

INVESTORS CAPITAL TRUST PLC

(Registered Number SC314671)

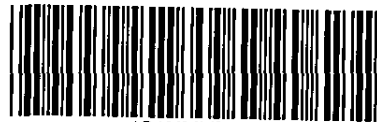
INTERIM ACCOUNTS

in accordance with section 838 Companies Act 2006

FOR THE PERIOD FROM 1 APRIL 2012

TO 30 SEPTEMBER 2012

WEDNESDAY



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COMPANIES HOUSE

INVESTORS CAPITAL TRUST PLC

Statement of Directors' Responsibilities in respect of the interim accounts

Company Law requires the Directors to prepare interim accounts prior to making any distribution where the distribution would be found to contravene the relevant section of the Companies Act if reference were made only to the Company's last annual accounts. These accounts are required to be properly prepared under s838 of the Companies Act 2006 and must consist of:

- A balance sheet which gives a true and fair view of the state of the Company's affairs as at the balance sheet date; and
- A profit and loss account which gives a true and fair view of the Company's profit or loss for the period. This requirement is met by the presentation of the total column in the Income Statement.

In preparing these accounts the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the interim accounts; and
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will not continue in business

The Directors are responsible for ensuring that proper accounting records are maintained, which enable them to ensure that the interim accounts comply with the Companies Act. They are also responsible for safeguarding the assets of the Company and, therefore, for taking reasonable steps for the prevention and detection of fraud and other irregularities. The accounts have been prepared on a going concern basis.

INVESTORS CAPITAL TRUST PLC

Statement of Comprehensive Income

	Notes	Period from 1 April 2012 to 30 September 2012			Year to 31 March 2012		
		Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
Gains on investments held at fair value through profit or loss	8	-	1,559	1,559	-	1,406	1,406
Exchange differences		-	181	181	-	364	364
Income	1	3,008	-	3,008	6,097	203	6,300
Investment management fee	2	(120)	(359)	(479)	(240)	(560)	(800)
Other expenses	3	(177)	-	(177)	(441)	-	(441)
Return on ordinary activities before finance costs and taxation		2,711	1,381	4,092	5,416	1,413	6,829
Finance cost							
Net Interest	4	(296)	(691)	(987)	(590)	(1,378)	(1,968)
Finance cost		(296)	(691)	(987)	(590)	(1,378)	(1,968)
Return on ordinary activities before taxation		2,415	690	3,105	4,826	35	4,861
Taxation	5	(11)	97	86	(122)	(113)	(235)
Profit/(loss) for the period after taxation		2,404	787	3,191	4,704	(78)	4,626
Other comprehensive income							
Net gain on cashflow hedged net of tax		-	749	749	-	1,270	1,270
Total comprehensive income for the period		2,404	1,536	3,940	4,704	1,192	5,896
Return per Share	6	1.92p	0.63p	2.55p	3.70p	(0.06p)	3.64p

The total column of this statement represents the Company's profit and loss account, prepared in accordance with International Financial Reporting Standards. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

The notes on pages 4 to 15 are an integral part of these statements.

INVESTORS CAPITAL TRUST PLC

Balance Sheet

	Notes	As at 30 Sept 2012 £'000	As at 31 March 2012 £'000
NON-CURRENT ASSETS			
Investments held at fair value through profit or loss	8	124,695	131,090
		<u>124,695</u>	<u>131,090</u>
CURRENT ASSETS			
Other receivables	9	774	1,424
Cash at bank and on deposit		1,575	11,452
		<u>2,349</u>	<u>12,876</u>
TOTAL ASSETS		127,044	143,966
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Other payables	10	(745)	(685)
Bank overdraft		-	(123)
Bank loan	11	-	(33,496)
Interest rate swap on bank loan		-	(749)
		<u>(745)</u>	<u>(35,053)</u>
NON-CURRENT LIABILITIES			
Bank loan	11	(18,000)	-
		<u>(18,000)</u>	<u>-</u>
TOTAL LIABILITIES		(18,745)	(35,053)
NET ASSETS		108,299	108,913
REPRESENTED BY:			
Share Capital	12	134	134
Share Premium	13	22	22
Capital Redemption Reserve	14	5	5
Buy Back Reserve	14	88,423	90,265
Special Capital Reserve	14	25,994	26,682
Capital Reserves	14	(9,769)	(11,305)
Revenue Reserve	14	3,490	3,110
		<u>108,299</u>	<u>108,913</u>
Net Asset Value per Equity Share	15	87.0p	85.9p

The financial statements on pages 2 to 15 were approved by the Board and authorised for issue on 15 November 2012 and were signed on its behalf by:



Iain McLaren, Director

INVESTORS CAPITAL TRUST PLC

Summary Accounting Policies

BASIS OF PREPARATION

The financial statements of the Company have been prepared on the basis of 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 disclosures within these financial statements have been limited to those required to meet the statutory requirements of s838 Companies Act 2006, requisite in respect of interim accounts prepared for a proposed distribution by a public company.

The notes and financial statements are presented in pounds sterling (functional and presentational currency) and are rounded to the nearest thousand except where otherwise indicated.

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the period. The nature of the estimation means that actual outcomes could differ from those estimates.

INVESTMENTS

Investments are recognised and 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.

Investments are classified as fair value through profit or loss. As the entity'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 income securities are designated as fair value through profit or loss on initial recognition.

Financial assets designated as at fair value through profit or loss are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Unlisted investments, including the Company's dealing subsidiary, Investors Securities Company Limited, are valued at fair value by the Directors on the basis of all information available to them at the time of valuation. Any investments held by Investors Securities Company Limited at the balance sheet date are valued at fair value.

Where securities are designated upon initial recognition as fair value through profit or loss, gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item.

INVESTORS CAPITAL TRUST PLC

Summary Accounting Policies (Continued)

DERIVATIVE FINANCIAL INSTRUMENTS

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. In line with the guidance published by the Association of Investment Companies, changes in the fair value of derivative financial instruments recognised in the income statement will generally be recognised through the revenue column, except where there is a clear connection between the derivative and the maintenance or enhancement of the Company's investments.

CAPITAL AND RESERVES

- (a) **Capital reserve – investments sold**
 - gains and losses on realisation of investments, including losses on transactions in own shares, are dealt with in this reserve.
- (b) **Capital reserve – investments held**
 - increases and decreases in the valuation of investments held are dealt with in this reserve.
- (c) **Buyback reserve**
 - created from the Court cancellation of the share premium account which had arisen from premiums paid on the A Shares. Available as distributable profits to be used for the buy back of Shares. The cost of any shares bought back is deducted from this reserve. The cost of any Shares resold from Treasury is added back to this reserve.
- (d) **Special capital reserve**
 - created from the Court cancellation of the share premium account which had arisen from premiums paid on the B Shares. Available for paying capital returns on the B Shares.
- (e) **Capital redemption reserve** - the nominal value of any of the shares bought back for cancellation is added to this reserve. This reserve is non-distributable.
- (f) **Revenue reserve**
 - the net profit/(loss) arising in the revenue column of the Income Statement is added to or deducted from this reserve. Available for paying dividends on the A Shares

INCOME

- (a) Dividends are recognised as income on the date that the related investments are marked ex-dividend. Income from fixed interest securities is accrued on an effective interest rate basis, by reference to the principal outstanding and at the effective interest rate applicable.
- (b) Other investment income and deposit interest are included on an accruals basis.

INVESTORS CAPITAL TRUST PLC

Summary Accounting Policies (Continued)

EXPENSES

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue column of the income statement except where incurred in connection with the maintenance or enhancement of the value of the Company's investment portfolio and taking account of the expected long term returns as follows:

- Interest payable on the term bank loan is allocated 30 per cent. to the revenue column of the income statement and 70 per cent. to capital;
- Management fees have been allocated 30 per cent to revenue and 70 per cent to capital; and
- Performance fees and, where the management fee is chargeable at a rate higher than 0.75 per cent. per annum, that part of the management fee above 0.75 per cent., will be charged wholly to capital.

FOREIGN CURRENCY

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in either the capital or revenue column of the income statement depending on whether the gain or loss is of a capital or revenue nature respectively.

TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

INVESTORS CAPITAL TRUST PLC

Notes to the Accounts

	Period to 30 September 2012 £'000	Year to 31 March 2012 £'000
1. INCOME		
Listed investments	2,987	6,036
Deposit interest	21	57
Special dividends credited to capital	-	203
Underwriting commission and other income	-	4
	<u>3,008</u>	<u>6,300</u>

During the period, income of £nil was recognised in capital (year to 31 March 2012: £203,000).

2. INVESTMENT MANAGEMENT FEE	£'000	£'000
Investment management fee - revenue	120	240
- capital	359	560
Performance fee - capital	-	-
	<u>479</u>	<u>800</u>

The Company's investment manager is F&C Investment Business Limited. F&C Investment Business Limited receives an investment management fee comprising a base fee and a performance fee. The base fee is a management fee at 0.9 per cent per annum of the net asset value of the Company payable quarterly in arrears, subject to being reduced to 0.75 per cent if the net asset value at the end of the year is less than £1 per share. The performance fee will be payable every five years, and will be 15 per cent. of the amount by which the Company's net assets (adding back the capital returns paid in respect of the B Shares) outperform its benchmark, the FTSE All-Share Capped 5% Index. Payment of the performance fee is conditional on both the net assets at the end of the five year period being not less than £1 per share (or in marginal circumstances the performance fee will be reduced so that the net asset value remains at £1 per share), and on distributions per share having been paid in each year of the five year period that are no less (unless the Board otherwise agrees) than the distributions per share paid in respect of the first year of that period. For subsequent performance fee periods, the £1 net asset trigger will be increased to the net asset value per share figure (if higher) at the end of the preceding performance fee period. The performance fee is capped at a sum equal to the aggregate base fees paid over the relevant five year period. The current performance period will run for the five years from 1 April 2012 to 31 March 2017. All fees are exclusive of VAT, where applicable.

INVESTORS CAPITAL TRUST PLC

Notes to the Accounts

2. INVESTMENT MANAGEMENT FEE (CONTINUED)

The contract between the Company and F&C Investment Business Limited may be terminated at any date by either party giving six months' notice of termination. In the event of the Company terminating the contract by giving less than the aforementioned notice, F&C Investment Business Limited is entitled to compensation of an amount equal to the base management fee which the investment manager would have been entitled to receive if it had continued to supply services for the unexpired notice period. The performance fee (and any adjustment to 0.75 per cent of the base fee) will be calculated *mutatis mutandis* as if the date of termination had been the end of the relevant period and the performance fee will be based on 15 per cent of the outperformance since the start of the performance fee period that is being cut short.

	Period to 30 September 2012 £'000	Year to 31 March 2012 £'000
3. OTHER EXPENSES		
Directors' fees	52	104
Auditors remuneration for - statutory audit	-	23
- interim review	-	-
- tax services (non-audit)	-	20
Other	125	294
	<u>177</u>	<u>441</u>
	—	—
4. FINANCE COSTS	£'000	£'000
Interest on Bank Loan	233	441
Net Interest payable on Interest Rate Swap	754	1,527
	<u>987</u>	<u>1,968</u>
	—	—
5a. TAXATION	£'000	£'000
Corporation tax – current period	-	-
Irrecoverable withholding tax	-	(1)
(Decrease)/increase in provision relating to prior years	(86)	236
	<u>(86)</u>	<u>235</u>
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INVESTORS CAPITAL TRUST PLC

Notes to the Accounts

5b. FACTORS AFFECTING TAX CHARGE FOR THE CURRENT PERIOD

	Period to 30 September 2012 £'000	Year to 31 March 2012 £'000
Return on ordinary activities before tax	3,105	4,861
Taxation at the UK standard rate of corporation tax of 24% (31 March 2012: 26%)	745	1,264
Effects of:		
- non taxable dividend income	(568)	(1,184)
- non taxable capital gains	(418)	(460)
- non-allowable capital losses	-	278
- excess management expenses	241	102
- withholding tax recovered	-	(1)
- (decrease)/increase in provision relating to prior years	(86)	236
Current period tax charge	(86)	235

6. RETURN PER ORDINARY SHARE

The return per ordinary share is based on the following figures:

Revenue return	£2,404,000	£4,704,000
Capital return	£787,000	(£78,000)
Total return	£3,191,000	£4,626,000
Weighted average number of shares in issue during the period	125,360,339	127,158,809

7. DISTRIBUTIONS

	Period to 30 September 2012 £'000	Year to 31 March 2012 £'000
Amounts recognised as distributions to equity holders in the period:		
Fourth quarter interim dividend of 1.1p per A share	1,033	1,047
Fourth quarter capital return of 1.1p per B share	353	352
First quarter interim dividend of 1.06p per A share	991	1,009
First quarter capital return of 1.06p per B share	335	340
Second quarter interim dividend of 1.06p per A share	-	1,009
Second quarter capital return of 1.06p per B share	-	340
Third quarter interim dividend of 1.06p per A share	-	1,009
Third quarter capital return of 1.06p per B share	-	340
	2,712	5,446

INVESTORS CAPITAL TRUST PLC

Notes to the Accounts

7. DISTRIBUTIONS (CONTINUED)

	Period to 30 Sept 2012 £'000	Year to 31 March 2012 £'000
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Proposed distributions to equity holders at the period end:

Second quarter interim dividend of 1.06p per A share for the year ending 31 March 2013	986	-
Second quarter capital return of 1.06p per B share for the year ending 31 March 2013	333	-
Fourth quarter interim dividend of 1.1p per A share for the year ended 31 March 2012	-	1,033
Fourth quarter capital return of 1.1p per B share for the year ended 31 March 2012	-	353

8. FIXED ASSETS – INVESTMENTS

	Period to 30 Sept 2012 £'000	Year to 31 March 2012 £'000
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Opening book cost	121,323	128,623
Opening fair value adjustment	9,767	8,151
Opening valuation	<u>131,090</u>	<u>136,774</u>
Additions at cost	10,110	21,797
Disposals - proceeds	(18,064)	(28,887)
- realised gains/(losses) on sales	2,730	(210)
Movement in fair value	(1,171)	1,616
Closing valuation	<u>124,695</u>	<u>131,090</u>
Closing book cost	116,099	121,323
Closing fair value adjustment	8,596	9,767
Closing valuation	<u>124,695</u>	<u>131,090</u>
Listed investments	124,445	130,840
Subsidiary Undertaking	250	250
	<u>124,695</u>	<u>131,090</u>
Realised gains/(losses) on investments	2,730	(210)
Movement in fair value	(1,171)	1,616
Total gains on investments held at fair value through profit and loss	<u>1,559</u>	<u>1,406</u>

INVESTORS CAPITAL TRUST PLC

Notes to the Accounts

9. OTHER RECEIVABLES	30 September	31 March
	2012	2012
	£'000	£'000
Accrued income	719	1,255
Unrealised gains on foreign exchange currency contracts	21	43
Due from brokers	-	107
Taxation recoverable	-	8
Other debtors	34	11
	<u>774</u>	<u>1,424</u>
	—	—
10. OTHER PAYABLES	30 September	31 March
	2012	2012
	£'000	£'000
Loan from subsidiary undertaking	250	250
Taxation payable	150	236
Management fee	243	88
Performance fee	-	-
Other creditors	102	111
	<u>745</u>	<u>685</u>
	—	—
11. BANK LOAN	30 September	31 March
	2012	2012
	£'000	£'000
Term Loan	18,000	33,496
	—	—

At 31 March 2012 the Company had a £33.5m term loan maturing 28 September 2012. This loan carried interest at 0.375 per cent over LIBOR; this variable rate had been fixed through an interest rate swap, which matured on 28 September 2012, and resulted in an effective interest rate of 5.8635 per cent per annum. Interest on both the term loan and interest rate swap was payable quarterly. An administration fee of £39,000 was payable on drawdown and was amortised over the life of the loan on an effective interest rate basis. This loan was repaid in full on its maturity on 28 September 2012.

On 28 September 2012, the Company drew down an £18m secured term loan from JP Morgan Chase Bank. This facility has a five year term to 28 September 2017 and carries a fixed interest rate of 3.15 per cent per annum. Interest on the term loan is payable quarterly. An administration fee of £18,000 is payable annually in advance.

The secured term loan contains certain financial covenants with which the Company must comply. These include a financial covenant to the effect that the percentage of the total amounts drawn down under the term loan (together with any other borrowings) should not exceed 45 per cent of the Company's eligible total secured assets. The Company complied with the required financial covenants throughout the period from draw down to 30 September 2012.

INVESTORS CAPITAL TRUST PLC

Notes to the Accounts

12. SHARE CAPITAL

As at 30 September 2012

	Nominal Value £
Authorised share capital	
225,000,000 A Shares of 0.1p each at 31 March 2012 and 30 September 2012	225,000
75,000,000 B Shares of 0.1p each at 31 March 2012 and 30 September 2012	75,000
	300,000

Allotted, Issued and Fully Paid

	Listed		Held in Treasury		In Issue	
	Number	Par value £	Number	Par value £	Number	Par value £
A Shares of 0.1p each						
Balance at 1 April 2012	102,067,144	102,067	(7,389,000)	(7,389)	94,678,144	94,678
Repurchased to be held in treasury	-	-	(1,650,000)	(1,650)	(1,650,000)	(1,650)
Balance at 30 September 2012	102,067,144	102,067	(9,039,000)	(9,039)	93,028,144	93,028
B Shares of 0.1p each						
Balance at 1 April 2012	32,076,703	32,077	(25,000)	(25)	32,051,703	32,052
Repurchased to be held in treasury	-	-	(630,000)	(630)	(630,000)	(630)
Balance at 30 September 2012	32,076,703	32,077	(655,000)	(655)	31,421,703	31,422

During the period to 30 September 2012, the Company bought back 1,650,000 A shares and 630,000 B shares for a combined total cost of £1,842,000. At 30 September 2012 the Company held 9,039,000 A Shares and 655,000 B Shares in treasury.

The Company has two classes of shares: A Shares and B Shares. The rights of each class of shares are identical, save in respect of the right to participate in dividends and capital returns. A Shares are entitled to all dividends paid by the Company and no dividends may be paid to B Shareholders. B Shareholders are entitled to capital distributions from the Company at an amount per share equal to, but not exceeding, any dividend paid per share to A Shareholders.

The net asset value attributable to each class of share is the same. Apart from voting rights entitlements at separate class meetings, every A Share and every B Share carries equal voting rights. Upon a winding up or reconstruction of the Company, each A Share and each B Share shall have an equal right to share in the residual assets of the Company.

INVESTORS CAPITAL TRUST PLC

Notes to the Accounts

13. SHARE PREMIUM ACCOUNT

£'000

As at 1 April 2012 and 30 September 2012

22

The Court of Session has confirmed the cancellation of the entire amount standing to the credit of the share premium account and the creation of two distinct reserves, the first reserve relating to that part of the cancelled share premium account arising from premiums paid on the A Shares (the "buy back reserve") and the second reserve relating to that part of the cancelled share premium account arising from premiums paid on the B Shares (the "special capital reserve").

The Company will apply these two reserves as follows:

- the buy back reserve will be available as distributable profits to be used for the buy back of both A and B shares; and
- the special capital reserve will be used for the purpose of paying capital returns on the B Shares.

14. RESERVES

Capital Redemption Reserve

£'000

As at 1 April 2012

5

As at 30 September 2012

5

Buy Back Reserve

£'000

As at 1 April 2012

90,265

Share buy backs for treasury (including costs)

(1,842)

As at 30 September 2012

88,423

INVESTORS CAPITAL TRUST PLC

Notes to the Accounts

14. RESERVES (CONTINUED)

Special Capital Reserve	£'000
As at 1 April 2012	26,682
Capital distributions paid on B shares	(688)
As at 30 September 2012	<u>25,994</u>
 Capital Reserve – investments sold	 £'000
As at 1 April 2012	(20,366)
Gains on sale of investments during the period	2,730
Exchange differences	203
Management fees charged to capital	(359)
Finance cost charged to capital	(691)
Taxation credited to capital	97
As at 30 September 2012	<u>(18,386)</u>
 Capital Reserve – investments held	 £'000
As at 1 April 2012	9,061
Movement in fair value of investments during the period	(1,171)
Unrealised exchange differences	(22)
Movement in fair value of interest rate swap	749
As at 30 September 2012	<u>8,617</u>
 Revenue Reserve	 £'000
As at 1 April 2012	3,110
Transfer from revenue column of income statement	2,404
Dividends paid on A shares	(2,024)
As at 30 September 2012	<u>3,490</u>

INVESTORS CAPITAL TRUST PLC

Notes to the Accounts

15. NET ASSET VALUE PER ORDINARY SHARE

The net asset value per equity share and the net assets attributable to the equity shares were as follows:

	30 September 2012 £'000	31 March 2012 £'000
Net assets attributable	£108,299,000	£108,913,000
Total number of A and B shares in issue	124,449,847	126,729,847
Net asset value per equity share	87.0p	85.9p