requested that they take into account the broader social, ethical and environmental issues of companies within the Company's portfolio, acknowledging that companies failing to manage these issues adequately run a long term risk to the sustainability of their businesses.

More specifically, they expect companies to demonstrate ethical conduct, effective management of their stakeholder relationships, responsible management and mitigation of social and environmental impacts, as well as due regard for wider societal issues.

By Order of the Board

Steven Cowie C.A.
Secretary

22 November 2011

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report & Accounts, including the group and parent company financial statements, in accordance with applicable law and regulations. Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under the law they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and have elected to prepare the parent company financial statements on the same basis.

Under Company law, the Directors must not approve the group financial statements unless they are satisfied they present fairly the financial position, financial performance and cash flows of the group for that period.

In preparing each of the group and parent company financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and performance;
- make judgements and estimates that are reasonable and prudent; and
- state whether they have been prepared in accordance with IFRSs as adopted by the EU subject to any material departures disclosed and explained in the Notes to the Financial Statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that its financial statements comply with the Companies Act 2006 and Article 4 of IAS Regulation. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report (including a business review), a Corporate Governance Statement and a Directors' Remuneration Report that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement under Disclosure and Transparency Rules

Each of the Directors confirms that to the best of their knowledge:

- the group financial statements, prepared in accordance with IFRSs, as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group; and
- the Directors' Report (incorporating the other sections of this document which are referred to in it) includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that the group faces.

For and on behalf of Troy Income & Growth Trust plc
I M Boyd
Chairman of the Audit Committee
22 November 2011

Directors' Remuneration Report

Unaudited Information

The Board as a whole reviews and sets the rates of remuneration payable to each Director with effect from the annual review date of 1 October each year. The Board is aware that these should be comparable to market rates to attract and retain Directors of the appropriate calibre and reflect the time spent and the responsibilities borne by Directors in exercising the stewardship required of the Company. In setting these rates, the Board acts principally on advice from the Secretary, who monitors rates of directors' remuneration in companies of comparable size and activities and carries out other relevant research requested by the Board. No separate remuneration committee has been constituted in view of the level of work delegated to the Manager and Secretary.

No Director has a service contract with the Company or its subsidiary undertaking, although each has a letter of appointment confirming his appointment and setting out his remuneration as at the date of the letter. These letters contain no provision regarding notice period, nor do they make provision for compensation payable upon early termination of the Director's appointment.

Remuneration Policy

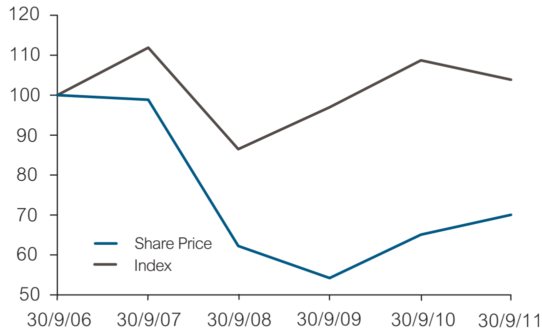
The Articles of Association of the Company set a maximum aggregate limit within a financial year for non-executive Directors' remuneration. The limit for the year ended 30 September 2011 was £84,400, and is subject to annual upward adjustment on 1 October each year in line with the change in the Retail Price Index and also subject to a pro-rata adjustment should the number of Directors be increased either temporarily or permanently.

The Board considers that the present policy to remunerate Directors exclusively by fixed fees in cash is appropriate and adequate for the Company in its present and foreseeable circumstances and there are no plans to introduce additional or alternative remuneration schemes.

Directors' Remuneration Rates

The annual rates of remuneration with effect from 1 January 2007 were £20,000 for the Chairman and £14,000 for each other Director.

The chart shown opposite illustrates the total Shareholder return for a holding in the Company's shares as compared to the total return on the FTSE All-Share Index for the five year period to 30 September 2011. This index is deemed to be the most appropriate one against which to measure the Company's long-term performance.



Audited Information

The total fees payable to each Director who served during the financial year under review and the previous financial year of the Company are shown in the following table:

	Group and Company	
	2011	**2010**
	£	**£**
R. G Hanna	20,000	20,000
I.M. Boyd	14,000	14,000
K. Hart	14,000	14,000
M. Griffiths*	–	12,833
D. Warnock†	12,250	–
	60,250	60,833

*Resigned 31 August 2010
†Appointed 17 November 2010

There is no performance related remuneration scheme such as an annual bonus, or a long-term incentive scheme such as the granting of share options. The Company does not operate a pension scheme for the Directors and no Director received any form of remuneration during the financial year under review or the preceding financial year other than the fees shown above.

Approved by the Board of Directors on 22 November 2011 and signed on its behalf.
R G Hanna
Chairman

Independent Auditor's Report to the Members of Troy Income & Growth Trust plc

We have audited the Consolidated and Company financial statements (the "financial statements") of Troy Income & Growth Trust plc for the year ended 30 September 2011 which comprise the Group Statement of Comprehensive Income, the Group and the Company Balance Sheets, the Consolidated and the Company Statements of Changes in Equity, the Consolidated and the Company Cash Flow Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 25, 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 Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2011 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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.

Independent Auditor's Report to the Members of Troy Income & Growth Trust plc (continued)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 19, 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 shareholders by the Board on Directors' remuneration.

Susan Dawe (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh

22 November 2011

Group Statement of Comprehensive Income

		Year ended 30 September 2011			Year ended 30 September 2010		
		Revenue	Capital		Revenue	Capital	
		return	return	Total	return	return	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Profits on investments held at fair value	10	–	2,200	2,200	–	4,765	4,765
Currency (losses)/gains		–	(4)	(4)	–	2	2
Revenue	2						
Income from listed investments		2,766	–	2,766	2,650	–	2,650
Other income		2	–	2	–	–	–
		2,768	2,196	4,964	2,650	4,767	7,417
Expenses							
Investment management fees	3	(154)	(285)	(439)	(151)	(151)	(302)
VAT recoverable on investment management fees	3	19	19	38	–	–	–
Other administrative expenses	4	(373)	–	(373)	(357)	–	(357)
Finance costs of borrowing	5	(5)	(10)	(15)	(8)	(8)	(16)
Profit before taxation		2,255	1,920	4,175	2,134	4,608	6,742
Taxation	6	(35)	–	(35)	(30)	–	(30)
Profit for the year		**2,220**	**1,920**	**4,140**	**2,104**	**4,608**	**6,712**
Earnings per Ordinary share (pence)	9	**1.95**	**1.68**	**3.63**	**1.80**	**3.94**	**5.74**

The "Profit for the Year" is also the Group's Total Comprehensive Income for the year as defined in IAS1 (revised).

The total column of this statement represents the Group's Statement of Comprehensive Income, prepared in accordance with IFRS as adopted by the European Union. The supplementary revenue return and capital return columns are both prepared as explained in the accounting policies on page 33. All items in the above statement derive from continuing operations.

All income and losses are attributable to the equity holders of the parent company. There are no minority interests.

No operations were acquired or discontinued during the year.

The Directors are of the opinion that the Group is engaged in a single segment of business, being investment in predominantly UK equities.

The accompanying notes are an integral part of these financial statements.

Balance Sheets

	Notes	**Group As at 30 September 2011 £'000**	Group As at 30 September 2010 £'000	**Company As at 30 September 2011 £'000**	Company As at 30 September 2010 £'000
Non-current assets					
Ordinary shares		**55,107**	49,574	**55,107**	49,574
Convertibles		**217**	224	**217**	224
Other fixed interest		**1,922**	2,104	**1,922**	2,104
Investments held at fair value through profit or loss	10	**57,246**	51,902	**57,246**	51,902
Subsidiary	11	**–**	–	**–**	5
		57,246	51,902	**57,246**	51,907
Current assets					
Accrued income and prepayments		**337**	344	**337**	344
Cash and cash equivalents		**5,910**	1,778	**5,910**	1,778
Total current assets		**6,247**	2,122	**6,247**	2,122
Total assets		**63,493**	54,024	**63,493**	54,029
Current liabilities					
Trade and other payables		**(266)**	(217)	**(266)**	(404)
Total current liabilities		**(266)**	(217)	**(266)**	(404)
Net assets		**63,227**	53,807	**63,227**	53,625
Issued capital and reserves attributable to equity holders of the parent					
Called-up share capital	12	**31,610**	30,486	**31,610**	30,486
Share premium account	13	**1,547**	53,204	**1,547**	53,204
Special reserve	14	**58,163**	249	**58,163**	249
Capital reserve	15	**(30,715)**	(32,635)	**(30,715)**	(32,635)
Revenue reserve	16	**2,622**	2,503	**2,622**	2,321
Equity shareholders' funds		**63,227**	53,807	**63,227**	53,625
Net asset value per Ordinary share (pence)	9	**50.00**	**48.06**		

The financial statements were approved by the Board of Directors and authorised for issue on 22 November 2011 and were signed on its behalf by:

R G Hanna
Chairman

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For year ended 30 September 2011	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2010	30,486	53,204	249	(32,635)	2,503	53,807
Total comprehensive income for the year	–	–	–	1,920	2,220	4,140
Equity dividends	–	–	–	–	(2,101)	(2,101)
Cancellation of share premium account	–	(53,204)	53,204	–	–	–
Release of costs of cancellation of share premium account	–	–	5	–	–	5
Shares issued from treasury	–	435	7,256	–	–	7,691
Shares bought back into treasury	–	–	(2,551)	–	–	(2,551)
New shares issued	1,124	1,112	–	–	–	2,236
Balance at 30 September 2011	**31,610**	**1,547**	**58,163**	**(30,715)**	**2,622**	**63,227**
For year ended 30 September 2010						
Balance at 30 September 2009	30,486	53,204	4,658	(37,243)	2,887	53,992
Total comprehensive income for the year	–	–	–	4,608	2,104	6,712
Equity dividends	–	–	–	–	(2,488)	(2,488)
Costs of cancellation of share premium account	–	–	(40)	–	–	(40)
Shares issued from treasury	–	–	213	–	–	213
Shares bought back into treasury	–	–	(4,582)	–	–	(4,582)
Balance at 30 September 2010	**30,486**	**53,204**	**249**	**(32,635)**	**2,503**	**53,807**

Company Statement of Changes in Equity

For year ended 30 September 2011	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2010	30,486	53,204	249	(32,635)	2,321	53,625
Total comprehensive income for the year	–	–	–	1,920	2,402	4,322
Equity dividends	–	–	–	–	(2,101)	(2,101)
Cancellation of share premium account	–	(53,204)	53,204	–	–	–
Release of costs of cancellation of share premium account	–	–	5	–	–	5
Shares issued from treasury	–	435	7,256	–	–	7,691
Shares bought back into treasury	–	–	(2,551)	–	–	(2,551)
New shares issued	1,124	1,112	–	–	–	2,236
Balance at 30 September 2011	**31,610**	**1,547**	**58,163**	**(30,715)**	**2,622**	**63,227**
For year ended 30 September 2010						
Balance at 30 September 2009	30,486	53,204	4,658	(37,243)	2,705	53,810
Total comprehensive income for the year	–	–	–	4,608	2,104	6,712
Equity dividends	–	–	–	–	(2,488)	(2,488)
Costs of cancellation of share premium account	–	–	(40)	–	–	(40)
Shares issued from treasury	–	–	213	–	–	213
Shares bought back into treasury	–	–	(4,582)	–	–	(4,582)
Balance at 30 September 2010	**30,486**	**53,204**	**249**	**(32,635)**	**2,321**	**53,625**

The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

The accompanying notes are an integral part of these financial statements.

Consolidated and Company Cash Flow Statement

	Year ended 30 September 2011		Year ended 30 September 2010	
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Investment income received	2,778		2,548	
Deposit interest received	2		–	
Other cash receipts	38		538	
Administrative expenses paid	(770)		(741)	
Cash generated from operations (note 21(a))		2,048		2,345
Finance costs paid		(15)		(16)
Taxation		(35)		(261)
Net cash inflows from operating activities		1,998		2,068
Cash flows from investing activities				
Purchases of investments	(9,325)		(9,427)	
Sales of investments	6,186		14,136	
Net cash (outflow)/inflow from investing activities		(3,139)		4,709
Net cash (outflow)/inflow before financing		(1,141)		6,777
Financing activities				
Proceeds of issue of shares	9,927		213	
Cost of share buy backs	(2,551)		(4,582)	
Dividends paid	(2,101)		(2,488)	
Release of costs/(costs) of cancellation of share premium account	5		(40)	
Net cash inflow/(outflow) from financing activities		5,280		(6,897)
Net increase/(decrease) in cash and short term deposits (note 21(b))		4,139		(120)
Cash and cash equivalents at the start of the year		1,778		1,896
Effect of foreign exchange rate changes		(7)		2
Cash and cash equivalents at the end of the year		5,910		1,778

The accompanying notes are an integral part of these financial statements.

Notes to the Accounts

1. Accounting Policies

(a) Basis of accounting

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee ("IASC") that remain in effect, and to the extent that they have been adopted by the European Union.

The financial statements are presented in Sterling which is regarded as the functional currency and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The principal accounting policies adopted are set out below. These policies have been applied consistently throughout the current and prior year apart from the allocation of certain expenses. During the year the Board reviewed the allocation of the investment management fee and finance costs which, until 30 September 2010, were allocated 50% to revenue and 50% to capital. It was felt that these expenses should now be allocated 35% to revenue and 65% to capital to reflect the Board's expectations of future returns.

Where presentational guidance set out in the Statement of Recommended Practice ("SORP") 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in January 2009) is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

In order better to reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. In accordance with the Company's status as a UK investment company under Section 833 of the Companies Act 2006, net capital returns may not be distributed by way of dividend. Additionally, the net revenue of the Company is the measure the Directors believe appropriate in assessing the Group's compliance with certain requirements set out in Section 1159 of the Corporation Tax Act 2010.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- Amendment to IAS 1 – Presentation of Financial Statements – amendments resulting from the May 2010 annual improvements to IFRSs (effective for annual periods beginning on or after 1 January 2011).
- Amendment to IAS 24 – Related Party Disclosures – revised definition of related parties (effective for annual periods beginning on or after 1 January 2011).
- Amendment to IFRS 7 – Financial Instruments: Disclosures – amendments resulting from the May 2010 annual improvements to IFRSs (effective for annual periods beginning on or after 1 January 2011).
- Amendment to IFRS 7 – Financial Instruments: Disclosures – amendments enhancing disclosures about transfers of financial assets (effective for annual periods beginning on or after July 2011).
- IFRS 9 – Financial Instruments – Classification and Measurement (effective for annual periods beginning on or after 1 January 2013).
- IFRS 12 – Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2013).
- IFRS 13 – Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013).

The Directors do not anticipate that the adoption of these Standards and Interpretations in future periods will materially impact the Group's financial results in the period of initial application. The Group intends to adopt the standards in the reporting period when they become effective.

(b) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entity controlled by the Company (its subsidiary) made up to 30 September each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The Company has availed itself of the relief from showing an Income Statement for the parent company, granted under Section 408 of the Companies Act 2006.

(c) Investments – Securities held at Fair Value

Investments are recognised or derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value.

As the Group's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, listed equities and fixed interest securities are designated as fair value through profit or loss on initial recognition.

All investments designated upon initial recognition as held at fair value through profit or loss are measured at subsequent reporting dates at their fair value, which is the bid price as at close of business on the Balance Sheet date.

Gains and losses arising from the changes in fair value are included in net profit or loss for the period as a capital item. Expenses which are incidental to the acquisition and disposal of investments are treated as capital costs.

In respect of the Company, the subsidiary was valued at cost with any amounts owed to or from the subsidiary disclosed in the Balance Sheet.

(d) Income

Dividend income from equity investments including preference shares which have a discretionary dividend is recognised when the shareholders' rights to receive payment has been established, normally the ex-dividend date.

Interest from debt securities is accounted for using the effective interest rate method. Any write off of the premium or discount on acquisition as a result of using this basis is allocated as a revenue item in the Income Statement. Interest from deposits is dealt with on an accrual basis.

Underwriting commission is taken to revenue, unless any shares underwritten are required to be taken up, in which case the proportionate commission received is deducted from the cost of the investment.

(e) Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the Income Statement, all expenses have been presented as revenue items except those where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. Accordingly the investment management fee and finance costs were allocated 50% to revenue and 50% to capital to 30 September 2010. In order to reflect the Directors' expected long-term view of the nature of the investment returns of the Company, these have from 1 October 2010, been allocated 35% to revenue and 65% to capital.

(f) Bank borrowings

Interest-bearing bank loans and overdrafts are initially recognised at cost, being the fair value of the consideration received, net of any issue expenses. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method.

(g) Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

The allocation method used to calculate tax relief on expenses presented against capital returns is the 'marginal basis'. Under this basis if taxable income is not capable of being offset entirely by expenses presented in revenue then unutilised expenses arising in capital will be set against income with an amount based on current tax rates charged against income and credited to capital.

Deferred tax is provided in full on temporary differences which result in an obligation at the Balance Sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise, based on current tax rates and law. Temporary differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

(h) Foreign currency

Transactions denominated in foreign currencies are recorded at the actual exchange rate as at the date of the transaction. Assets and liabilities denominated in foreign currencies at the year end are reported at fair value by using the rate of exchange prevailing at the year end. The currencies to which the Company was exposed were Swiss Francs and US Dollars.

Any gain or loss arising from a movement in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve.

(i) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Use of estimates

The preparation of financial statements require the Group to make estimates and assumptions that affect items reported in the Balance Sheet and Group Statement of Comprehensive Income and the disclosure of contingent assets and liabilities at the date of the financial instruments. Although these estimates are based on the Directors' best knowledge of current facts, circumstances and, to some extent, future events and actions, the Group's actual results may ultimately differ from those estimates. There were no material accounting estimates in the current period.

Notes to the Accounts (continued)

2. Income	2011 £'000	2010 £'000
Income from listed investments		
UK dividend income	2,551	2,448
Interest income from investments and overseas interest	215	200
Underwriting income	–	2
	2,766	2,650
Other income from investment activity		
Interest on recoverable VAT on management fees	2	–
	2	–
Total income	2,768	2,650

3. Investment management fees

On 31 July 2009, Troy Asset Management Limited ("Troy") became the Investment Manager. The investment management fee paid is at an annual rate of 0.75% of the Company's net assets, calculated monthly and paid quarterly. The fee until 30 September 2010 was allocated 50% to revenue and 50% to capital. From 1 October 2010 the fee is allocated 35% to revenue and 65% to capital.

	2011 Revenue return £'000	2011 Capital return £'000	2011 Total £'000	2010 Revenue return £'000	2010 Capital return £'000	2010 Total £'000
Investment management fee	154	285	439	151	151	302

In the year ended 30 September 2011 the Company recognised a refund of £38,000 plus interest of £2,000, representing the proportion of VAT charged on investment management fees for the period to 30 September 2007 that was recoverable; and this has been allocated to revenue and capital in accordance with the accounting policy of the Company for the periods in which the VAT was charged. Interest on the refund was allocated to revenue.

4. Administrative expenses

	2011 £'000	2010 £'000
Directors' remuneration – fees as Directors	**60**	61
Secretarial fees – AAM	**–**	89
– PATAC	**95**	24
Fees payable to auditor		
– fees payable to the Company's auditor for the audit of the annual accounts	**22**	21
– fees payable to the Company's auditor for taxation services	**9**	5
Discount management fee (see note 12)	**–**	24
Other management expenses *	**187**	133
	373	357

* Includes non–recurring expenses of £36,000 (2010 – £nil).

Following the appointment of Troy, the Company received secretarial services from Aberdeen Asset Managers Limited ("AAM"), which was charged at a rate of £100,000 per annum exclusive of VAT. On 1 July 2010 Personal Assets Trust Administration Company Ltd ('PATAC') were appointed to provide these services at £95,000 per annum exclusive of VAT.

The Company had no employees during the year (2010 – nil). No pension contributions were paid for Directors (2010 – £nil). Further details on Directors' remuneration can be found in the Directors' Remuneration Report on page 26.

5. Finance costs and borrowings

	2011 Revenue return £'000	2011 Capital return £'000	2011 Total £'000	2010 Revenue return £'000	2010 Capital return £'000	2010 Total £'000
Bank loans and overdrafts repayable within one year	**5**	**10**	**15**	8	8	16

Interest on bank overdrafts is at floating rates related to the lenders' UK base rates.

Notes to the Accounts (continued)

6. Taxation	**Revenue return £'000**	**2011 Capital return £'000**	**Total £'000**	Revenue return £'000	2010 Capital return £'000	Total £'000
Irrecoverable overseas tax	**35**	**–**	**35**	30	–	30

The following table is a reconciliation of the current taxation charge to the charges or credits which would arise if all ordinary activities were taxed at the standard UK effective corporation tax rate of 27% (2010 – 28%):

	Revenue return £'000	**2011 Capital return £'000**	**Total £'000**	Revenue return £'000	2010 Capital return £'000	Total £'000
Profit on ordinary activities before taxation	**2,255**	**1,920**	**4,175**	2,134	4,608	6,742
Taxation of return on ordinary activities at the standard rate of corporation tax	**609**	**518**	**1,127**	598	1,290	1,888
Effects of:						
UK dividend income not liable to further tax	**(689)**	**–**	**(689)**	(627)	–	(627)
Overseas dividend income not liable to further tax	**(58)**	**–**	**(58)**	(115)	–	(115)
Disallowed expenses	**2**	**–**	**2**	3	–	3
Capital (profits)/losses not taxable	**–**	**(593)**	**(593)**	–	(1,335)	(1,335)
Movement in unutilised management expenses	**136**	**75**	**211**	141	45	186
Overseas withholding tax suffered	**35**	**–**	**35**	30	–	30
Current taxation charge for the year	**35**	**–**	**35**	30	–	30

At 30 September 2011, the Group had surplus management expenses of £1,435,000 (2010 – £662,000) with a tax value of £373,000 (2010 – £185,000) to carry forward. No deferred tax has been recognised in the current or prior period because it is considered too uncertain that there will be suitable taxable profits from which the future reversal of the deferred tax asset could be deducted.

7. Profit attributable to Ordinary shareholders of the Company

The revenue profit attributable to equity holders of the Group for the financial year includes £2,402,000 (2010 – £2,104,000) which has been dealt with in the Company's financial statements.

8. Dividends on equity shares

	2011 £'000	2010 £'000
Amounts recognised as distributions to equity shareholders in the year:		
Fourth interim dividend for the year ended 30 September 2009 of 0.75p per share	–	911
Fourth interim dividend for the year ended 30 September 2010 of 0.45p per share	504	–
Three interim dividends for the year ended 30 September 2011 totalling 1.4175p (2010 – three interims totalling 1.35p) per share	1,597	1,577
	2,101	2,488

The fourth interim dividend of 0.5p per share, declared on 29 September 2011 and paid on 28 October 2011, has not been included as a liability in these financial statements.

We also set out below the total dividend payable in respect of the financial year, which is the basis on which the requirements of Section 1159 of the Corporation Tax Act 2010 are considered.

	2011 £'000	2010 £'000
Three interim dividends for the year ended 30 September 2011 totalling 1.4175p (2010 – 1.35p) per share	1,597	1,577
Fourth interim dividend for the year ended 30 September 2011 of 0.5p (2010 – 0.45p) per share	633	504
	2,230	2,081

9. Return and net asset value per share

	2011 £'000	2010 £'000
The returns per share are based on the following figures:		
Revenue return	2,220	2,104
Capital return	1,920	4,608
Total	4,140	6,712
Weighted average number of Ordinary shares	113,953,962	116,936,176

The net asset value per share is based on net assets attributable to shareholders of £63,227,000 (2010 – £53,807,000) and on 126,441,432 (2010 – 111,948,182) Ordinary shares in issue at the year end.

Notes to the Accounts (continued)

10. Investments held at fair value through profit or loss

	Group & Company	
	2011	2010
	£'000	£'000
Listed on recognised stock exchanges:		
United Kingdom	**52,621**	46,770
Overseas	**4,625**	5,132
	57,246	51,902

	Group & Company	
	2011	2010
	£'000	£'000
Opening book cost	**46,679**	51,419
Opening fair value gains on investments held	**5,223**	427
Opening fair value	**51,902**	51,846
Purchases	**9,325**	9,427
Sales – proceeds	**(6,186)**	(14,136)
– net gains/(losses) on sales	**1,113**	(31)
Movement in fair value during the year	**1,092**	4,796
Closing fair value	**57,246**	51,902
Closing book cost	**50,931**	46,679
Closing fair value gains on investments held	**6,315**	5,223
Closing fair value	**57,246**	51,902

All investments are categorised as held at fair value through profit or loss, and were designated as such upon initial recognition.

For an analysis of investments between equity and fixed interest securities and for detailed interest rates, see pages 11 and 12. The total transaction costs on purchases was £50,000 (2010 – £51,000) and on sales £9,000 (2010 – £21,000).

	Group & Company	
	2011	2010
Gains/(losses) on investments held at fair value	**£'000**	£'000
Net gains/(losses) on sales	**1,113**	(31)
Gains in investment holdings	**1,092**	4,796
Capital loss on dissolution of subsidiary	**(5)**	–
	2,200	4,765

11. Subsidiary

	2011 £'000	2010 £'000
Shares at cost	–	5

The Company owned 100% of the Ordinary share capital of its sole subsidiary, G.I.T. Securities Limited, an investment dealing company registered in Scotland. This Company was dormant and was dissolved with effect from 29 September 2011.

12. Called-up share capital

	Ordinary shares of 25p each	
	Number	**£'000**
Authorised		
At 30 September 2011 & 30 September 2010	200,000,000	50,000
Allotted, called up and fully paid		
At 30 September 2011	126,441,432	31,610
Held in treasury	–	–
	126,441,432	31,610
Allotted, called up and fully paid		
At 30 September 2010	111,948,182	27,987
Held in treasury	9,994,335	2,499
	121,942,517	30,486

During the year to 30 September 2011 there were 5,065,000 Ordinary shares of 25p each repurchased by the Company at a total cost, (including transaction costs), of £2,551,300 and placed in treasury. During the year to 30 September 2010 there were 9,915,350 Ordinary shares of 25p each repurchased by the Company at a total cost, (including transaction costs) of £4,582,436 and placed in treasury. During the year to 30 September 2011 the Company re-issued 15,059,335 Ordinary shares of 25p each from treasury for proceeds totalling £7,691,000. During the year to 30 September 2010 the Company re-issued 450,000 Ordinary shares of 25p from treasury for proceeds totalling £213,500.

During the year to 30 September 2011 there were 4,498,915 new Ordinary shares of 25p each issued by the Company for proceeds totalling £2,273,075. During the year ended 30 September 2010 no new shares were issued.

No shares were purchased for cancellation during the year (2010 – nil). At the year end no shares were held in treasury. At 30 September 2010, 9,994,335 shares were held in treasury which represented 8.20% of the Company's total issued share capital at 30 September 2010.

From 1 October 2010 the costs of the operation of the discount control mechanism of £36,000 (including VAT) have been charged against the premium on shares issued.

13. Share premium account

	2011	2010
	£'000	£'000
At 1 October	**53,204**	53,204
Cancellation of share premium	**(53,204)**	–
Premium on shares issued from treasury	**435**	–
Premium on issue of new shares	**1,148**	–
Discount control costs (note 12)	**(36)**	–
At 30 September	**1,547**	53,204

On 1 October 2010, following the special resolution passed at the Extraordinary General Meeting held on 5 August 2010, the Courts of Session in Scotland approved the cancellation of the Share Premium Account and the creation of a Special Capital Reserve from the balance of the Share Premium Account.

This Special Capital Reserve, together with the balance of the Special Reserve (note 14) will be used to fund market purchases by the Company of its own shares.

14. Special reserve

	2011	2010
	£'000	£'000
At 1 October	**249**	4,658
Cancellation of share premium	**53,204**	–
Shares bought back during the year into treasury	**(2,551)**	(4,582)
Shares issued during the year from treasury	**7,256**	213
Release of costs/(costs) of cancellation of the Share Premium Account (note 13)	**5**	(40)
At 30 September	**58,163**	249

The purpose of this reserve is to fund market purchases by the Company of its own Ordinary shares.

15. Capital reserve

	Group & Company	
	2011	2010
	£'000	£'000
At 1 October	**(37,858)**	(37,670)
Net gains/(losses) on sales of investments during the year	**1,113**	(31)
Finance costs of borrowings	**(10)**	(8)
Capital loss on dissolution of subsidiary	**(5)**	–
Investment management fee	**(285)**	(151)
VAT recoverable on investment management fees	**19**	–
Currency (losses)/gains	**(7)**	2
At 30 September	**(37,033)**	(37,858)

15. Capital reserve (continued)

Investment holdings gains		
At 30 September	**5,223**	427
Investment gains	**1,092**	4,796
Unrealised currency gains	**3**	–
	6,318	5,223
Total capital reserve	**(30,715)**	(32,635)

16. Revenue reserve

	Group 2011 £'000	**Company 2011 £'000**	Group 2010 £'000	Company 2010 £'000
At 1 October	**2,503**	**2,321**	2,887	2,705
Transfer to revenue account net of dividends	**119**	**301**	(384)	(384)
At 30 September	**2,622**	**2,622**	2,503	2,321

17. Risk management, financial assets and liabilities

Risk management

With effect from 17 September 2009, the Company's objective changed to that of providing shareholders with an attractive income yield and the prospect of income and capital growth through investing in a portfolio of predominately UK equities.

In pursuit of the Company's objective, the Company's investment policy is to invest in a portfolio of predominately UK equities. Equities are selected for their inclusion within the portfolio solely on the basis of the strength of the investment case with the focus being on long term income growth along with capital preservation.

Asset classes other than equities will be purchased from time to time and will vary as opportunities are identified and will include convertibles, preference shares, fixed income securities and corporate bonds. Investments will be made when prospective returns appear to be superior to those from equity markets or are considered likely to exceed the Company's borrowing costs. However, non-equity securities will not constitute the majority of the portfolio. The Company may also use derivatives for the purpose of efficient portfolio management (including reducing, transferring or eliminating investment risk in its investments and protection against currency risk), to exploit an investment opportunity and to achieve capital growth.

The management of the portfolio is conducted according to investment guidelines, established by the Board after discussion with the Manager, which specify the limits within which the Manager is authorised to act.

17. Risk management, financial assets and liabilities (continued)

Financial assets and liabilities

The Group's financial assets include investments, cash at bank and short-term debtors. Financial liabilities consist of short-term creditors and bank overdraft.

The main risks the Company faces from its financial instruments are (i) market risk (comprising interest rate risk, foreign currency risk and other price risk), (ii) liquidity risk and (iii) credit risk.

(i) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – interest rate risk, foreign currency risk and other price risk.

Interest rate risk

The Company is subject to interest rate risk because the value of fixed interest rate securities are linked to underlying bank rates or equivalents, and its short-term borrowings and cash resources carry interest at floating rates. The interest rate profile is managed as part of the overall investment strategy of the Company.

Interest rate movements may affect:

– the fair value of the investments in fixed interest rate securities;

– the level of income receivable on cash deposits;

– interest payable on the Company's variable rate borrowings.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

Interest rate profile

The interest rate risk profile of the portfolio of financial assets at the Balance Sheet date was as follows (there were no interest bearing financial liabilities at the Balance Sheet dates):

As at 30 September 2011	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets			
UK preference shares	8.80	1,922	–
Cash	–	–	5,910
Total assets	**–**	**1,922**	**5,910**

As at 30 September 2010	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets			
UK preference shares	8.04	2,104	–
Cash	–	–	1,778
Total assets	**–**	**2,104**	**1,778**

17. Risk management, financial assets and liabilities (continued)

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The cash assets consist of cash deposits on call earning interest at prevailing market rates. Short-term debtors and creditors have been excluded from the above tables.

Maturity profile

The maturity profile of the Company's financial assets and liabilities at the Balance Sheet date was as follows:

At 30 September 2011	Within 1 year £'000	Within 1–2 years £'000	Within 2–3 years £'000	Within 3–4 years £'000	Within 4–5 years £'000	More than 5 years £'000
Fixed rate						
UK preference shares	–	–	–	–	–	1,922
Floating rate						
Cash	5,910	–	–	–	–	–
Total	**5,910**	**–**	**–**	**–**	**–**	**1,922**

At 30 September 2010	Within 1 year £'000	Within 1–2 years £'000	Within 2–3 years £'000	Within 3–4 years £'000	Within 4–5 years £'000	More than 5 years £'000
Fixed rate						
UK preference shares	–	–	–	–	–	2,104
Floating rate						
Cash	1,778	–	–	–	–	–
Total	**1,778**	**–**	**–**	**–**	**–**	**2,104**

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the Balance Sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's:

- profit before tax for the year ended 30 September 2011 would increase/decrease by £29,000 (2010 – £9,000) given the Company's exposure to interest rates on its floating rate cash balances. These figures have been calculated based on cash positions at each year end.
- profit before tax for the year ended 30 September 2011 would decrease by £114,000 (2010 – decrease by £136,000), increase by £130,000 (2010 – increase by £156,000) given the Company's exposure to interest rates on its fixed interest securities.
- net assets at 30 September 2011 would decrease by £85,000 (2010 – decrease by £127,000), increase by £101,000 (2010 – increase by £147,000) as a result of the combined effect on its floating rate cash balances and its fixed interest securities.

17. Risk management, financial assets and liabilities (continued)

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Company's objectives. The risk parameters used will also fluctuate depending on the current market perception.

Foreign currency risk

A proportion of the Company's investment portfolio is invested in overseas securities and the income and capital value can be affected by movements in exchange rates. Exchange gains or losses may arise as a result of the movement in the exchange rate between the date of the transaction denominated in a currency other than sterling and its settlement.

An analysis of the Group's currency exposure is detailed below:

	30 September 2011		30 September 2010	
	Overseas investments £'000	**Net monetary assets £'000**	Overseas investments £'000	Net monetary assets £'000
US Dollar	**3,492**	**59**	3,001	63
Swiss Franc	**1,133**	**–**	1,020	–
Total	**4,625**	**59**	4,021	63

Foreign currency sensitivity

There is no sensitivity analysis included, as the Group's significant foreign currency financial instruments are in the form of equity investments, which have been included within the other price risk sensitivity analysis so as to show the overall level of exposure.

Other price risk

Other price risks (i.e. changes in market prices other than those arising from interest rate risk) may affect the value of the quoted investments.

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The allocation of assets to specific sectors and the stock selection process both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are all listed on recognised investment exchanges.

Other price sensitivity

If market prices at the Balance Sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders and equity reserves for the year ended 30 September 2011 would have increased/decreased by £5,511,000 (2010 – increase/decrease of £4,957,000). This is based on the Company's equity portfolio held at each year end.

(ii) Liquidity risk

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

Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of overdraft facilities.

17. Risk management, financial assets and liabilities (continued)

(iii) Credit risk

This is failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

The risk is not significant, and is managed as follows:

– investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker;

– the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a monthly basis. In addition, the administrator carries out a stock reconciliation to the custodian's records on a monthly basis to ensure discrepancies are picked up on a timely basis;

– cash is held only with reputable banks and financial institutions with high quality external credit enhancements.

None of the Company's financial assets is secured by collateral or other credit enhancements.

Credit risk exposure

In summary, compared to the amounts in the Balance Sheet, the maximum exposure to credit risk at 30 September, was as follows:

	2011		2010	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Securities at fair value through profit or loss	217	217	224	224
Current assets				
Accrued income	337	337	344	344
Cash and short term deposits	5,910	5,910	1,778	1,778
	6,464	**6,464**	**2,346**	**2,346**

None of the Company's financial assets is past due or impaired.

Fair value of financial assets and liabilities

The book value of cash at bank included in these financial statements approximates to fair value because of the short-term maturity. The carrying value of fixed asset investments are stated at their fair values, which have been determined with reference to quoted market prices. For all other short-term debtors and creditors, their book values approximate to fair value because of their short-term maturity.

Gearing

The Company has in place a multi-currency overdraft facility with HSBC for the lesser of £5 million or 15% of the market value of assets they hold as custodians. This gives the Company the ability to augment finance from time to time with short-term borrowings. The facility is secured against the cash accounts and assets held by the custodian.

The Group had no outstanding gearing at the year end. The profile of financing costs is managed as part of overall investment strategy. The employment of gearing magnifies the impact on net assets of both positive and negative changes in the value of the Group's portfolio of investments.

18. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt.

The Company's capital at 30 September comprised:

	2011	2010
	£'000	£'000
Equity share capital	**31,610**	30,486
Retained earnings and other reserves	**31,617**	23,321
	63,227	53,807

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes account of the Manager's views on the market;
- the need to buy back equity shares for cancellation or to hold in treasury, which takes account of the difference between the net asset value per share and the share price (i.e. the level of share price discount or premium);
- the need for new issues of equity shares; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

The Company had no gearing at the year end (2010 – nil).

19. Commitments and contingencies

At 30 September 2011 there were no contingent liabilities in respect of outstanding underwriting commitments or uncalled capital (2010 – £nil).

20. Financial instruments measured at Fair Value

				2011				2010
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Investments	**57,246**	**–**	**–**	**57,246**	51,902	–	–	51,902
Cash and cash equivalents	**5,910**	**–**	**–**	**5,910**	1,778	–	–	1,778
	63,156	**–**	**–**	**63,156**	53,680	–	–	53,680

Level 1 reflects financial instruments quoted in an active market.

Level 2 reflects financial instruments the fair value of which is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables includes only data from observable markets.

Level 3 reflects financial instruments the fair value of which is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

21. Notes to the Cash Flow Statement

(a) Reconciliation of operating profit to operating cash flows

	2011 £'000	2010 £'000
Profit before taxation	**4,175**	6,742
Add interest payable	**15**	16
Adjustments for:		
Gains on investments	**(2,200)**	(4,765)
Currency losses/(gains)	**4**	(2)
Decrease in accrued income and prepayments	**7**	426
Increase/(decrease) in trade and other payables	**47**	(72)
	2,048	2,345

(b) Analysis of changes in net funds

	30 September 2010 £'000	Cash flow £'000	Exchange movements £'000	30 September 2011 £'000
Cash at bank	1,778	**4,139**	**(7)**	**5,910**

Glossary of Terms and Definitions

Benchmark
A market index, which averages the performance of companies in any given sector, giving a good indication of any rises or falls in the market. The benchmark used in these accounts is the FTSE All-Share Index, a recognised and respected index, which measures the performance of approximately 630 of the largest quoted UK companies, comprising 98% of the UK's market capitalisation.

Convertibles
Fixed income securities, which can be converted into equity shares at a future date.

Discount
The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Gearing
Total gearing is the proportion of the Group's net assets financed by borrowings. Gearing is used to increase exposure to securities, with the aim of magnifying the impact on net assets of rises in the value of the portfolio, and to augment the investment base from which income is received. The use of gearing magnifies the impact of both negative and positive changes in the value of the Group's Net Asset Value. A level expressed as either 100% or 0% indicates there is no gearing.

Net Asset Value
The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

Preference Shares
These entitle the holder to a fixed rate of dividend out of the profits of a company, to be paid in priority to other classes of shareholder.

Premium
The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

Total Assets
Total Assets less current liabilities.

Total Expense Ratio
Total annual operating expenses calculated as percentage of average shareholders' funds.

Total Return
Total Return involves reinvesting the net dividend in the month that the share price goes xd. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the date to which that dividend was earned, e.g. quarter end, half year or year end date.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the twenty-third Annual General Meeting of the Members of Troy Income & Growth Trust plc (the ''Company'') will be held at the offices of Dickson Minto W.S., 16 Charlotte Square, Edinburgh EH2 4DF on 5 January 2012 at 10.00 am to transact the following business:

To consider and, if thought fit, pass the following as ordinary resolutions:

1. To receive and adopt the reports of the Directors and auditor and the audited financial statements for the year to 30 September 2011.

2. To receive and approve the Directors' Remuneration Report for the year to 30 September 2011.

3. To re-elect Mr R. G. Hanna as a Director of the Company.

4. To re-elect Mr I. M. Boyd as a Director of the Company.

5. To re-elect Mr K. Hart as a Director of the Company.

6. To re-elect Mr D. Warnock as a Director of the Company.

7. To re-appoint Ernst & Young LLP as auditor of the Company.

8. To authorise the Directors to determine the remuneration of the auditor of the Company.

9. That, in substitution for any pre-existing power to allot or grant rights to subscribe for or to convert any security into shares in the Company, but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company (''relevant securities'') up to an aggregate nominal amount of £10,720,119, such authority to expire on 31 March 2013 or, if earlier, at the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority, and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired.

To consider and, if thought fit, pass the following as special resolutions:

10. That, subject to the passing of resolution 9 in the notice convening the meeting at which this resolution is to be proposed (the ''notice of meeting'') and in substitution for all existing powers, the Directors be and are hereby generally empowered pursuant to section 570 of the Companies Act 2006 (the ''Act'') to allot equity securities (as defined in section 560 (1) of the Act) for cash pursuant to the authority under section 551 of the Act conferred by resolution 8 in the notice of meeting as if section 561 of the Act did not apply to any such allotment, provided that this power:

    (i) expires on 31 March 2013 or, if earlier, at the conclusion of the next Annual General Meeting of the Company, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if that power had not expired; and

    (ii) shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £3,216,035.

    This power applies in relation to the sale of shares which is an allotment of equity securities that immediately before the allotment are held by the Company as treasury shares as if in the opening paragraph of this resolution the words ''subject to the passing of resolution 9 in the notice convening the meeting at which this resolution is to be proposed (''the notice of meeting'')'' and ''pursuant to the authority under section 551 of the Act conferred by resolution 9 in the notice of meeting'' were omitted.

Notice of Annual General Meeting (continued)

11. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be generally and unconditionally authorised, in accordance with section 701 of the Companies Act 2006 (the "Act"), to make market purchases (within the meaning of section 693(4) of the Act) of fully paid Ordinary shares of 25p each in the capital of the Company ("shares") provided that:

    (i) the maximum aggregate number of shares hereby authorised to be purchased is 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution (excluding treasury shares);

    (ii) the minimum price which may be paid for a share shall be 25p (exclusive of expenses);

    (iii) the maximum price (exclusive of expenses) which may be paid for a share shall be an amount being not more than the higher of (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid relating to a share on the trading venue where the purchase is carried out; and

    (iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 31 March 2013 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase shares under such authority which would or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.

12. That a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days' notice provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company.

By Order of the Board

Steven Cowie C.A.
Secretary

Registered Office
10 St Colme Street
Edinburgh EH3 6AA

22 November 2011

Notes to Notice of Annual General Meeting

NOTES

(i) A member is entitled to appoint a proxy or proxies to exercise all or any of their rights to attend, speak and vote on their behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. If a member wishes to appoint more than one proxy, they should contact the Company's Registrars on 0871 384 2501 (Calls to this number cost 8p per minute from a BT landline, other providers' costs may vary. The lines open 8.30 am to 5.30 pm Monday to Friday). The Equiniti overseas helpline number is +44 121 415 7047.

(ii) A form of proxy for use by members is enclosed with these accounts. Completion and return of the form of proxy will not prevent any member from attending the meeting and voting in person. To be valid, the form of proxy should be lodged, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, at the address stated thereon, so as to be received not less than 48 hours (excluding non-working days) before the time of the meeting.

(iii) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to have the right to attend and vote at the Meeting a member must first have his or her name entered in the Company's register of members at 6.00pm on 3 January 2012 (or, in the event that the Meeting is adjourned, at 6.00pm on the day which is two business days before the time of the adjourned meeting). Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the Meeting.

(iv) 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 and by logging on to the website www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting 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.

(v) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a ''CREST Proxy Instruction'') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID RA 19) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

(vii) 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.

(viii) The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in notes (i) and (ii) above does not apply to Nominated Persons. The rights described in these notes can only be exercised by members of the Company.

(ix) No Director has a service contract with the Company but copies of Directors' letters of appointment will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) from the date of this notice and at the location of the Meeting for at least 15 minutes prior to the Meeting and during the Meeting.

(x) As at close of business on 22 November 2011 (being the latest practicable date prior to publication of this document), the Company's issued share capital (excluding treasury shares) comprised 128,641,432 Ordinary shares of 25p each. The total number of voting rights in the Company as at 22 November 2011 is 128,641,432.

(xi) Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as their proxy will need to ensure that both they and such third party complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.

(xii) Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

Notes to Notice of Annual General Meeting (continued)

(xiii) The members of the Company may require the Company to publish, on its website, a statement setting out any matter relating to the audit of the Company's accounts, including the Auditor's Report and the conduct of the audit, which they intend to raise at the next meeting of the Company. The Company will be required to do so once it has received such requests from either (i) members representing at least 5% of the total voting rights of the Company or (ii) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address, and be sent to: the Company Secretary, Troy Income & Growth Trust plc, 10 St Colme Street, Edinburgh EH3 6AA.

(xiv) Information regarding the Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's website, www.tigt.co.uk.

(xv) Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the Meeting put by a member attending the Meeting unless:

(a) answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information;

(b) the answer has already been given on a website in the form of an answer to a question; or

(c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

(xvi) Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

(xvii) There are special arrangements for holders of shares through Aberdeen's Investment Plan for Children, Aberdeen's Investment Trust Share Plan, Investment Trust ISA and Investment Trust Pension. These are explained in the 'Letter of Direction' which such holders will have received with this report.

Corporate Information

Manager
Troy Asset Management Limited
Brookfield House
44 Davies Street
London W1K 5JA

www.taml.co.uk

Secretary and Registered Office
Steven Cowie C.A.
Personal Assets Trust Administration
Company Limited
10 St Colme Street
Edinburgh EH3 6AA
Registration Number: 366565 (Scotland)

Auditor
Ernst & Young LLP

Solicitors
Dickson Minto W.S.

Bankers
HSBC Bank Plc

Company Registration Number
111955 (Scotland)

Registrars and Transfer Office
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone 0871 384 2501
Overseas Helpline +44 121 415 7047

Calls to this number from a BT landline are charged at 8p per minute.
Other telephony providers' costs may vary.
Lines are open 8.30 am to 5.30 pm Monday to Friday.

Stockbrokers
Numis Securities Ltd

Troy Income & Growth Trust plc, 10 St Colme Street, Edinburgh EH3 6AA.
Telephone: 0131 538 6610. Website: www.tigt.co.uk