

COMPANY NO. 00736898

RIGHTS AND ISSUES  
INVESTMENT TRUST  
PLC

INTERIM REPORT  
2004



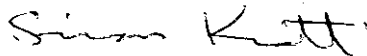
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## CHAIRMAN'S STATEMENT

The UK equity market has experienced a much quieter period with the FTSE All-Share Index rising by 1.0% during the last six months. This has been matched by the Trust's portfolio which has seen an increase in the net asset value of the Capital shares of 2.0% to 2238.9p.

The interim dividend has been increased to 11.5p net per income share and the Board expects, barring unforeseen circumstances, to pay a final dividend of not less than 24p per Income share.



**Simon Knott**

*Chairman*

13th July 2004

### TOP TEN HOLDINGS

Holding	Investment	Value £
700,000	Enterprise Inns	4,018,000
525,000	HBOS	3,588,375
2,700,000	RPS Group	3,510,000
925,000	Dyson	2,775,000
1,283,333	White Young Green	2,579,499
2,000,000	Wellington Hldgs	2,550,000
2,455,000	Merrydown	2,221,775
2,100,000	Colefax Group	2,131,500
3,860,000	Litho Supplies	1,949,300
1,000,000	Chamberlin & Hill	1,635,000

**BALANCE SHEETS**

as at 30th June 2004 (Unaudited)  
and 31st December 2003

	Company		Group	
	2004	2003	2004	2003
	£	£	£	£
<b>Fixed assets</b>				
Intangible assets	-	-	60,534	65,191
Investments	46,139,538	47,941,937	45,708,066	47,510,465
<b>Current assets</b>				
Debtors	703,466	782,490	431,418	283,985
Investments	-	-	166,706	452,872
Cash at bank and in hand	4,756,074	1,572,757	5,308,765	1,993,130
	<u>5,459,540</u>	<u>2,355,247</u>	<u>5,906,889</u>	<u>2,729,987</u>
<b>Creditors: amounts falling due within one year</b>	<u>721,827</u>	<u>631,688</u>	<u>923,991</u>	<u>761,243</u>
Net current liabilities/assets	<u>4,737,713</u>	<u>1,732,559</u>	<u>4,982,898</u>	<u>1,968,744</u>
Total assets less current liabilities	<u>50,877,251</u>	<u>49,665,496</u>	<u>50,751,498</u>	<u>49,544,400</u>
<b>Capital and reserves</b>				
Called up share capital	1,225,000	1,225,000	1,225,000	1,225,000
Share premium account	225,326	225,326	225,326	225,326
Capital reserve	30,530,098	29,501,228	30,530,098	29,501,228
Other reserves				
Revaluation reserve	17,597,688	17,678,956	17,597,688	17,678,956
Dividend equalisation reserve	1,299,139	1,034,986	1,173,386	913,890
Total shareholders' funds	<u>50,877,251</u>	<u>49,665,496</u>	<u>50,751,498</u>	<u>49,544,400</u>
<b>Net asset value per share</b>				
Income shares			562.4p	542.9p
Capital shares			2238.9p	2194.5p

S. H. J. A.  
Kett

S. S. B. L. O. A.  
Director

13<sup>th</sup> July 2004

## CONSOLIDATED STATEMENT OF TOTAL RETURN

	Six months ended 30th June 2004		Six months ended 30th June 2003		Twelve months ended 31st December 2003	
	Revenue £	Capital £	Revenue £	Capital £	Revenue £	Capital £
Gains/(losses) on investments	37,695	947,602	39,250	5,549,010	135,517	12,107,333
Income	1,157,182	1,157,182	1,008,267	1,008,267	2,112,818	2,112,818
Investment management fee	-	-	-	-	-	-
Other expenses	212,711	212,711	192,770	192,770	446,553	446,553
<b>Net return before finance costs and taxation</b>	<b>982,166</b>	<b>947,602</b>	<b>854,747</b>	<b>5,549,010</b>	<b>1,801,782</b>	<b>12,107,333</b>
Interest payable and similar charges	-	-	37,663	-	37,662	-
<b>Return on ordinary activities before tax</b>	<b>982,166</b>	<b>947,602</b>	<b>817,084</b>	<b>5,549,010</b>	<b>1,764,120</b>	<b>12,107,333</b>
Tax on ordinary activities	31,670	31,670	20,126	20,126	-	-
<b>Return on ordinary activities after tax for the financial year</b>	<b>950,496</b>	<b>947,602</b>	<b>796,958</b>	<b>5,549,010</b>	<b>1,764,120</b>	<b>12,107,333</b>
Dividends and other appropriations in respect of non-equity shares	5,500	5,500	5,500	5,500	11,000	11,000
<b>Return attributable to equity shareholders</b>	<b>944,996</b>	<b>947,602</b>	<b>791,458</b>	<b>5,549,010</b>	<b>1,753,120</b>	<b>12,107,333</b>
Dividends in respect of equity shares	685,500	685,500	667,050	667,050	1,682,191	1,682,191
<b>Transfer to reserves after aggregate dividends paid and payable of £691,000 (2003: £667,050)</b>	<b>259,496</b>	<b>947,602</b>	<b>124,408</b>	<b>5,549,010</b>	<b>70,929</b>	<b>12,107,333</b>
<b>Return per Income Share (p)</b>	<b>21.3</b>	<b>9.7</b>	<b>15.3</b>	<b>56.4</b>	<b>37.3</b>	<b>123.0</b>
<b>Return per Capital Share (p)</b>	<b>25.6</b>	<b>43.4</b>	<b>25.3</b>	<b>253.8</b>	<b>51.0</b>	<b>553.7</b>

The interim dividend of 11.5p net (2003: 10.75p net) per Income Share and amounting to £282,900 (2003: £264,450) is payable on 30th September 2004 to shareholders on the register as at 27th August 2004. The sum accruing by way of dividend to the Capital shareholders will, in view of the small sum involved, be included in the final dividend.

The unaudited interim results have been prepared on the basis of the accounting policies set out in the statutory accounts of the Company for the year ended 31st December 2003. The above statement of total return is presented as recommended by the Statement of Recommended Practice for Financial Statement of Investment Trust Companies.

These are not full statutory accounts in terms of Section 240 of the Companies Act 1985. The full audited accounts for the year to 31st December 2003, which were unqualified, have been filed with the Registrar of Companies.

The interim accounts are to be posted to shareholders and are available at the registered office of the Company, No 1 Poultry, London EC2R 8JR.

## CASH FLOW STATEMENT

	Group	
	Six months ended 30th June 2004 £	Six months ended 30th June 2003 £
<b>Operating activities</b>		
Investment income (net)	821,531	887,635
Interest received	62,879	4,864
Subsidiary fee income	187,563	117,374
Underwriting commission	-	-
Cash payments	(182,809)	(161,263)
Investment dealing	37,695	39,250
Net cash inflow from operating activities	<u>926,859</u>	<u>887,860</u>
<b>Servicing of finance</b>		
Interest paid	-	(37,663)
Dividends paid on Preferred shares	-	-
Dividends paid	(612,540)	(592,860)
Net cash outflow from servicing of finance	<u>(612,540)</u>	<u>(630,523)</u>
<b>Taxation</b>		
Tax paid	<u>(34,850)</u>	<u>(23,336)</u>
<b>Investing activities</b>		
Purchase of investments	(302,499)	(460,609)
Disposals of investments	3,052,500	4,421,696
Purchase of current investments	286,166	(28,752)
Net cash inflow/(outflow) from investing activities	<u>3,036,167</u>	<u>3,932,335</u>
Net cash inflow/(outflow) before financing	<u>3,315,636</u>	<u>4,166,336</u>
<b>Increase in cash and cash equivalents</b>	<u>3,315,636</u>	<u>4,166,336</u>

**INDEPENDENT REVIEW REPORT TO  
RIGHTS AND ISSUES INVESTMENT TRUST PLC**

**Introduction**

We have been instructed by the company to review the financial information for the six months ended 30th June 2004 which comprises the Balance Sheet, Consolidated Statement of Total Return and Cash Flow Statement. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

**Directors' responsibilities**

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

**Review work performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

**Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30th June 2004.

Hope Agar  
Chartered Accountants



13th July 2004

25 City Road  
London EC1Y 1AR

**Directors**

S.H.J.A.Knott *Chairman*

P.M.Allen FCA

B.A.Beverley

D.M.Bramwell

S.J.B.Knott

**Secretaries**

Discretionary Unit Fund Managers Limited

**Bankers**

Clydesdale Bank plc

**Auditors**

Hope Agar

**Registrars**

Capita Registrars

Registered in England No. 736898