F&C Investments

F&C Global Smaller Companies PLC

Report and Accounts

2012

About Your Company

Objective

F&C Global Smaller Companies PLC (the "**Company**") invests in smaller companies worldwide in order to secure a high total return.

What we do

We invest around the globe in markets, sectors and companies that we believe will achieve the Company's objective.

We help to reduce the risk of stock market investment by spreading your investment over a wide range of stocks.

The savings plans available through F&C Management Limited allow us to offer investment opportunities to as many people as possible.

Why choose to invest in the Company?

We believe that investing in global smaller companies offers the opportunity to benefit from the superior potential of fast-growing businesses – the chance to participate in economic growth from the ground floor.

We offer particular strengths that flow from:

- Spread: We invest directly in around 200 individual companies covering markets around the world. We also invest in collective funds giving us exposure predominantly to Asia and Latin America.
- Global reach: Investing in smaller companies worldwide, we have the scope to take advantage of opportunities wherever they are.
- Expertise: F&C's investment team possesses extensive experience in researching smaller company investments.

Why an investment trust?

As an investment trust, the Company offers a number of advantages over other kinds of savings. For example:

- No capital gains tax is suffered on transactions within the portfolio.
- Charges to investors are typically well below those for comparable OEICs or unit trusts.
- Management of the portfolio is not complicated by regular redemptions and subscriptions.
- The ability to enhance net asset value per share by buying back or issuing our own shares.
- The freedom to borrow money to invest for our shareholders.

Visit the website at **www.fandcglobalsmallers.com**

Registered in England and Wales with company registration number 28264.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Financial Highlights

Summary of results

Attributable to equity shareholders	30 April 2012	30 April 2011	% Change
Share price	**588.00p**	583.50p	+0.8
Net asset value per share (debenture at nominal value)	**596.35p**	602.49p	-1.0
Net asset value per share (debenture at market value)	**590.60p**	595.82p	-0.9

	Year ended 30 April 2012	Year ended 30 April 2011	% Change
Revenue return per share	**6.87p**	5.08p	+35.2
Dividends per share	**5.63p**	5.10p	+10.4
Ongoing charges (based on average net assets)	**1.08%***	1.00%	

*1.56% including the performance fees (2011: 1.02%)

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Financial calendar

Annual general meeting	**26 July 2012**
Final dividend payable*	**16 August 2012**
Half-yearly results for 2013 announced	**December 2012**
Interim dividend payable	**January 2013**
Final results for 2013 announced	**June 2013**

* to shareholders on the register at the close of business on 6 July 2012

Chairman's Statement

Anthony Townsend Chairman

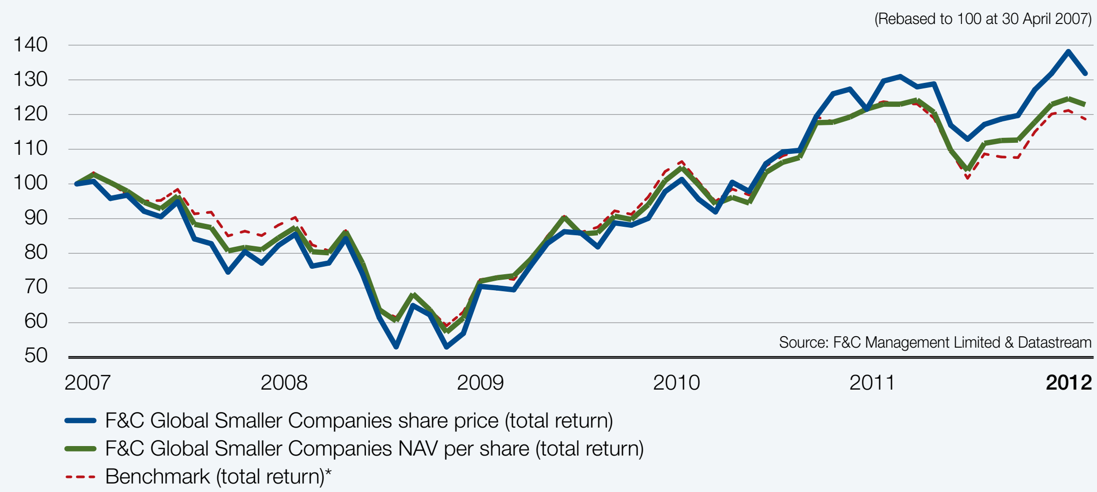
I am pleased to report that consistently strong stock selection across the investment portfolio drove a year of solid outperformance in what was a tricky period for investing. A return to recessionary conditions for parts of Europe combined with a slowdown elsewhere in the world created a stiff headwind for equities. However, the second half of the financial year proved better than the first for share prices and your Company's performance followed this pattern. The net asset value ("**NAV**") per share in total return terms was down by 9.1% at the half way stage with the share price 10.2% lower. By the end of the year the NAV total return was just 0.1% down and the share price was up 0.8% at a new year end high.

Smaller company shares performed relatively well compared to the broader market indices in the UK and Japan, but lagged in the US and a number of the leading emerging markets. In Europe, significant deterioration in economic fundamentals also favoured larger stocks. The Company's benchmark*, a blended index of the returns from the MSCI All Country World ex UK Small Cap Index (70%) and Numis UK Smaller Companies (excluding investment companies) Index (30%) (the "**Benchmark**") delivered a total return of minus 4.0%.

Returns again compared well against closed and open ended global growth funds. Recently this has been recognised by the Company winning the 2012 Investors Chronicle Global Fund of the Year award.

The Company incentivises the Manager to deliver strong relative returns and F&C has earned a performance fee of £893,000. The level of the Company's Ongoing Charges for the year was 1.08%, or 1.56% including the performance

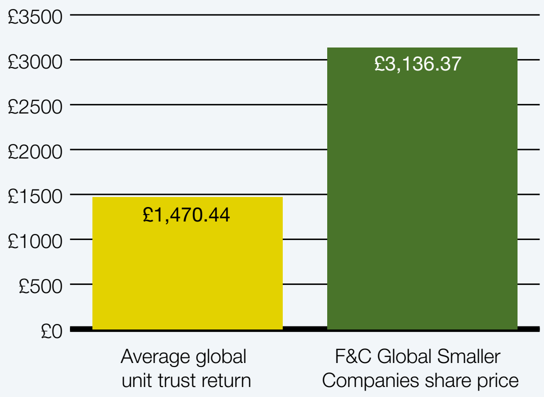
Net asset value and share price performance vs Benchmark over five years



* The Company's Benchmark is a blended index of the returns from the MSCI All Country World ex UK Small Cap Index (70%) and the Numis UK Smaller Companies (excluding investment companies) Index (30%). Prior to 1 May 2010 the Company's Benchmark was a blended index of the returns from the MSCI All Country World ex UK Small Cap Index (60%) and the Hoare Govett UK Smaller Companies (including investment companies) Index (40%). In April 2012 the Hoare Govett UK Smaller Companies Index changed its name to the Numis UK Smaller Companies Index. The method of calculation remained unchanged.

fees. Following guidance from the Association of Investment Companies, this measure supersedes the Total Expense Ratio as the prime measure of the cost of the fund to investors and takes into account the indirect costs incurred by our investment in third party managed funds (the details and definitions in relation to the various costs measures are shown on page 63). An increase in the scale of our holdings in collectives over the year led to an increase in Ongoing Charges as a number of the funds attract high management fees, but the strong relative showing of these holdings has continued to benefit overall performance. The Board still believes that the Company's fee structure remains competitive in the light of the specialist nature of the mandate and the investment performance record.

Value of £1,000 with net income reinvested over 10 years



Source: Lipper

Dividends

The general strength of corporate balance sheets and high current levels of profitability shone through in the revenue received from the Company's investment portfolio this year, with revenue per share up by 35.2%. While there was a boost from a re-phasing of our dividend income from the previous year for a number of stocks, there was good underlying growth. More companies globally are seeking to return cash to shareholders via dividends or through share buybacks. While the year ahead may prove more difficult for corporate profit growth, the Board has decided to recommend a final dividend of 4.00p per share payable on 16 August 2012, a 14.3% rise on last year's final. This means that the total dividend for the year is 5.63p per share, an increase of 10.4% on last year's level. The Company's dividend will have increased for 42 years in a row, a record that few other investment trusts can match. The Board intends to reduce the disparity between future final and half-yearly dividends by paying a relatively higher interim dividend in January 2013 than in 2012.

Market background

Europe has been at the centre of attention for much of the last year. The effective default of Greece during the year inevitably led to speculation that a more widespread write-down of sovereign debt could occur, with serious consequences for all financial markets. While the politicians and monetary authorities certainly seem more aware of the seriousness of the situation, as evidenced by the European Central Bank's Long Term Refinancing Operation late in 2011 and early in 2012, the issue of excessive sovereign debt is far from settled despite swingeing cutbacks in spending and tax rises in a number of countries. In addition, many banks still need to bolster their capital positions.

Compared to expectations a year ago, most parts of the world undershot economic growth targets. The most notable weakness was in Southern European countries where the impact of austerity has been hardest felt. The UK has also tipped back into recession with consumers feeling the pinch from rising prices and an increase in unemployment.

Slowing global growth is bad news for equities as it makes it harder for companies to grow earnings, but the situation has not been uniformly bleak. The US economy exhibited better growth in the latter part of the year, with the labour market at last showing an improving trend as companies became more optimistic and took on more workers. China is still growing at a high single digit percentage rate, although the pace of expansion has perhaps inevitably slowed. Japan is now benefiting from something of a revival, more than a year on from the devastating tsunami, as re-building efforts have lifted output. Even some European countries did well in 2011, notably Germany, with export business being helped by the weak euro.

Chairman's Statement (continued)

Portfolio performance

The numbers below show that regional investment performance (all measured in terms of sterling total return) was consistently strong across the portfolio versus the relevant local small cap index. After a number of poor recent years in that market, it is pleasing to see that we recorded a near double digit positive return in Japan. The extent of outperformance in Europe is also worthy of note with the portfolio's quality bias paying off. While economic growth in Asia and Latin America remained better than elsewhere, local equity markets were weak as growth expectations fell and inflationary pressures from high oil and food prices took their toll. A full run through of the main issues influencing performance in the investment portfolio is included in the Manager's Review and regional reports on pages 6 to 15.

Asset allocation

The chart on page 6 shows how the portfolio is spread. As I have said before, this is an imperfect indication of the effective geographic exposure of the Company's investments. For example, although an individual company may be UK listed its business may be based mainly, or indeed wholly, overseas. While the Manager and Board are conscious of the Benchmark regional weightings, the aim is to give investors a genuinely globally spread portfolio and in the past year new investments were made in funds targeting small cap stocks in Brazil and Russia.

For this year the overall impact of asset allocation decisions was broadly neutral.

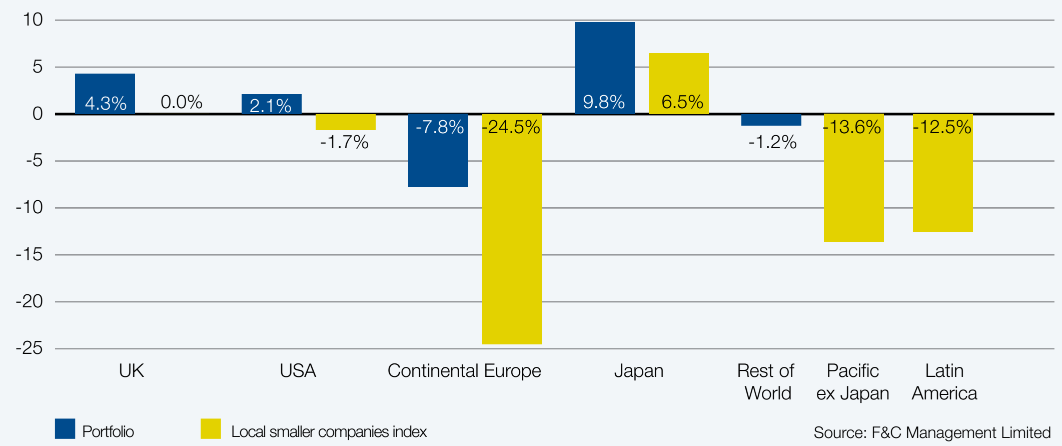
Gearing

The Company has committed borrowing facilities in place to allow greater gearing as opportunities arise. The Board considers that gearing is an important part of an investment trust's armoury and encourages the Manager to use the borrowing facilities as appropriate. However, gearing is only beneficial if markets are rising. The ongoing uncertainties prevailing in the markets led the Manager to be cautious throughout the year and effective gearing ended the year at a modest 1.7%.

Discount and share capital

The discount, with the NAV incorporating the debenture at market value and including current period income, was at 0.4% at the year end. During the year, on the back of good demand in the market, the share price often traded at a premium to the NAV and as a result 1,280,000 new shares (3.2% of the opening share capital) were issued. A further 586,345 new shares have been issued since the year end. These issues combined represent 4.7% of the opening share capital at 1 May 2011 and the Board will therefore seek shareholder authority at the annual general meeting to issue up to 10% of the Company's shares in issue instead of the 5% level of previous years. Circumstances in the markets can

Geographical performance (total return sterling adjusted) for the year ended 30 April 2012



Source: F&C Management Limited

always change, requiring possibly a resumption of share buybacks, but, in view of recent demand, the intention is for any re-purchased shares to be held in Treasury. To ensure a net enhancement to the NAV, such shares will only be sold at a premium or at a lower discount level to that prevailing at the time they were bought back. The necessary resolutions seeking shareholder approval for this policy will be put to shareholders at the meeting.

Your Board will continue to promote the success of the Company; aiming to use buyback and issuance activity as appropriate to moderate the extent of discount and premium volatility. Given the large number of retail shareholders investing regularly through monthly savings schemes and dividend reinvestment, it is not necessarily a good thing for the share price to rise too far above the NAV.

Corporate governance

Your Board remains committed to the highest corporate governance standards and believe that the Company has complied with the relevant guidance in this area. More information is included in the Corporate Governance Statement on pages 33 to 38.

Outlook

In many ways the outlook for the coming year is not much changed from a year ago when the economic clouds over Europe were already the cause of much concern. In the face of rising unemployment, pressure is increasing on Europe's leaders to find a less painful way forward. Growth elsewhere looks likely, though China's slowdown needs to be monitored carefully.

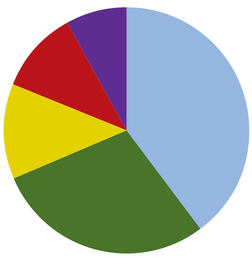
From the smaller company perspective it would clearly be better if the world economy was powering ahead and markets have fallen back in the early weeks of the year. Despite this the potential for the Manager to add value by identifying exciting smaller company stocks for the future in global equity markets remains intact. So although there may be set-backs along the way, the long-term attractions of our chosen sector remain appealing.

Anthony Townsend
Chairman
18 June 2012

Manager's Review

Peter Ewins Lead Manager

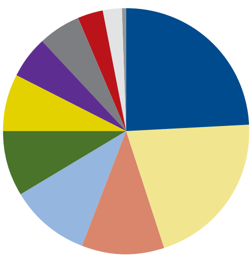
Geographical distribution of the investment portfolio as at 30 April 2012



The percentages in brackets are as at 30 April 2011

Source: F&C Management Limited

Industrial classification of the investment portfolio as at 30 April 2012



The percentages in brackets are as at 30 April 2011

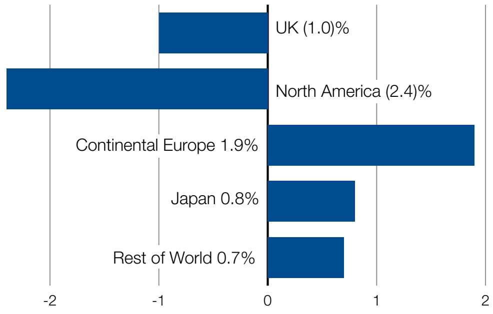
Source: F&C Management Limited

Against what was certainly a challenging economic backdrop, the year under review closed with both the NAV and share price little moved. However, it is pleasing to be able to report that our stock selection paid off with all five regional parts of the portfolio beating the relevant local small cap indices by a good margin. Furthermore, the NAV total return of minus 0.1% was comfortably ahead of the Benchmark total return of minus 4.0% and the share price rose 0.8% as the discount narrowed.

As is often the case, there was a wide dispersion of returns between different global equity regions and while gains were recorded, notably in Japan, European equity investors endured a bruising year. Given all that has happened it is probably appropriate to reflect on events in Europe. Across the Continent, governments have been attempting to cut their budget deficits by way of selective tax increases and spending cuts to provide confidence to the markets that they will not need to restructure their debt obligations. Greece's failure to meet targeted debt reduction levels and the consequent collapse of confidence in the financial markets forced the IMF and EU to act. A partial write-down of its obligations was arranged, which hurt those banks holding Greek debt.

Under new leadership the European Central Bank attempted to underpin the banking sector by offering three year finance at low rates, which led to an improvement in sentiment in early 2012. Unfortunately this has not been enough to assuage doubts about the outlook for Spain in particular, which is back in recession and where the banking sector is heavily exposed to falling property prices. The inter-connected nature of the financial system means that problems in one place have repercussions elsewhere, particularly when a country as large as Spain is under scrutiny. Political turmoil in Greece, in the Netherlands and a change of President in France only adds to the complications. Greece could well be forced, or choose to leave the eurozone, and the focus now is moving to the potential mechanics of this and the implications if it happens. It seems certain that further initiatives will be necessary from the European Central Bank to underpin confidence again in the coming weeks as such a move would have widespread consequences for the European financial system.

Geographical weightings against Benchmark as at 30 April 2012



Source: F&C Management Limited and MSCI

Our reaction at the portfolio level within Europe has been to avoid getting too focused on near term macro-economic difficulties. In many ways this is a good time to be looking at European equities, as the bad press the region has suffered has opened up some good opportunities to buy shares in high quality businesses on cheap ratings. It is important to recognise too that Europe is a large and diverse continent and a number of Northern and Central European economies are still growing, while countries like Ireland have made huge strides to improve their competitiveness.

The table above and the pie chart on page 6 show that, while we are overweight against the Benchmark, Europe remains a relatively small part of our portfolio particularly against the US. As I have written before, the US is a fertile hunting ground for entrepreneurial companies, the equity market hosts a great range of potential investments and liquidity in smaller company shares is better than elsewhere. In the last year, the US economy performed satisfactorily and perhaps the most encouraging development has been a meaningful fall in unemployment as companies have stepped up hiring. If this persists it will be helpful to the housing market which in turn would feed through into enhanced general consumer confidence. The US economy is also being helped by low gas prices as a result of the shale gas revolution, which is also encouraging some energy intensive industries to expand operations in the country. US corporate profits have recently hit a 60 year high as a share of national income and we have seen an encouraging profit out-turn from our own US portfolio.

Closer to home, we still have a large exposure to the UK which, like Europe, is undergoing its own period of austerity. Persistent inflationary pressures have been evident domestically, but the Bank of England's quantitative easing activity (which arguably is contributing to this), has continued to provide support to the wider economy. While the recent confirmation of a return to recession was disappointing, we have been pleased by the performance of the majority of stocks in the UK portfolio.

A year ago I talked about the fact that we saw an opportunity to add to our Japanese weighting following the post earthquake slump in the local small cap market. We recently have moved to an overweight stance, as we feel that the near-term profit outlook for Japanese companies is favourable. Consumer spending has been improving and there is a boost coming through from the reconstruction work. The actively managed Japanese small cap funds we backed performed strongly in the year.

The Rest of the World portfolio covers our holdings in funds investing mainly in small cap stocks in Asian and Latin American markets. Collectively these funds did considerably better than the local indices. Economic growth in these parts of the world has continued to be strong, but this in itself is not a guarantee of positive stockmarket performance, as the recent poor performance of Chinese equities illustrates. Looking forward, it is possible that monetary or fiscal policy initiatives in some of the key developing economies could be more equity market friendly in the year ahead, so we have made some additions to our holdings in the last couple of months.

Each of the following regional reviews picks up on the main individual stocks which helped or detracted from performance relative to the local stock market indices. In terms of trading activity, the amount of turnover on the overall portfolio fell by around a quarter compared to the previous year. Many of the stocks in our portfolio, particularly some of the largest positions, have been held for a considerable period as we have a high degree of confidence in their prospects.

Manager's Review (continued)

UK Review

Portfolio Performance	+4.3%
Numis UK Smaller Companies (excluding investment companies) Index	+0.0%
FTSE All Share Index	-2.0%

This was a good year for our UK portfolio with stock selection adding value across almost the entire spread of sectors.

In aerospace, once again **Senior Group** did not let us down with the shares up 42.4%. This company's expertise in machining parts for the likes of Boeing and Sikorsky continued to drive profits up. It has recently strengthened its position with Airbus by way of acquisition. Elsewhere in manufacturing sectors, we benefited from a strong recovery in **Laird Group**. This business supplies high technology components into the likes of Apple and fended off a takeover approach from a US rival in summer 2011. By contrast **Hamworthy**, the marine engineering business featured in last year's Report and Accounts, was acquired by a larger peer. The takeover led us to book a good profit but we were sorry to lose this company which was well placed to deliver growth in the future.

Other winners within industrials included speciality chemicals supplier **Elementis** and **RPC Group**. The former had been the best contributor in 2010/11, so it is pleasing to see it go from strength to strength despite the fact that both residential and commercial construction markets in the US and Europe have remained sluggish. **RPC Group**, the plastic packaging business, continued to win market share as one of very few packaging companies now able to offer a proper pan-European design and manufacturing service. The company has also reaped greater than expected synergies from well executed acquisitions.

A number of holdings with formidable positions in the US were helped by the economic upturn in this market. Plant hire company **Ashtead Group's** profits rose dramatically as cash strapped US contractors have increasingly rented rather than bought construction equipment; the shares jumped 25.7%. Within the information technology sector, **SDL** (language translation services) and **Micro Focus International** (enterprise application software) both did well, the former continuing to deliver after many previous good years while the latter showed good recovery under new management. Not all went to plan for US facing stocks in this area however, with **Craneware** falling 32.7% as the market started to worry about delays in new orders.

Galliford Try, the contractor and house-builder, had a very encouraging year, rising by no less than 64%. A high exposure to the resilient London and South East markets helped as did early action to take costs out of its construction unit. **Genus** saw its shares re-rated as investors warmed to the positive long-term outlook for its genetic expertise as the world requirement for food production grows.

Investing in oil exploration is inherently risky and during the year **Bowleven** shares suffered as drilling news in Cameroon proved less conclusive than hoped and the company needed more capital. On the other hand, **Cove Energy** found itself the subject of a bidding frenzy after confirmation of the scale of its gas discoveries offshore Mozambique and its share price more than doubled. We also benefited from a takeover for **Encore Oil**.

Mining shares did badly as weaker demand affected some of the key commodity prices. We decided to sell out of **Eastern Platinum** as we had lost confidence in the fundamentals in the face of rising operational costs (not uncommon in platinum mining) and industrial disputes. There were other companies where the outlook deteriorated and those sold included fashion retailer **Supergroup**, trust business **STM** and property developer **Orchid Developments**.

We generally look to hold stocks for the longer term, but it is appropriate to sell when valuations run up too much. Over the year we exited cash and carry business **Booker**, wealth manager **Brooks Macdonald** and pizza supplier **Dominos Pizza**. All are attractive businesses run by teams which we rate highly and we may well buy back into these companies at some stage.

Several new holdings are worthy of note. **Perform Group**, a newly listed company, offers us exposure to the rapidly developing market for digital sports information, distributing a wide range of sports coverage into the likes of bookmakers and mobile phone companies on a global basis. **Novae Group**

Hill and Smith's road safety products in use in Scotland; the company` provides galvanising services and offers a wide spread of infrastructure-related products to an increasing number of international markets.

is a specialist underwriting business which has made huge strides to reposition into more attractive classes of business, not yet reflected in its valuation despite consolidation in the sector. Finally, we have recently bought a position in **LXB Retail Properties**. This property development business concentrates on developing out-of-town retail space. While circumstances in UK retail are extremely difficult, putting pressure on rental prospects, **LXB Retail Properties** appears set to realise gains as its projects come to fruition and the management team have a track record to back.

UK small caps more than held their own last year against global peers and we remain optimistic that we can find interesting companies in the UK market, notwithstanding a flat outlook for the local economy.

North American Review

Portfolio Performance	+2.1%
Russell 2000 Index	-1.7%
S&P 500 Composite Index	+7.7%

In the last year our US portfolio returned 2.1% in sterling total return terms, beating the targeted local small cap index. Large cap stocks beat small this year in the US, with major companies such as Apple to the fore.

In our portfolio, there was particularly strong performance from two longer term holdings, **Conn's** and **America's Car-Mart**, which returned 149.6% and 87.7% respectively. The former, a retailer of home appliance and consumer electronics enjoyed a rebound in sales and profitability following its 2010 rights issue and a change of management. This was in stark contrast to the performance of much of the consumer electronics retail industry. **America's Car-Mart**, which finances and sells used cars, also saw improving sales as well as lower credit costs. In addition to these two, there were good gains for the owner of mobile phone towers, **SBA Communications**, which made a significant acquisition and was seen as a beneficiary of the failure of AT&T's bid for T-Mobile USA. **Airgas** continued to deliver strong results following its success last year in fighting off a hostile bid from Air Products. We bought back in during the year having sold during the bidding process.

As ever, not everything worked out as we hoped, and there was disappointing performance from **Career Education**, **Amedisys** (home nursing) and **Willbros Group** (pipeline contractor). We had believed the taint of industry scandals in education and home nursing had not significantly affected the first two, but we were wrong and in response we sold. **Willbros** was hit by weak business conditions

Manager's Review (continued)

ViaSat is delivering fast, secure communications, internet and network access
to customers around the world following the successful launch of high capacity satellite, ViaSat-1.

and concerns about its debt load; here we added to the position as it is now paying that down and there is some sign of improvement in orders.

There were two bids during the year: an unsolicited one for **Prestige Brands** from Genomma Labs Internacional of Mexico and an agreed one for **Knology** (a cable-based communications company) from a private equity group. We sold **Prestige Brands** as we doubted the likelihood of the bid succeeding and subsequent events proved us right as the deal fell through.

Although we bought nine new holdings in the year, more activity was concentrated on selling and we disposed of fourteen positions in all. These included commodity and commodity-related stocks **Arch Coal**, **Cal Dive International**, **Global Industries** and **Intrepid Potash**. After a ten year run in the sector we took the view that this was close to an end given the rapid rate of growth of new supply. In addition, **Helix Energy Systems** reversed its decision to sell its Gulf of Mexico oil and gas operations which we believed would drag down the value of the whole company, so we exited. Holdings in **Materion** (alloy materials) and **CapitalSource** (lending to mid market companies) were sold after strong recoveries. The last outright disposal worthy of mention is **Actuant**. This had been held for over ten years and where we had seen appreciation of six times since the end of 2000. The ability of management to acquire businesses at a good price has been key to this investment and we were disappointed that recent deals seemed to have been mistimed.

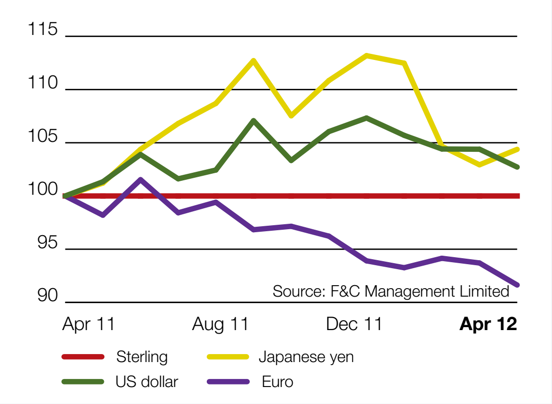
New purchases were split almost equally between recovery stocks and "compounders". Recovery stocks are those where the shares are deeply depressed compared to the business value. Compounders are where the companies are in an especially strong competitive position and have very good long term prospects, but where the shares are under a temporary cloud. In the recovery category were **Grand Canyon Education**, **Granite Construction**, **Lincare Holdings**, **Tejon Ranch** and **Microsemi**. All of these stocks appear to be likely to be re-rated in the future as things improve, and some such as **Granite** have already recovered substantially since we bought. Of the others, **Microsemi** makes analogue semiconductors for harsh environments. This is a good business because of long product cycles and low capital needs, while the shares are depressed because of problems related to the Thailand floods and concerns about its heavy exposure to defence spending.

Among the compounders we bought were **Hub Group** and **LKQ**. **Hub Group** is the leading provider of intermodal transport, the trans-shipment of containers by truck and rail. They are benefiting from the growth in rail transport in the US at the expense of trucking, which is higher cost because of high diesel prices, as well as the expansion of the Eastern US rail network to take double-stacked containers. **LKQ** dominates the alternative car parts distribution business, i.e. recycled and non-OEM car parts. The use of these is growing as insurance companies are under pressure to reduce costs in the face of rising insurance fraud; the company is expanding into new part types as well as internationally, most recently with the purchase of Euro Car Parts in the UK. **LKQ** is the third distributor in the portfolio, the other two being **Airgas** and **Pool**.

Distribution businesses are particularly attractive where one company is dominant and has expansion opportunities that can leverage the existing fixed infrastructure.

Recent quarterly reports from our largest positions have been pleasing, with strong growth in earnings per share from **Airgas**, **America's Car-Mart**, **Roper Industries**, **Microsemi** and **SBA Communications**. **Conn's**, **Pool** and **The Andersons**, to name but a few. With the profit performance of US stocks likely to remain dynamic compared to other parts of the world, maintaining a large exposure here seems sensible given the current mixed global outlook.

Currency movements relative to sterling in the year ended 30 April 2012



Continental European Review

Portfolio Performance	-7.8%
HSBC Smaller Europe Ex UK Index	-24.5%
FTSE All World Developed Europe ex UK Index	-19.6%

The year was impacted by concerns over global growth but more specifically for Europe, on debt issues and the impact of austerity measures on the potential for eventual recovery. This did, however, prove a good back-drop for quality franchises to differentiate themselves. Our portfolio, which concentrates on high quality businesses, performed well. Indeed stock selection was the principal driver of very good performance relative to both the small cap and large cap indices. Returns in sterling terms shown above were held back by the fall in the value of the euro versus sterling.

Despite the issues with the so called "peripheral European economies", our Irish stocks performed particularly well. Ireland has faced the crisis well; they have regained competitiveness whilst remaining a flexible open economy. The recent performance of their stock market is in part testament to this. However, our Irish listed businesses have performed well because they are high quality international businesses that happen to be listed in the country and benefit from the strong corporate regime. We were able to buy these businesses at good prices because the country had been abandoned by investors.

One of our largest positions, **Glanbia**, which we had highlighted last year, had another strong year with the share price up 34%. **Glanbia** is an Irish listed business which has its roots in Irish dairy processing. The business has been transformed in recent years and now derives the majority of its profits through their global nutritional division which has high margins, low capital employed and good growth prospects. The past year has seen investors begin to rate the company higher as they appreciate the magnitude of the shift that the company has gone

Manager's Review (continued)

through, whilst the legacy business has also had the benefit of a buoyant global dairy market.

The other particularly strong performer from Ireland was **Paddy Power**, which rose 53%. **Paddy Power** is a leading brand in betting and the company has continued to drive earnings growth ahead of expectations, particularly online where their innovative marketing has continued to attract clients ahead of the competition.

The rest of the strong performance came from a broad spread of sectors and geographies, although our food and beverage stocks and financial sector holdings did exceptionally well. In the former group, **Christian Hansen**, the global leader in dairy enzymes, was the leader and was up 40.2% but **Viscofan**, the sausage skin manufacturer, and **Lindt**, the high-end chocolate brand, also posted decent gains. Within financials there was no particular stand-out performer, but our strategy of holding the better quality stocks worked well. Stocks in this sector have largely been abandoned by investors in the face of macro fears. This has encouraged our interest as quality businesses that are well capitalised can still do well in this challenging economic environment.

One such asset has been our recent purchase of **Aareal Bank**, a conservatively managed property lender. The stock is trading at a material discount to its tangible book value compared to a large premium that historically it has commanded. It is well capitalised and has matched assets and liabilities duration, while there are no funding concerns. Its competition has retrenched, which allows **Aareal Bank** to lend at margins that they have not seen for many years and at conservative levels of leverage. This means that in the absence of a dramatic worsening in performance of the book, returns going forward should improve, yet the valuation is at record low levels.

Another new addition to the portfolio is **IFG Group**, an Irish listed administrator of high end pension plans. What remains, following the sale of their international custodian business, is a well positioned business with high market shares and a high level of recurring revenues. The stock's low valuation belies the fact that there is a significant amount of net cash on the balance sheet, a good dividend yield and the prospect of some growth over a long period.

Amer Sports' strong portfolio of brands includes Arc'teryx for hiking and mountaineering which is reaching new peaks.

We did of course have some stocks which performed poorly during the year. The stand-out negative contributors were **Wincor Nixdorf** and **Folli Follie Group**, both of which approximately halved. **Wincor Nixdorf** manufactures ATM machines for banks. They operate in a global oligopoly, demonstrate good cash generation and have a rock-solid balance sheet. They also have a very tough end market which is proving worse than expected, but in view of the strengths we decided to hold on to the stock. **Folli Follie Group** operates duty free stores in Greece, but also owns the Folli Follie and Links of London jewellery brands. We originally bought the stock because we thought it was an undervalued quality situation with good potential to develop the brands. While this may be the case, we are increasingly nervous about the corporate culture and outlook in Greece and, as we did not have the confidence to add to the position, since the year end we have sold out.

It is perhaps worthwhile mentioning that we also now hold a fund within the portfolio focussing on Russian smaller companies. While Russia is not a low risk investment territory, the economy is growing fast and we believe that the **Prosperity Voskhod Fund** provides a lower risk way of gaining exposure to the potential universe of smaller stocks.

Overall, the last year has shown that stock fundamentals can at least to a degree, override macro concerns. While the outlook in Europe is evidently uncertain, I am hopeful that in the future we will look back on this period as a good buying opportunity. To underline this we have been committing new cash into European markets in recent months.

Japanese Review

Portfolio Performance	+9.8%
MSCI Japan Small Cap Index	+6.5%
Nikkei 225 Index	+2.3%

After producing the worst return of our five regional portfolios in 2010/11, it was perhaps not overly surprising that this year would see a bounce back in performance. Japan's stockmarket has been a laggard for many years, but at last there appears to be a growing feeling that some of the ingredients are now in place for a better showing. It is pleasing that for the first time in six years we were ahead of our small cap benchmark.

The fundamental strength of parts of the local economy and corporate sector have been highlighted by the way in which they have performed following last year's tragic and highly disruptive tsunami; the worst earthquake on record for the country. Not many nations would have reacted with as much fortitude to this disaster as Japan. Industry also coped well with the power shortages resulting from the nuclear shut-downs that followed. The floods in Thailand later in 2011 caused further disruption to supply chains and to many Japanese companies. This hampered the recovery but, twelve months and more on from the initial disaster, the economy is doing better.

Retail sales are on the rise and unemployment in the country remains below 5%, a rate that many other countries would be only too pleased to report. Japan's exports to Asia are now larger than to the US and Europe combined, helpfully given the superior growth being exhibited in the region, and Japan retains some key technology leads in growth industries. There are many local small companies well placed to tap into this expansion. For a long time deflation has been a problem for Japan's policymakers, but in recent months the Consumer Prices Index has risen, partly due to higher electricity costs.

That is not to say that all Japan's issues are things of the past. The scandal of corporate governance at optical equipment company Olympus, served as a reminder that many Japanese boardrooms do not adequately protect shareholder interests or operate in a traditional Anglo-Saxon capitalist manner. Negative demographic trends cannot be reversed in the short term and exporters have been faced by a strong yen over the year, which has hurt the competitiveness of those relying on a domestic manufacturing base. Over the period since mid 2007, the yen has appreciated some 50% against sterling. The rise in the currency, more pertinently against the US dollar, has not gone unnoticed by the Bank of Japan which is seeking to moderate this by engaging in looser policy.

We have been investing in funds to gain exposure to Japanese small caps since the 2008/9 financial year. Around half of our exposure in the last year was

Manager's Review (continued)

held through an investment in the **iShares MSCI Japanese Small Cap Exchange Traded Fund**. This fund closely tracks our local benchmark, so the portfolio's outperformance came from the funds managed by AXA Framlington and M&G. Over the last twelve months both did well, with M&G's value based approach being particularly successful.

On balance the outlook for Japan looks relatively straightforward compared to other parts of the world. GDP growth for 2012 is projected at around the 2% mark, although clearly the economy is not immune to wider global influences and Japan is certainly not short of its own national debt. Small caps, being more domestically orientated, may be best placed in the coming period unless the yen weakens sharply which would be more beneficial to some of the more globally biased multinationals.

Rest of the World Review

Portfolio Performance	-1.2%
MSCI All Countries Asia ex Japan Small Cap Index	-13.6%
MSCI EM Latin American Small Cap Index	-12.5%

The performance of Asian and Latin American markets as a whole was poor, irrespective of market cap bias, but thankfully our portfolio almost held its value.

So why were market returns so disappointing in these parts of the world? In part, the retreat in the markets can be put down to the strength that we saw in the previous two financial years, but there were other elements at work. While Asia and Latin America's recent growth has made them less dependent on overseas developments, they are not fully de-coupled from the European slowdown. Many global investors still perceive these parts of the world as inherently higher risk and when the overall macro outlook deteriorates they tend to disinvest. The growing sense of fear in markets as the eurozone situation worsened last summer served to put pressure on the leading developing and emerging markets.

Other local issues have also not helped matters. In Asia, a series of corporate governance issues in the Chinese market added to suspicions about the risks of investing there. Many observers are dubious of Chinese growth data and have worries that the property market is seriously over-heated with eventual consequences for the local banks. High oil prices and poor agricultural production driving soft commodity prices higher also hurt consumer purchasing power and contributed to higher interest rates in some countries. More recently in Argentina and Bolivia, we have seen a return of enforced renationalisation of resource assets which only serves to undermine the incentive for private sector investment in the future.

This may sound like a catalogue of woes, but should not detract from the fact that the local economies remain firmly in growth mode and local small cap stocks are leveraged into this expansion. Over the year, there were actually strong gains in sterling terms for some of the markets including the Philippines and Thailand within Asia, while Colombian and Peruvian shares did considerably better than the dominant Latin market of Brazil. The latter market was held back by high interest rates and the strength of the local currency.

As with Japan, we use funds to gain exposure to Asia and Latin America: we moved away from direct holdings in individual small cap stocks during 2006/7. Since the change of approach, we have comfortably beaten the local small cap markets justifying the decision to outsource to other managers with stronger regional specialist small cap presence.

Over 2011, the best contribution came from our holdings in the **Aberdeen Global-Asian Smaller Companies Fund** and the **Scottish Oriental Smaller Companies Trust**. Both of these have tended to be cautious in relation to Chinese investment and focus on quality, long established companies which, as elsewhere in the world, tended to be in favour. **Utilico Emerging Markets**, which concentrates on infrastructure, utility and related assets also did well and its discount narrowed benefiting the share price.

We held onto all the funds that we started the year with and the only new fund introduced was the **Advance Brazil Leblon Fund**, which as the name suggests, has increased our exposure to Brazil. We believe that the team involved will add value over time given their strong track record to date.

We have also been giving consideration to finding an entree into African markets. While Africa has a lot of issues that mean it is never going to be the lowest risk place to invest, there are a growing number of companies listed on African exchanges. Some of these are foreign subsidiaries or associate companies of major multinationals, and these businesses can actually be viewed as relatively low risk plays on favourable demographic trends. We would only invest, however, through funds managed by local experts and we will not invest purely for the sake of gaining some African exposure for superficial reasons. From a timing perspective, now could be opportune as these markets have generally been weak, mainly as a consequence of inflationary pressures necessitating high interest rates.

China's economy tends to set the tempo for Asian market sentiment, and recent data has been mixed at best with construction stalling and export growth sliding. Despite this the Asia Pacific region should still grow by around 5% in 2012. In Latin America, we also expect solid growth to continue although as with Europe, economic performance is mixed across the continent. Brazil's recent interest rate cuts are helpful to sentiment looking forward and could well be followed by stimulatory actions elsewhere. The likelihood is that the Company's exposure to these regions will continue to drift higher in the years ahead but we will be monitoring China's progress in particular before rushing to significantly add to the weighting.

Outlook

World equity markets have been held back by the eurozone's woes for some time and speculation about a Greek exit from the euro is not conducive to building investor confidence. However, we may be getting closer to a time when the European authorities are forced to face up to the shortcomings of their current approach to the debt crisis as the status quo is looking increasingly untenable from a social and political perspective. Some way of providing an economic stimulus must probably be identified, though the political obstacles to a radical policy shift remain considerable.

While the macro economic outlook is always hard to call precisely, company results, as reflected in the strong income we have recently been receiving from the portfolio, have been solid. As the Chairman has stated, we were cautious on the gearing front over the last year but renewed weakness in markets could present us with an opportunity to gear up in the coming period. We will, as ever, endeavour to ensure that we give shareholders a global exposure to well placed smaller market capitalisation companies which can thrive in the coming years.

Peter Ewins
18 June 2012

Thirty Largest Holdings

30 April 2012	30 April 2011		% of total investments	Value £m
1	*1*	**iShares MSCI Japanese Small Cap Exchange Traded Fund ("ETF")** Japan An ETF providing exposure to Japanese smaller companies.	3.4	8.5
2	*3*	**Aberdeen Global-Asian Smaller Companies Fund** Rest of World Fund providing exposure to Asian smaller companies.	2.7	6.8
3	*2*	**Utilico Emerging Markets** Rest of World Investment company focusing on utility and infrastructure companies in emerging markets.	2.7	6.8
4	*4*	**Allianz GIS RCM Little Dragons Fund** Rest of World Fund providing exposure to Asian smaller companies.	2.3	5.9
5	*17*	**M&G Japan Smaller Companies Fund** Japan Fund providing exposure to Japanese smaller companies.	2.3	5.7
6	*7*	**Axa Framlington Japan Smaller Companies Fund** Japan Fund providing exposure to Japanese smaller companies.	2.1	5.4
7	*5*	**The Scottish Oriental Smaller Companies Trust** Rest of World Investment company providing exposure to Asian smaller companies.	2.1	5.4
8	*6*	**Australian New Horizons Fund** Australia Fund providing exposure to Australian smaller companies.	1.3	3.2
9	*24*	**Conn's** United States Retailer of home appliance and consumer electronics in Texas.	1.3	3.1
10	*12*	**Airgas** United States The leading distributor of packaged gases in the US.	1.2	3.1
11	*58*	**America's Car-Mart** United States Operator of used car dealerships.	1.2	3.1
12	*41*	**SBA Communications** United States Owner and operator of mobile phone towers.	1.2	2.9
13	*11*	**Pool** United States Distributor of swimming pool supplies.	1.1	2.6
14	–	**Granite Construction** United States Infrastructure construction business.	1.0	2.5
15	*10*	**Mohawk Industries** United States Floor coverings manufacturer.	1.0	2.5

30 April 2012	30 April 2011		% of total investments	Value £m
16	–	**Microsemi** United States High performance analogue semiconductor manufacturer.	1.0	2.5
17	*38*	**Roper Industries** United States Diversified industrial.	1.0	2.4
18	*85*	**The Andersons** United States Diversified corn-based agri-business.	1.0	2.4
19	*30*	**ACI Worldwide** United States A leading provider of software for electronic funds transfer used by banks, retailers and credit card companies.	0.9	2.4
20	*27*	**Alleghany** United States Specialist commercial insurer.	0.9	2.3
21	–	**LKQ** United States Distributor of alternative and recycled car parts.	0.9	2.3
22	*34*	**W.R. Berkley** United States Specialist insurer.	0.9	2.2
23	*48*	**ViaSat** United States Satellite communications and networking equipment services.	0.9	2.2
24	*60*	**Simpson Manufacturing** United States Manufacturer of building reinforcement products.	0.8	2.1
25	*45*	**Quanta Services** United States Provider of contracting services to utilities.	0.8	2.1
26	*50*	**Kirby** United States Operator of inland barges in the US.	0.8	2.1
27	*18*	**Senior** United Kingdom Supplier of components and systems mainly for the aerospace, automotive, truck and energy markets.	0.8	2.1
28	*22*	**CLS Holdings** United Kingdom Property investment company mainly operating in the UK, France, Germany and Sweden.	0.8	2.1
29	*23*	**Rex Energy** United States Oil and gas exploration and production company.	0.8	2.0
30	*19*	**HCC Insurance Holdings** United States Specialist insurance underwriter.	0.8	2.0

The value of the thirty largest equity holdings represents 40.0% (30 April 2011: 34.2%) of the Company's total investments.

List of Investments

Quoted investments	Holding	30 April 2012 Value £'000s
CONTINENTAL EUROPE		
AUSTRIA		
Andritz	18,888	609
BELGIUM		
SA Dieteren	21,358	578
DENMARK		
Christian Hansen	35,575	607
Ringkjoebing Landbobank	8,392	649
Topdanmark	4,773	504
Total Denmark		**1,760**
FINLAND		
Amer Sports	77,600	680
FRANCE		
Ingenico	18,218	589
Neopost	7,622	270
Rubis	10,446	350
Total France		**1,209**
GERMANY		
Aareal Bank	46,658	554
CTS Eventim	29,054	695
Elringklinger	19,097	340
Gerresheimer	19,391	551
Kuka	50,410	739
Lanxess	10,925	534
Rational	4,760	746
SAF Holland	115,214	596
Symrise	29,276	523
Takkt	43,417	391
Wincor Nixdorf	17,032	407
Total Germany		**6,076**
GREECE		
Folli Follie Group	47,522	271
IRELAND		
Aer Lingus	892,676	704
C&C Group	365,932	1,130
Continental Farmers	1,145,437	263
IFG Group	307,671	379
Irish Continental	47,635	593
Glanbia	188,593	876
Origin Enterprises	212,388	650
Paddy Power	14,345	576
Providence Resources	34,566	190
Total Ireland		**5,361**

* Quoted on the Alternative Investment Market in the UK.

Quoted investments	Holding	30 April 2012 Value £'000s
ITALY		
Ansaldo STS	75,729	411
Azimut Holdings	124,918	754
Davide Campari	71,054	309
Tod's	8,269	580
Total Italy		**2,054**
NETHERLANDS		
ASM International	28,119	612
Delta Lloyd	51,161	531
Exact Holdings	58,855	863
Kendrion	28,653	425
Nutreco	11,996	536
Total Netherlands		**2,967**
NORWAY		
Storebrand	207,303	573
Tomra Systems	105,685	507
Total Norway		**1,080**
RUSSIA		
Prosperity Voskhod Fund*	1,400,000	1,017
SPAIN		
Baron de Ley	12,881	422
Bolsas Y Mercados	27,892	404
Jazztel	115,928	478
Mediaset Espana Communication	108,570	301
Viscofan	19,436	531
Total Spain		**2,136**
SWITZERLAND		
EFG International	104,396	624
Lindt & Spruengli	16	386
Partners Group	4,224	495
Total Switzerland		**1,505**
TOTAL CONTINENTAL EUROPE		**27,303**
ASIA PACIFIC (EXCLUDING JAPAN)		
Aberdeen Global-Asian Smaller Companies Fund	287,569	6,847
Allianz GIS RCM Little Dragons Fund	103,996	5,907
The Scottish Oriental Smaller Companies Trust	853,517	5,360
Utilico	1,194,841	1,876
Utilico Emerging Markets	4,155,464	6,815
TOTAL ASIA PACIFIC (EXCLUDING JAPAN)		**26,805**

Quoted investments	Holding	30 April 2012 Value £'000s
JAPAN		
Axa Framlington Japan Smaller Companies Fund	11,480,689	5,396
iShares MSCI Japanese Small Cap ETF	576,498	8,532
M&G Japan Smaller Companies Fund	2,709,006	5,718
TOTAL JAPAN		**19,646**
BRAZIL		
Advance Brazil Leblon Equities Fund	165,234	1,733
TOTAL BRAZIL		**1,733**
UNITED KINGDOM		
Advanced Medical Solutions Group*	527,130	390
Alternative Networks*	257,820	683
Anglo Pacific Group	232,955	745
APR Energy	40,990	406
Ashtead Group	668,620	1,661
Aveva Group	92,100	1,533
Avocet Mining	262,500	453
AZ Electronic Materials	181,726	576
Barratt Developments	880,047	1,176
Beazley	868,814	1,227
Bellway	114,411	900
Berendsen	150,330	773
Bowleven*	415,550	368
Brammer	255,890	933
Brewin Dolphin	842,543	1,378
CatCo Reinsurance Opportunities Fund	940,000	643
Centamin	534,379	367
Chime Communications	320,530	699
City of London Investment Group	185,759	710
CLS Holdings	332,686	2,058
Computacenter	222,090	921
Craneware*	112,110	404
CVS Group*	414,139	571
Dechra Pharmaceuticals	48,675	248
Digital Barriers*	344,375	616
Diploma	178,654	819
Domino Printing Sciences	206,040	1,232
DS Smith	693,642	1,164
Dunelm Group	148,820	754

Quoted investments	Holding	30 April 2012 Value £'000s
Elementis	920,179	1,912
Eros International*	184,783	536
Euromoney Institutional Investor	76,395	599
Fuller, Smith & Turner "A"	101,070	718
Galliford Try	218,650	1,423
Genus	87,530	1,230
Greene King	165,800	846
Hargreaves Services*	73,010	892
Harvey Nash Group	605,979	367
Hill & Smith Holdings	386,734	1,272
Hochschild Mining	137,054	687
Howden Joinery Group	614,665	747
Hyder Consulting	175,800	672
Indus Gas*	82,651	719
Intermediate Capital Group	282,042	723
Interserve	224,600	640
ITE Group	323,801	727
James Fisher	223,542	1,263
JD Sports Fashion	68,365	553
Kenmare Resources	1,402,707	708
Kentz Corporation	167,999	713
Kier Group	81,820	952
Laird Group	626,063	1,354
London Mining*	132,412	396
Lupus Capital*	898,890	1,142
LXB Retail Properties*	643,795	760
Micro Focus International	203,931	949
Nautical Petroleum*	234,847	794
Novae Group	241,058	883
Ophir Energy	96,400	554
Perform Group	280,930	843
Petra Diamonds	326,251	506
Plastics Capital*	738,285	620
Quindell Portfolio*	9,692,063	654
Regus	709,510	757
Renishaw	74,062	1,072
Restaurant Group	348,760	980
Robert Walters	256,460	655
RPC Group	537,491	1,985
RPS Group	388,995	921
SDL	244,150	1,737
Senior Group	978,583	2,083
SIG	597,720	628
Spirent Communications	548,690	932
Spirit Pub Company	1,236,170	686
Synergy Health	134,120	1,115
Talktalk Telecom Group	497,150	636
Tarsus Group	505,270	730

* Quoted on the Alternative Investment Market in the UK.

List of Investments (continued)

Quoted investments	Holding	30 April 2012 Value £'000s
Ted Baker	96,133	857
Telecity Group	118,240	954
Tullett Prebon	175,631	603
UBM	116,515	687
Ultra Electronics	46,210	778
Vertu Motors*	1,816,580	500
Wincanton	594,329	279
Workspace Group	360,447	804
TOTAL UNITED KINGDOM		**73,141**
UNITED STATES		
ACI Worldwide	95,993	2,356
Airgas	55,093	3,109
Alleghany	11,080	2,340
Allegheny Technologies	26,133	691
American Railcar Industries	111,236	1,848
America's Car-Mart	108,487	3,069
The Andersons	77,556	2,407
Astec Industries	77,931	1,502
Atlantic Tele-Network	91,914	1,928
Bottomline Technologies	125,511	1,819
Cardinal Financial	244,190	1,810
Conn's	312,526	3,147
CRA International	123,263	1,550
Crawford & Company "B"	357,092	1,047
Dentsply International	74,161	1,875
DeVry	90,688	1,795
FLIR Systems	97,545	1,349
Flowers Foods	147,080	1,943
FTI Consulting	86,851	1,944
GATX	73,488	1,940
Genesee & Wyoming "A"	51,781	1,719
Grand Canyon Education	172,932	1,852
Granite Construction	145,087	2,487
Hallmark Financial Services	46,279	214
Harvard Bioscience	456,159	1,121
HCC Insurance Holdings	101,237	1,992
Hub Group "A"	81,500	1,757
ICF International	128,214	1,969
Kirby	51,107	2,088
Knology	159,100	1,905
Lincare Holdings	129,132	1,939
LKQ	110,291	2,272
Lumos Networks	98,753	550
Markel	6,449	1,745
Microsemi	186,482	2,469
Mohawk Industries	60,134	2,482

* Quoted on the Alternative Investment Market in the UK.

Quoted investments	Holding	30 April 2012 Value £'000s
NTELOS Holdings	78,539	977
Orbital Sciences	240,627	1,860
Pool	115,922	2,635
Premiere Global Services	324,145	1,787
Quanta Services	153,777	2,094
Rex Energy	311,208	2,012
Roper Industries	38,806	2,435
Sanderson Farms	53,107	1,688
SBA Communications	88,826	2,940
Simpson Manufacturing	110,746	2,116
Tejon Ranch	58,299	1,072
Teledyne Technologies	44,300	1,763
Universal Truckload Services	139,468	1,327
ViaSat	73,000	2,171
Waste Connections	92,751	1,841
Willbros Group	416,724	1,383
WR Berkley	95,220	2,208
TOTAL UNITED STATES		**100,339**
TOTAL QUOTED INVESTMENTS		**248,967**

Unquoted investments	Holding	30 April 2012 Value £'000s
AUSTRALIA		
Australian New Horizons Fund	2,338,437	3,202
UNITED STATES		
US Ventures	n/a	15
TOTAL UNQUOTED INVESTMENTS		**3,217**

TOTAL INVESTMENTS		**252,184**

The number of investments in the portfolio is 199 (2011: 197).

Management and Advisers

The management company

The Company is managed by F&C Management Limited ("**F&C**" or the "**Manager**"), a wholly owned subsidiary of F&C Asset Management plc. The Manager is authorised and regulated in the UK by the Financial Services Authority. It is appointed under a management agreement with the Company setting out its responsibilities for investment management, administration and marketing.

Peter Ewins Lead Manager: Responsible for the UK equity portfolio, selection of collective funds for Japan, Asia and emerging markets and overall asset allocation. He joined F&C in 1996.

Robert Siddles: Responsible for the US portfolio. He joined F&C in 2001.

Sam Cosh: Responsible for the Continental European portfolio. He joined F&C in 2010.

Natalia de Sousa: Carries out the company secretarial duties of the Company on behalf of the Manager. She joined F&C in 2011.

Secretary and registered office

F&C Management Limited, Exchange House, Primrose Street, London EC2A 2NY

Telephone: 020 7628 8000

Facsimile: 020 7628 8188

Website: www.fandcglobalsmallers.com

Email: info@fandc.com

Registered in England and Wales

Chartered accountants and statutory auditors

PricewaterhouseCoopers LLP ("**PwC**" or the "**auditors**"), 7 More London Riverside, London SE1 2RT

Bankers

JPMorgan Chase Bank, 125 London Wall, London EC2Y 5AJ

Scotia Bank (Ireland) Limited, I.F.S.C. House, Custom House Quay, Dublin 1

Custodian

JPMorgan Chase Bank (the "**Custodian**"), 125 London Wall, London EC2Y 5AJ

Registrars

Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ

Telephone: 0870 889 4088

Facsimile: 0870 703 6142

Shareholders can visit www.investorcentre.co.uk to sign up to access and update information relating to their holding online.

New Zealand Registrars

Computershare Investor Services Limited, Private Bag 92119, Auckland 1142, Level 2, 159 Hurstmere Road, Takapuna, North Shore City 0622, New Zealand

Telephone: +64 9 488 8700

Facsimile: +64 9 488 8787

Stockbrokers

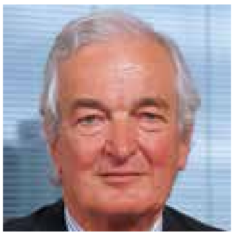
Oriel Securities, 150 Cheapside, London EC2V 6ET

Directors

Anthony Townsend, Chairman, was appointed to the Board on 24 September 2004. He has spent over 40 years working in the City of London and was chairman of the Association of Investment Companies from 2001 to 2003. He is chairman of Baronsmead VCT 3 PLC, British & American Investment Trust PLC, Finsbury Growth & Income Trust PLC and Miton Worldwide Growth Investment Trust plc and a non-executive director of Worldwide Healthcare Trust plc. Age 64.

Andrew Adcock was appointed to the Board on 31 July 2007. He was, until mid 2009, vice chairman of Citigroup Corporate Broking and managing partner of Brompton Asset Management Limited until July 2011. He has more than 30 years' experience in the City of London and is chairman of Majedie Investments PLC and a non-executive director of Kleinwort Benson Group Ltd. Age 58.

Les Cullen, chairman of the Audit and Management Engagement Committee, was appointed to the Board on 1 September 2006. He is a non-executive director, and chairs the audit committee, of Interserve plc. He was previously group finance director of Prudential plc and Inchcape plc and chairman of several private equity owned companies. Age 60.



Dr Franz Leibenfrost, Senior Independent Director, was appointed to the Board on 15 February 1999. He is a non-executive director of various European companies. Age 74.

Jane Tozer was appointed to the Board on 13 June 2005. She is a non-executive director of JPMorgan Income & Growth Investment Trust plc, Elexon Ltd, Asthma UK and Citizens Advice in Three Rivers Ltd. She previously worked at IBM and then as CEO of a software development company. Age 64.

Mark White was appointed to the Board on 31 July 2007. He is general manager of LGT Capital Partners (U.K.) Limited and Castle Alternative Invest AG. He is a non-executive director of Impax Asset Management Group Plc and chairs its audit committee. He is also a non-executive director of Ellis Brady Absolute Return Fund Ltd. He was previously joint head of JP Morgan Asset Management in Europe. Age 57.

All Directors are members of the Audit and Management Engagement Committee and the Nomination Committee.

Directors' Report and Business Review

The Directors present their Report, Business Review and the audited financial statements of F&C Global Smaller Companies PLC for the year ended 30 April 2012. The financial statements are set out on pages 41 to 61.

Results and dividends

The Company's NAV per share total return was minus 0.1% in the year ended 30 April 2012, compared to minus 4.0% for the Benchmark.

The Manager's Review on pages 6 to 15, which forms part of this Business Review, describes how the Company's assets were invested during the year, including the regional strategy and the effect of stock selection and asset allocation on performance and the outlook for the current financial year. The Directors' Remuneration Report and the Corporate Governance Statement are incorporated by reference into this Directors' Report and Business Review.

The annualised Ongoing Charges figure for the year increased from 1.00% to 1.08%. This figure, which has been prepared in accordance with the recommended methodology of the Association of Investment Companies, represents the annual percentage reduction in shareholder returns as a result of recurring operational expenses. The increase is largely attributable to the increased investment in regional small cap funds. The figure inclusive of the performance fees would have been 1.56%.

Income received in the form of dividends from companies held in the investment portfolio was up significantly in the year. This was partly due to the specific phasing of some investee companies' dividend payments and to the receipt of a small number of special dividends. However, we are seeing an increasing number of overseas companies moving to make regular dividend payments to their investors. Our UK portfolio, which still contributes the majority of the revenue, also delivered a strong income return. Costs rose in the year, as was the case last year, mainly reflecting the increased number of shareholders, but the net revenue return attributable to shareholders rose by 37.3%, while earnings per share increased by 35.2%. With the additional backing of the Company's strong revenue reserves in mind, the Board has decided to increase the dividend payment for a 42nd year in a row. The intention remains to continue with a progressive dividend policy subject to the outlook for income.

The recommended final dividend of 4.00p per share is payable on 16 August 2012 to shareholders on the register of members on 6 July 2012. This, together with the interim dividend of 1.63p per share, makes a total dividend of 5.63p per share and represents an increase of 10.4% over the 5.10p per share for the previous year.

Principal activity and status

The Company is an investment company as defined by section 833 of the Companies Act 2006 (the "**Act**"). As such, it analyses its income between revenue, which is available for distribution by way of dividends, and capital which, under its articles of association, it is prohibited from distributing other than by way of share buybacks. The Company is registered in England and Wales with company registration number 28264 and is subject to the UK Listing Authority's Listing Rules, UK company law, financial reporting standards, taxation law and its own articles of association, amendments to which must be approved by shareholders via a special resolution. The Company has a secondary listing on the New Zealand Stock Exchange.

Investment trust taxation status

The Company is liable to UK corporation tax on its net revenue profits but is exempt from corporation taxation on capital gains, provided it complies at all times with section 1158 of the Corporation Tax Act 2010 ("**section 1158**"). Such compliance, for years ending on or before 30 April 2012, included investing no more than 15% of the total portfolio in any one investment, deriving income wholly or mainly from shares and securities and retaining no more than 15% of that income. For the year ended 30 April 2012, and prior years, the exemption from taxation on capital gains is granted annually in retrospect by HM Revenue and Customs. The Company has qualified as an Investment Trust under section 1158 for all years up to and including 30 April 2011 and has conducted its affairs in the year ended 30 April 2012 so as to comply with the rules.

For years beginning on or after 1 January 2012, compliance approval can be sought in advance, under section 1159, for that and all subsequent

Directors' Report and Business Review (continued)

financial years. The Company intends to conduct its affairs so as to enable it to apply for Investment Trust status in advance.

Accounting and going concern

The financial statements, starting on page 41, comply with current UK financial reporting standards, supplemented by the Statement of Recommended Practice for Investment Trust Companies ("**SORP**"). The significant accounting policies of the Company are set out in note 2 on the accounts. The unqualified auditors' opinion on the Financial Statements appears on page 40. The Company's investment objective, strategy and policy, which are described below and are subject to a process of regular Board monitoring, are designed to ensure that the Company is invested mainly in readily realisable listed securities and that the level of borrowings is restricted. The Company retains title to all assets held by the Custodian. A trust deed governs its debenture and an agreement covers its bank borrowing facility. Cash is held with banks approved and regularly reviewed by the Manager.

Note 25 on the accounts sets out the financial risk profile of the Company and indicates the effect on the assets and liabilities of fluctuations in the value of securities and exchange and interest rates.

The Directors believe, in light of the controls and review processes in place, that the Company has adequate resources and arrangements to continue to operate within its stated objective and policy for the foreseeable future. Accordingly, the accounts continue to be drawn up on the basis that the Company is a going concern.

Independent Auditors

So far as each Director is aware, there is no relevant audit information of which PwC are unaware. The Directors believe that they have each taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information.

PwC have indicated their willingness to continue in office as auditors to the Company and resolutions to re-appoint them and to authorise the Directors to determine their remuneration will be proposed at the AGM.

Investment objective, strategy and policy

The Company invests in smaller companies worldwide in order to secure a high total return.

Smaller companies offer excellent potential but by comparison to large capitalisation stocks, tend to be less mature and are not as diversified. They can also be more dependent on a limited number of key personnel and may also find it more difficult to access finance, particularly in times of recession. Share prices of smaller companies therefore tend to be more volatile. This investment risk is mitigated by investing in a large number of stocks in various industry sectors and geographic areas. There are no specific sector or geographic exposure limits; whilst the Company is globally focused, its objective is to find real value and it is therefore not constrained to mandatory weightings per geographic region. The geographic and industrial diversification of the portfolio at 30 April 2012 is shown in the charts on page 6 and a full list of investments appears on pages 18 to 20.

The Company can borrow in either sterling or foreign currencies. Effective gearing is limited to a maximum of 20% of shareholders' funds, valuing the Company's debenture at nominal value. As at 30 April 2012, the effective gearing level was 1.7%.

The Board, with advice from the Manager, considers the foreign exchange outlook, as this can affect both the asset allocation and borrowing strategy, and can hedge the portfolio against currency movements. No such hedging has been undertaken in the period under review.

The Company is mainly invested in quoted equities, including those quoted on the Alternative Investment Market. It is able to invest in other types of securities or assets, including collective funds. Investments in unquoted securities can be made with the prior approval of the Board. Derivative instruments, such as futures, options and warrants, can be used for efficient portfolio management, up to a maximum of 10% of the NAV per share at any one time. At 30 April 2012, 1.3% of the portfolio was invested in unquoted securities. No derivatives were used during the year.

Under the Company's articles of association, no investment, with limited exceptions, may be made by the Company which exceeds 10% of the value of the total portfolio at the time of acquisition. No more than 10% of the total assets of the Company may be invested in other UK listed investment companies (including investment trusts) except in such other UK listed investment companies which themselves have stated that they will invest no more than 15% of their total assets in other UK listed investment companies, in which case the limit is 15%. At 30 April 2012 the Company held 6.0% of its portfolio in UK listed investment companies.

The Manager's compliance with the limits set out in the investment policy is monitored by the Board.

Capital structure

As at 30 April 2012 there were 41,380,990 ordinary shares of 25p each in issue. All ordinary shares rank equally for dividends and distributions and carry one vote each. There are no restrictions concerning the transfer of securities in the Company, no special rights with regard to control attached to securities, no agreements between holders of securities regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid. Details of the capital structure can be found in note 17 on the accounts. The revenue profits of the Company (including accumulated revenue reserves) are available for distribution by way of dividends to the holders of the ordinary shares. Upon a winding-up, after meeting the liabilities of the Company, the surplus assets would be distributed to shareholders pro rata to their holdings of ordinary shares.

Share issue and buyback policy

The Board closely monitors the prevailing share price premium or discount to NAV. The Company has, conditional upon shareholder approval, authority to allot shares for cash without first offering them to existing shareholders in proportion to their holdings. Any such allotments are only made when the Company's shares are trading at a premium to NAV. At the AGM held on 28 July 2011, shareholders renewed the Board's authority to issue up to 5% of the Company's shares (2,008,548 shares). In order to satisfy demand for the Company's shares, mainly from holders through the F&C savings plans ("**F&C plans**"), the Company allotted 1,280,000 shares under this authority in the year under review. A further 586,345 shares have been allotted since the year end.

Subject to annual shareholder approval, the Company may also purchase its own shares when trading at a discount to NAV per share; the Board aims to keep the discount (with the NAV per share excluding current period income and the debenture at market value) at close to 5% in normal market conditions. The shares can either be cancelled or held in treasury to be sold as and when the shares return to a premium or at a narrower discount than the weighted average discount at which they had been bought back and in any event at no more than a 5% discount to the prevailing net asset value per share (with the debenture at market value). At the AGM held on 28 July 2011 shareholders gave the Board authority to buy back up to 14.99% of the Company's shares (6,021,631 shares) during the following 15 months. No shares have been purchased either during the year under review or since the year end and the date of this report and no shares were held in treasury.

Marketing

The Manager actively promotes investment in the Company's shares through the F&C savings plans. These include the Child Trust Fund ("**CTF**"), Children's Investment Plan ("**CIP**"), Individual Savings Account ("**ISA**"), Pensions Savings Plan ("**PSP**") and Private Investor Plan ("**PIP**"). It also intends to launch a Junior ISA later in the year. The plans are designed to provide investors with a cost effective and flexible way to invest in the Company.

Meetings are also regularly held with current and potential new shareholders and with stockbroking analysts that cover the investment trust sector.

Voting rights and proportional voting

At 30 April 2012 the Company's 41,380,990 ordinary shares in issue represented a total of 41,380,990 voting rights. As at that date the Company had received notification of the following holding of voting rights (under the FSA's Disclosure and Transparency Rules), since when there have been no further notifications:

Voting rights	%
Legal and General Group plc	3.88

The above percentage is calculated by applying the shareholding as notified to the Company to the issued ordinary share capital as at 30 April 2012.

Directors' Report and Business Review (continued)

Approximately 61% of the Company's share capital is held on behalf of non-discretionary clients through the F&C savings plans. The nominee company holding these shares votes the shares held on behalf of planholders who have not returned their voting directions in proportion to the directions of those who have ("**proportional voting**"). Implementation of this arrangement is subject to a minimum threshold of 5% of the shares held in the savings plans being voted. A maximum limit of 63,700 shares that any one individual investor can vote, being approximately 5% of the minimum threshold, also applies. Any shares voted by an investor in excess of the maximum limit remain valid, but do not form part of the proportional voting basis. Planholders have the right to exclude their shares from the proportional voting arrangement.

Borrowings

The Company has a £10m 11.5% debenture stock, which matures in December 2014, further information on which is included in note 15 on the accounts. The Company also has the ability to utilise short-term borrowings by way of loans and overdrafts, subject to the limit set out in the Investment objective strategy and policy section above and in the debenture deed. The Company has a revolving multi-currency credit facility of £10 million with Scotiabank (Ireland) Limited, which is due for review in June 2013. The facility provides for a commitment of £5 million and the option to request an additional commitment of up to £5 million at any time on the same terms. An overdraft facility equal to 10% of the Company's assets is made available to the Company by the Custodian.

Principal risks and their management

Like all businesses, the Company faces risks and uncertainties. The Corporate Governance Statement on page 37 includes a summary of the risk management arrangements. By means of the procedures set out in the summary, and in

Principal risks and their management

Strategy and policy

Risk description: *an inappropriate investment strategy could result in poor returns for shareholders and a widening of the discount of the share price to the NAV per share.*

Mitigation: The Board regularly reviews strategy and considers its policy on the allocation of assets between geographic regions and industrial sectors, gearing, currency exposure and the balance between quoted and unquoted stocks.

Management resource, stability and controls

Risk description: *The Manager is the main service provider and its failure to continue operating effectively could put in jeopardy the business of the Company. The quality of the management team is also a crucial factor in delivering good performance and loss of the Manager's key staff could affect investment returns.*

Mitigation: The Board meets regularly with the senior management of the Manager and its Internal Audit function, and has access to publicly available information indicative of its financial position and performance. The Manager develops its recruitment and remuneration packages in order to retain key staff, has training and development programmes in place and undertakes succession planning. The management contract can be moved at short notice.

Service providers

Risk description: *Administrative errors or control failures by or between service providers could be damaging to the interests of investors and the Company.*

Mitigation: The Board receives regular reports from the Manager on its oversight of service providers which, for the administration of the F&C savings plans, includes audit site visits; monthly technical compliance monitoring; monthly service delivery meetings; quarterly financial crime prevention forums; and the detailed review and investigation of breaches and complaints. Arrangements are also in place to mitigate other service provider risks, including those relating to safe custody.

accordance with the Turnbull Guidance, the Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, and has regularly reviewed the effectiveness of the internal control systems for the period. This process has been in place throughout the year under review, and to the date hereof, and will continue to be regularly reviewed by the Board.

The principal risks and uncertainties faced by the Company, and the Board's mitigation approach, are described on page 26.

Arrangements are also in place to mitigate other more general risks including those relating to counterparty failure. Note 25 on the accounts sets out the Company's financial risk management policy.

The Board's responsibilities

The Company's Board of Directors is wholly non-executive and is responsible for corporate strategy, corporate governance, risk and control assessment, the overall investment policy of the Company, setting limits on gearing and asset allocation, monitoring investment performance and for approving marketing policy and budgets. Further information in relation to the Board can be found on page 33. Information on the individual Directors, all of whom are resident in the UK apart from Dr Franz Leibenfrost who is domiciled in Austria, can be found on page 22.

Directors' remuneration

The Directors' Remuneration Report, which can be found on page 32, together with note 7 on the accounts, provides detailed information on the remuneration arrangements for Directors of the Company. Shareholders will be asked to approve the Directors' Remuneration Report at the Annual General Meeting.

Directors' re-election

All Directors held office throughout the year under review and to the date of this report. Having served over nine years, Franz Leibenfrost will stand for re-election at the AGM. In accordance with the Company's articles of association, Anthony Townsend will retire by rotation.

Following a review of their performance, the Board believes that each of these Directors has made a valuable and effective contribution to the Company and therefore recommends that you vote in favour of their re-election.

Directors' interests and indemnification

There were no contracts of significance to which the Company was a party and in which a Director is, or was, materially interested during the year. There are no agreements between the Company and its Directors concerning compensation for loss of office.

The Company has granted a deed of indemnity to the Directors in respect of liabilities that may attach to them in the capacity as Directors of the Company. This covers any liabilities that may arise to a third party for negligence, default or breach of trust or duty. The deed of indemnity has been in force throughout the period under review and remains in place as at the date of this report. It is available for inspection at the Company's registered office during normal business hours and at the Annual General Meeting. The Company also maintains directors' and officers' liability insurance.

The beneficial interests of the Directors in the ordinary shares of the Company are set out in the table below.

Directors' interests

at 30 April	2012	2011
Anthony Townsend	18,000	10,000
Andrew Adcock	5,000	5,000
Les Cullen	6,000	6,000
Dr Franz Leibenfrost	14,000	14,000
Jane Tozer	3,722	3,722
Mark White	10,000	5,000

There have been no changes in any of the Directors' interests in shares detailed above since the Company's year end.

No Director held any interest, beneficial or otherwise, in the issued shares of the Company other than stated above.

The Manager's responsibilities

Most investment trusts, including the Company, have no employees and instead appoint fund management companies to manage their investment portfolios and deliver investment performance, as well as to carry out the ancillary functions of administration, secretarial, accounting and marketing services. The Company has appointed F&C as Manager. F&C is a subsidiary of F&C Asset Management plc, a large

Directors' Report and Business Review (continued)

European investment group listed on the London Stock Exchange. Peter Ewins acts as Lead Manager to the Company, on behalf of F&C, and is supported by a team of other smaller company fund managers.

F&C's regional teams meet with the management of a large number of potential and existing investee companies each year and review investments in the geographic areas in which the Company invests. Assessing the quality of management of any potential investment is a key input into the investment process and extensive analysis is carried out in terms of market positioning, competitive advantage, financial strength and cash flow characteristics. Valuation benchmarks are used to provide an indication of the prospects of an investment opportunity in relation to other potential investments in the same area or sector. The regional portfolio managers regularly present to the Board, providing a summary of recent activity and market outlooks. While there is no definitive maximum market capitalisation range set for a stock to qualify as a "smaller company", the regional fund managers ensure that stocks qualify as smaller companies by local definition when initially purchased.

F&C's appointment is governed by a management agreement which may be terminated upon six months' notice given by either party. Further information on the management agreement is set out in notes 4 and 5 on the accounts.

Safe custody of assets

The Company's listed investments are held in safe custody by the Custodian. Operational matters with the Custodian are carried out on the Company's behalf by the Manager in accordance with the provisions of the management agreement.

Responsible ownership

The Manager's stated belief is that good governance creates value and therefore it takes a particular interest in corporate governance and sustainable business practices. This includes the integration of environmental, social and governance issues into its investment decisions. It votes all of its shares across all global markets whenever possible and engages with companies on corporate governance matters to encourage good practice. This includes engagement on significant social and environmental issues where these may impact shareholder value.

The Manager's current policy, which is available on the website www.fcamplc.com, has been reviewed and endorsed by the Board, which encourages and supports the Manager on its voting policy and its stance towards environmental, social and governance issues. The Board receives periodic reports on the implementation of the Manager's policy.

The Manager's statement of compliance with the UK Stewardship Code is included on the website www.fandc.com/ukstewardshipcode.

The Manager's fee

A management fee of 0.40% per annum of the net assets managed by F&C (with the debenture stock valued at market value) is payable to the Manager in respect of the management, administration and ancillary services provided to the Company. A reduced annual management fee of 0.25% of the market value of investments in third party collective funds made on strategic grounds after 30 April 2006, such as those utilised within the Rest of World and Japanese parts of the portfolio (as described in the Manager's Review), is paid to the Manager.

A performance fee equal to 10% of any outperformance of the Benchmark is payable annually if the net assets outperform the Benchmark, subject to a maximum absolute cap on the level of fees (including both the management fee and the performance fee) that the Manager can earn in any one year of 1% of average month-end net assets. Performance above this cap is carried forward to the subsequent period for inclusion in the calculation of performance in that period. Any underperformance must also be carried forward, thus creating a high watermark. A performance fee of £893,000 is payable to the Manager for the year under review.

Creditor payment policy

The Company's principal supplier is the Manager, the payment terms for which are set out above and in note 4 on the accounts. Other suppliers are paid in accordance with individually agreed payment terms. At 30 April 2012, the Company's outstanding trade creditors were equivalent to 12 days' payment to suppliers (2011: 5 days).

Key performance indicators

The Board uses the following key performance indicators ("**KPIs**") to help assess progress against the Company's objectives:

- NAV per share total return
- Benchmark total return
- Share price total return
- Share price discount
- Ongoing charges/total expense ratio
- Annual dividend growth
- Regional performance against local benchmarks.

The tables below, the Ten Year Record on pages 62 and 63 and the Manager's Review on pages 6 to 15 show how the Company has performed against these KPIs.

Revenue results and dividends
for the year ended 30 April 2012

	£'000s	£'000s
Revenue return attributable to equity shareholders		2,799
Dividends paid in the year:		
Final dividend of 3.50p per share paid on 8 August 2011 to shareholders on the register at 1 July 2011	(1,403)	
Interim dividend of 1.63p per share paid on 31 January 2012 to shareholders on the register at 30 December 2011	(670)	
		(2,073)
Surplus transferred to the revenue reserve		726

Source: F&C Management Limited

Discount
(debenture at market value but including current period income)

At 30 April	%
2012	0.4
2011	2.1
2010	9.6
2009	7.4
2008	8.6

Source: F&C Management Limited.

Ongoing charges/total expense ratio
(as a percentage of average net assets)

At 30 April	Ongoing charges %†	TER %
2012	1.08*	0.79‡
2011	1.00	0.76
2010	–	0.78
2009	–	0.93
2008	–	0.77

Source: F&C Management Limited and Datastream.
* 1.56% including the performance fees.
‡ 1.17% including the performance fees.
† From the year ended 30 April 2011, the Ongoing Charges figure has been calculated under the AIC Guidelines issued in May 2012. See page 63.

Total return performance

	1 Year %	3 Years %	5 Years %
Company net asset value total return	(0.1)	70.7	22.8
Benchmark total return	(4.0)	63.9	18.7
Company share price total return	1.7	87.1	31.9
Retail Prices Index	3.5	14.7	18.1

Source: F&C Management Limited and Datastream

Dividend growth

	1 Year %	3 Years %	5 Years %
Dividends	10.4	15.1	20.0
Retail Prices Index	3.5	14.7	18.1

Source: F&C Management Limited and Datastream

Directors' Report and Business Review (continued)

Manager's evaluation and re-appointment

The review of the Manager's performance is an ongoing duty and responsibility of the Board which is carried out as required, with a formal evaluation taking place each year. In evaluating the performance of the Manager, the Board considers a range of factors including the investment performance of the portfolio as a whole, performance of the various regional sub-portfolios and the skills, experience and depth of the team involved in managing the Company's assets. The Board measures the overall relative success of the Company against the Benchmark, with each regional sub-portfolio being measured against relevant local small capitalisation indices. It also considers the resources and commitment of the Manager in all areas of its responsibility, including the marketing and administrative services provided to the Company. In light of the long-term investment performance of the Manager and the quality of the overall service provided, it is the opinion of the Board that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole.

Annual general meeting

The AGM will be held on Thursday 26 July 2012 at 12 noon at The Chartered Accountants' Hall, One Moorgate Place, London EC2. The Notice of Annual General Meeting appears on pages 66 to 69 and includes a map of the venue. The Lead Manager will give a presentation covering progress in the year to date and his views on the market for the rest of the year. There will be an opportunity to ask questions during the AGM and shareholders will be able to meet the Directors and the Fund Manager informally over refreshments following the meeting. Resolutions numbered 8 to 12 are explained below.

Authority to allot shares and sell shares from treasury (Resolutions 8, 9 and 11)

Resolutions 8, 9 and 11 are similar in content to the authorities and power given to the Directors at previous AGMs. By law, directors are not permitted to allot new shares (or to grant rights over shares) unless authorised to do so by shareholders. In addition, directors require specific authority from shareholders before allotting new shares (or granting rights over shares) for cash or selling shares out of treasury without first offering them to existing shareholders in proportion to their holdings.

Resolution 8 gives the Directors, for the period until the conclusion of the AGM in 2013 or, if earlier, 15 months from the passing of the resolution, the necessary authority to allot securities up to an aggregate nominal amount of £1,049,000 (4,196,000 ordinary shares). This is equivalent to approximately 10% (2011: 5%) of the issued share capital of the Company (excluding treasury shares) at 14 June 2012. The Company is seeking a higher level of authority than in 2011 in view of the prevailing high level of demand for the Company's shares.

Resolution 9 empowers the Directors to allot such securities for cash, other than to existing shareholders on a pro-rata basis and also to sell treasury shares without first offering them to existing shareholders in proportion to their holdings up to an aggregate nominal amount also of £1,049,000 (representing approximately 10% of the issued ordinary share capital of the Company at 14 June 2012). Resolution 11 specifically authorises the Directors to sell treasury shares if the price is at a narrower discount than the weighted average discount at which the shares had been bought back and in any event at no more than a 5% discount to the prevailing net asset value per share (with debenture at market value). Resolution 11 does not preclude the Directors selling treasury shares at a premium.

These authorities and powers will provide the Directors with a degree of flexibility to increase the assets of the Company by the issue of new shares, or the sale of treasury shares, in accordance with the policies set out on page 25 or should any other favourable opportunities arise to the advantage of shareholders. The Directors anticipate that they will mainly use them to satisfy demand from participants in the F&C plans when they believe it is advantageous to plan participants and the Company's shareholders to do so. In no circumstances would the Directors use them to issue shares unless the shares are trading at a premium to NAV.

Authority for the Company to purchase its own shares (Resolution 10)

Resolution 10 authorises the Company to purchase up to a maximum of 6,291,000 ordinary shares (equivalent to approximately 14.99% of the issued share capital) in the market at a minimum price of 25p per share and a maximum price per share (exclusive of expenses) of 5% above the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately before the date of purchase. In the event that the Company's shares return to a discount, the Directors intend to use this authority with the objective of keeping the discount at close to 5% in normal market conditions as well as enhancing the NAV per share for continuing shareholders. Any shares that are purchased will either be cancelled or placed into treasury. The authority will continue until the expiry of 15 months from the date of the passing of the resolution unless it is varied, revoked or renewed prior to that by the Company in general meeting by special resolution. The Board intends to seek a renewal of such authority at subsequent AGMs.

Notice period for meetings (Resolution 12)

The Act and the Company's articles of association provide that all general meetings (other than AGMs) can be convened on 14 days' notice. However, one of the requirements of the Shareholder Rights Directive is that all general meetings must be held on 21 clear days' notice, unless shareholders agree to a shorter notice period. The Board is of the view that it is in the Company's interests to have a shorter notice period which complies with the provisions of the Act and the Company's articles allow all general meetings (other than an AGM) to be called on 14 clear days' notice. The passing of resolution 12 would constitute shareholders' agreement for the purposes of the Shareholder Rights Directive (which agreement is required annually) and would therefore preserve the Company's ability to call general meetings (other than an AGM) on 14 clear days' notice. The Board would utilise this authority to provide flexibility when merited and would not use it as a matter of routine. The Board intends to seek a renewal of such authority at subsequent AGMs.

Form of proxy

Registered shareholders will find enclosed a form of proxy for use at the AGM. You will also have the option of lodging your proxy vote using the internet. For shares held through CREST, proxy appointments may be submitted via the CREST proxy voting system. Please either complete, sign and return the form of proxy in the envelope provided as soon as possible in accordance with the instructions or lodge your proxy vote via the internet or the CREST proxy voting system whether or not you intend to be present at the AGM. This will not preclude you from attending the AGM and voting in person if you wish to do so.

All proxy appointments should be submitted so as to be received not later than 48 hours before the time appointed for holding the AGM (any part of a day which is a non-working day shall not be included in calculating the 48 hour period).

Form of direction

If you are an investor in any of the F&C plans you will find enclosed a form of direction for use at the AGM. Investors in the F&C plans, other than the Pension Savings Plan, also have the option of lodging voting directions using the internet. The Manager operates a proportional voting arrangement, which is explained on pages 25 and 26.

All voting directions should be submitted in accordance with the instructions given on the form of direction so as to be received not later than 96 hours (any part of a day which is a non-working day shall not be included in calculating the 96 hour period) before the time appointed for holding the AGM so that the nominee company can submit a form of proxy before the 48 hour period begins.

Recommendation

The Board considers that the resolutions to be proposed at the AGM are in the best interests of the Company and are most likely to promote the success of the Company for the benefit of its members as a whole. The Directors recommend that shareholders vote in favour of each resolution, as the Directors intend to do in respect of their own beneficial holdings.

By order of the Board
F&C Management Limited, Secretary
18 June 2012

Directors' Remuneration Report

The Company's articles of association limit the aggregate fees payable to the Board of Directors to a total of £200,000 per annum. Within that limit, it is the responsibility of the Board as a whole to determine the level of Directors' fees having regard to the level of fees payable to non-executive directors in the industry generally, the role that individual Directors fulfil in respect of Board and committee responsibilities and the time committed to the Company's affairs. The Board is composed solely of non-executive Directors, none of whom has a service contract with the Company, and therefore no remuneration committee has been appointed.

The Chairman receives a fee of £33,000 per annum and the remaining Directors receive a fee of £20,000 per annum. Each member of the Audit and Management Engagement Committee receives an additional £2,000 per annum. The chairman of that committee is paid an additional £3,000 per annum to reflect the extra responsibility of this role.

The amounts paid to each individual Director are set out in the table on the right, which has been audited. These were for services to the Company solely in the capacity of non-executive Directors and have no performance related element.

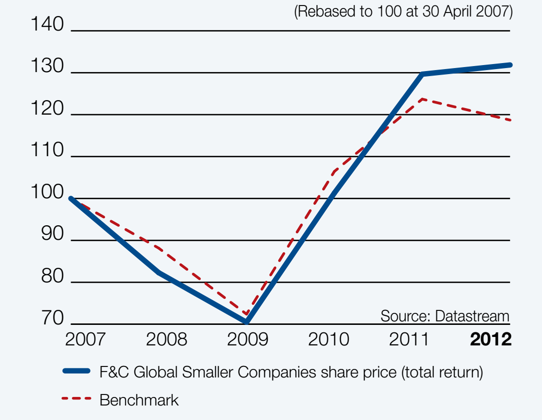
Fees for services to the Company

Director	Year ended 2012 £	2011 £
Anthony Townsend (Chairman and highest paid Director)	**35,000**	33,000
Andrew Adcock	**22,000**	20,667
Les Cullen (Chairman of the Audit Committee)	**25,000**	22,667
Dr Franz Leibenfrost (Senior Independent Director)	**22,000**	20,667
Jane Tozer	**22,000**	20,667
Mark White	**22,000**	20,667
	148,000	138,335

No Director past or present has any entitlement to pensions and the Company has not awarded any share options or long-term performance incentives to any of the Directors.

Shareholders will be asked to approve this Directors' Remuneration Report at the annual general meeting.

Total shareholder return over five years



It is a company law requirement to compare the performance of the Company's share price to a single broad equity market index. As the Manager's performance is measured against a composite benchmark this composite benchmark has been shown. Since 1 May 2010 the Company's Benchmark has been a blended index of the returns from the MSCI All Country World ex UK Small Cap Index (70%) and the Hoare Govett UK Smaller Companies (excluding investment companies) Index (30%). Prior to this date the Benchmark was a blended index of the returns from the MSCI All Country World ex UK Small Cap Index (60%) and the Hoare Govett UK Smaller Companies (including investment companies) Index (40%).

By order of the Board
F&C Management Limited
Secretary
18 June 2012

Corporate Governance Statement

Introduction

The Company is committed to high standards of corporate governance. The Board has considered the principles and recommendations of the Association of Investment Companies ("**AIC**") Code of Corporate Governance (the "**AIC Code**") by reference to the AIC Corporate Governance Guide for Investment Companies (the "**AIC Guide**") issued in October 2010. The AIC Code addresses all the principles set out in the UK Corporate Governance Code (the "**UK Code**") as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company*.

The Board believes that the Company has complied with the recommendations of the AIC Code that are applicable to smaller companies (those below the FTSE 350) during the year under review and up to the date of this report and thereby the provisions of the UK Code that are relevant to the Company.

Articles of association

The Company's articles of association may only be amended by special resolution at general meetings of shareholders.

The Board

The Board is responsible for the effective stewardship of the Company's affairs and has adopted a formal schedule of matters reserved for its decision. It has responsibility for all corporate strategic issues, corporate governance matters, dividend policy, share issue and buyback policy, risk and control assessment, investment performance monitoring and budget approval. It is responsible for the review and approval of annual and half-yearly reports, interim management statements and other public documents. The Company does not have a chief executive as day-to-day management of the Company's affairs has been delegated to the Manager.

In order to enable them to discharge their responsibilities, all Directors have full and timely access to relevant information. The Board meets at least six times a year and at each meeting reviews the Company's management information, which includes reports on investment performance and strategic matters and financial analyses. It monitors compliance with the Company's objectives and is responsible for setting the asset allocation, investment and gearing ranges within which the Manager has discretion to act. Key representatives of the Manager attend each Board meeting. Board meetings are also held on an ad-hoc basis to consider particular issues as they arise.

The table below sets out the number of Board and committee meetings held during the year under review and the number of meetings attended by each Director. All Directors attended the annual general meeting in July 2011.

Directors' attendance

	Board	Audit and Management Engagement Committee	Nomination Committee
Number of meetings	6	2	1
Anthony Townsend	6	2	1
Andrew Adcock	6	2	1
Les Cullen	6	2	1
Dr Franz Leibenfrost	6	2	1
Jane Tozer	6	2	1
Mark White	6	2	1

* Committees of the Board met during the year to undertake business such as the approval of the Company's interim management statements, annual and half-yearly results and dividend.

Each Director has a signed letter of appointment to formalise the terms of his/her engagement as a non-executive Director. These are available for inspection at the Company's registered office during normal business hours and at annual general meetings.

Directors are able to seek independent professional advice at the Company's expense in relation to their duties. No such professional advice was taken by the Directors in the year under review. The Board has direct access to company secretarial advice and services of the Manager which, through its nominated representative, is responsible for ensuring that Board and committee procedures are followed and applicable regulations are complied with. The proceedings at all Board and other meetings are fully recorded through a process that allows any Director's concerns to be recorded in the minutes. The Board has the power to appoint or remove the Secretary

* Copies of the AIC Code, the AIC Guide and the UK Code may be found on the respective organisations' websites: www.theaic.co.uk and www.frc.org.uk

Corporate Governance Statement (continued)

in accordance with the terms of the management agreement. The powers of the Board relating to issuing and buying back the Company's shares are explained on pages 30 and 31.

Appointments, diversity and succession planning

Under the articles of association of the Company, the number of directors on the Board may be no more than twelve. Directors may be appointed by the Company by ordinary resolution or by the Board. The Board recognises the benefits of having a balance of skills and experience, including gender diversity and length of service, but does not consider it appropriate to commit to numerical diversity targets; all appointments are based on merit. The Board also recognises the value of progressive refreshing of, and succession planning for, company boards. The services of an external search consultant are used when filling vacancies. All new appointments by the Board are subject to election by shareholders at the next AGM and institutional shareholders are given the opportunity to meet any newly appointed Director if they wish. All Directors are required to stand for re-election at least every three years and those Directors serving more than six years are subject to more rigorous review before being proposed for re-election. Each Director's appointment is reviewed prior to submission for re-election, which includes consideration of independence. An induction process is in place for new appointees and all Directors are encouraged to attend relevant training courses and seminars.

Board effectiveness

In order to review the effectiveness of the Board, the committees and the individual Directors, the Board carries out a process of formal annual self appraisal. This is facilitated by the completion of a questionnaire and interviews with the Chairman. The appraisal of the Chairman is carried out by the Board under the leadership of the Senior Independent Director, Dr Franz Leibenfrost. The Board considers that the appraisal process is a constructive means of evaluating the contribution of individual Directors and identifying ways to improve the functioning and performance of the Board and its committees, including assessing any training needs. The Board does not consider that the use of external consultants to conduct this evaluation is likely to provide any meaningful advantage over the process that has been adopted, but the option of doing so is kept under review.

Removal of Directors

The Company may by special resolution remove any Director before the expiration of his period of office and may by ordinary resolution appoint another person who is willing to act to be a director in his place.

Any Director automatically ceases to be a Director if (i) they give the Company a written notice of resignation, (ii) they give the Company a written offer to resign and the Board resolves to accept this offer, (iii) all the other Directors remove them from office by notice in writing served upon them, (iv) in the written opinion of a registered medical practitioner they are or have become physically or mentally incapable of acting as a Director and are likely to remain so for more than three months, (v) by reason of a Director's mental health, a court makes an order which wholly or partly prevents that Director from personally exercising any powers or rights which that Director would otherwise have, (vi) a bankruptcy order is made against them or they make any arrangement or composition with their creditors generally, (vii) they are prohibited from being a Director by law or (viii) they are absent from Board meetings for six consecutive months without permission and the other Directors resolve that their office should be vacated.

Independence of Directors

The Board regularly reviews the independence of its members in accordance with current guidelines. In line with the AIC Code, the Board feels that length of service does not necessarily compromise the independence or contribution of directors of investment trust companies, where experience and continuity can be a significant strength. However, the Board has a policy that no more than one member of the Board should generally have served for more than nine years and anyone serving for more than this is subject to annual re-election.

The Board believes that its six non-executive Directors, including Dr Franz Leibenfrost who has served for over nine years, are independent in character and judgement, with no relationships or circumstances relating to the Company or the Manager likely to alter this position.

Conflicts of interest

A company director has a statutory obligation to avoid a situation in which he or she has, or potentially could have, a direct or indirect interest that conflicts with the interests of the company (a "**situational conflict**"). The Board therefore has procedures in place for the authorisation and review of situational conflicts relating to the Company's Directors.

Other than the formal authorisation of the Directors' other existing directorships and appointments as situational conflicts, no authorisations have been sought. They are reviewed throughout the year at the commencement of each Board meeting and the Nomination Committee reviews the authorisation of each individual Director's conflicts or potential conflicts annually. In the year under review, the Nomination Committee concluded that in each case these situational conflicts had not affected any individual in his/her role as a Director of the Company.

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

In the year under review there have been no instances of a Director being required to absent himself/herself from a discussion or abstain from voting because of a conflict of interest.

Board committees

The Board has established a number of committees, as set out below. The terms of reference of each committee are available on the website www.fandcglobalsmallers.com and on request.

The Company has no executive Directors and no employees and consequently does not have a remuneration committee. The Directors' Remuneration Report, which can be found on page 32, provides information on the remuneration arrangements for the Directors of the Company.

Nomination Committee

The role of the Nomination Committee is to review Board structure, size, composition, experience, diversity and skill ranges and consider succession planning and tenure policy in order to make recommendations to the Board. It considers the criteria for future Board appointments and the methods of selection, appointment and induction. The formal appointment of new Directors is the responsibility of the Board. This committee also considers Directors' conflicts of interest, the re-appointment of those Directors standing for re-election at the AGM, variations of terms of appointment and the question of each Director's independence in order to make recommendations to the Board prior to the publication of the annual report. The committee is currently composed of the full Board and is chaired by Anthony Townsend. The terms of reference can be found on the website at www.fandcglobalsmallers.com.

Audit and Management Engagement Committee

The primary responsibilities of the Audit and Management Engagement Committee are to monitor the integrity of the financial reporting and statements of the Company, and to oversee the audit of the annual and half-yearly accounts and the internal control and risk management processes. Committee membership is listed on page 22 and its terms of reference can be found on the website at www.fandcglobalsmallers.com. All the committee members are independent non-executive Directors. Les Cullen, the chairman of the committee, and the majority of the committee members are financially qualified. The committee has direct access to PwC; the Head of Internal Audit of the Manager; the Chief Risk Officer of the Manager and to the Manager's group audit committee and reports its findings to the Board. The Board retains ultimate responsibility for all aspects relating to external financial statements and other significant published financial information.

The committee met on two occasions during the year with the Manager's Head of Trust Accounting, Head of Internal Audit and the Fund Manager in attendance. PwC are entitled to attend all scheduled committee meetings and attended the year end committee meeting. PwC also met in closed

Corporate Governance Statement (continued)

session with the committee. In carrying out its responsibilities the committee has considered the planning, arrangements and conclusions of the audit for the period under review. In December 2011 the committee considered and approved PwC's plan for the full year audit. PwC submitted their report to the committee meeting in June 2012 in which they had highlighted the following areas of focus:

- Valuation and existence of investments.
- Accuracy and completeness of investment accounting entries.
- Recognition of income from the underlying investments.
- Foreign exchange gains/losses.
- Accuracy of the performance fee calculation.
- Correct disclosure of Directors' remuneration.
- Accuracy and disclosure of expenses.
- Taxation charge and maintenance of section 1158 status.
- Current assets and liabilities fairly stated.
- Cash balances and borrowings and calculation of interest.
- Compliance with financial statements and Business Review reporting requirements.
- Compliance with the relevant corporate governance codes.
- The Manager's procedures relating to fraud and the prevention of material misstatement of the financial statements.

PwC confirmed at the meeting that they had no reason not to issue an unqualified audit report in respect of the financial year ended 30 April 2012. The unqualified audit report can be found on page 40.

At each of its meetings the committee receives an internal audit and compliance monitoring report from the Manager. In June 2012 the committee received and reviewed the Report referred to under "Internal controls and management of risk" below and an annual compliance report. Following a recommendation from the committee, the Board has concluded that there is no current need for the Company to have an internal audit function; all of the Company's management functions are delegated to the Manager, which has its own internal audit department, and whose controls are monitored by the Board.

Specifically, the committee considered, monitored and reviewed the following matters throughout the year:

- The audited results statements, annual and half-yearly reports and accounts and interim management statements;
- The accounting policies of the Company;
- The effectiveness of the Company's internal control environment;
- The effectiveness of the audit process and the independence and objectivity of PwC, their reappointment, remuneration and terms of engagement;
- The policy on the engagement of PwC to supply non-audit services;
- The need for the Company to have its own internal audit function;
- The implications of proposed new accounting standards and regulatory changes;
- The receipt of AAF reports or their equivalent from the Custodian;
- The performance of the Manager and the fees charged;
- The analysis of other expenses.
- Compliance with the provisions of the trust deed for the 11.5% debenture stock 2014; and
- The committee's terms of reference.

The committee has reviewed, and is satisfied with, the Manager's Anti-Fraud, Bribery and Corruption Strategy and Policy and with the "whistleblowing" policy that has been put in place by the Manager under which its staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The necessary arrangements are in place for proportionate and independent investigation of such matters and for appropriate follow-up action.

As part of the review of auditor independence and effectiveness, PwC have confirmed that they are independent of the Company and have complied with relevant auditing standards. In evaluating PwC, the committee has recognised the necessity for the Manager and the Company to use different audit firms and taken into consideration the standing, skills and experience of the firm and the audit team. The appointment has not been put out to tender notwithstanding PwC's tenure over many years as the committee, from direct observation and indirect enquiry of management, remains satisfied that PwC continue to provide effective independent challenge in carrying out their responsibilities. Following professional guidelines, the partner rotates after five years and this is the third year for the current partner. On the basis of this assessment, the committee has recommended the continuing appointment of PwC to the Board. Their performance will continue to be reviewed annually taking into account all relevant guidance and best practice.

The committee has also reviewed the provision of non-audit services, which cost £5,000 in the year under review, and considers them to be cost effective and not to compromise the independence of PwC. The non-audit services were in relation to taxation advice and the provision of a debenture compliance certificate. The Chairman of the committee is advised of non-audit work required and a decision to authorise is taken on a case-by-case basis. Further information can be found in note 7 on the accounts.

Internal controls and management of risk

The Board has overall responsibility for the Company's systems of internal controls, for reviewing their effectiveness and ensuring that risk management and control processes are embedded in the day-to-day operations of the Company. These controls aim to ensure that the assets of the Company are safeguarded, proper accounting records are maintained, and the financial information used within the business and for publication is reliable. Control of the risks identified, covering financial, operational, compliance and overall risk management, is exercised by the Board through regular reports provided by the Manager on investment performance, performance attribution, compliance with agreed investment restrictions, financial analyses, revenue estimates, performance of the third party administrators of the F&C savings plans and on other management issues. The Manager's Internal Audit Department prepares a control report that provides details of any internal control failure. A key risk summary is also produced to help identify the risks to which the Company is exposed and the controls in place to mitigate them, including risks that are not directly the responsibility of the Manager. The Company's principal risks are set out on page 26, with additional information given in note 25 on the accounts.

The systems of internal controls are designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement, or loss or fraud.

The Board has carried out a risk and control assessment concurrent with the approval of this report and accounts, including a review of the Manager's risk management infrastructure and the report on policies and procedures in operation and tests for the period 1 January to 31 December 2011 (the "**Report**"). This has been prepared by the Manager for its investment trust clients to the standards of the Institute of Chartered Accountants in England and Wales Technical Release AAF (01/06). Containing a report from independent external accountants, the Report sets out the Manager's control policies and procedures with respect to the management of its clients' investments and maintenance of their financial records. The effectiveness of these controls is monitored by the Manager's group audit committee, which receives regular reports from the Manager's Internal Audit Department. Procedures are in place to capture and evaluate failings and weaknesses and ensure that action would be taken to remedy any significant issues identified from this monitoring, which would be reported to the Board. No material failings or weaknesses in respect of the Company were identified in the year under review.

Relations with shareholders

Communication with shareholders is given a high priority. In addition to the annual and half-yearly reports that are available to shareholders, monthly fact sheets and general information are also available on the www.fandcglobalsmallers.com website.

At least one shareholder meeting is held each year to allow shareholders to vote on the appointment of Directors and the auditors, the payment of dividends, share issues and buybacks, notice periods for general meetings and any special business. All shareholders are encouraged to attend the AGM, at which a presentation is made by the Lead Manager and where there is an opportunity to question him,

Corporate Governance Statement (continued)

the Chairman and the Board. Proxy voting figures are announced to shareholders at the AGM and are reported on the website. All beneficial shareholders in the F&C plans have the right to attend, speak and vote at general meetings. The nominee company votes the shares held on behalf of planholders who have not returned their voting directions in proportion to the directions of those who have, as detailed on pages 25 and 26.

A regular dialogue is maintained with the Company's institutional shareholders and private client asset managers through the Manager, which reports to the Board on such contact, the views of shareholders and any changes to the composition of the share register. The Chairman is available to meet with major shareholders. The Chairman contacted major shareholders by email during the year but no shareholder meetings arose from this correspondence. The Senior Independent Director and other Directors are available to attend meetings with shareholders as and when required. The Board welcomes dialogue with shareholders in order to ensure it is aware of any areas of concern. Reference to significant holdings in the Company's ordinary shares can be found under "Voting rights and proportional voting" on page 25.

Shareholders wishing to communicate with the Chairman, the Senior Independent Director or other members of the Board may do so by writing to the Secretary at the registered office address as detailed on page 21.

The Board receives regular reports from the Manager on the views and attitudes of shareholders in the Company and the level and nature of any complaints received from investors.

By order of the Board
F&C Management Limited
18 June 2012

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements respectively;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The financial statements are published on the www.fandcglobalsmallers.com website, which is maintained by F&C. The content and integrity of the website maintained by F&C or any of its subsidiaries is, so far as it relates to the Company, the responsibility of F&C. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed on page 22, confirm that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and return of the Company; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board
Anthony Townsend
Chairman
18 June 2012

Independent Auditors' Report

Independent Auditors' Report to the members of F&C Global Smaller Companies PLC

We have audited the financial statements of F&C Global Smaller Companies PLC for the year ended 30 April 2012 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 39, 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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 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 Company's affairs as at 30 April 2012 and of its net return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 24, in relation to going concern;
- the parts 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.

Alex Bertolotti (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 June 2012

Income Statement

Revenue notes	Capital notes	for the year ended 30 April	**Revenue £'000s**	**Capital £'000s**	**2012 Total £'000s**	Revenue £'000s	Capital £'000s	2011 Total £'000s
	12	(Losses)/gains on investments	**–**	**(57)**	**(57)**	–	35,299	35,299
	20	Foreign exchange (losses)/gains	**(6)**	**(83)**	**(89)**	4	(107)	(103)
3		Income	**4,530**	**–**	**4,530**	3,490	–	3,490
4	4	Management fee	**(217)**	**(651)**	**(868)**	(200)	(601)	(801)
5	5	Performance fee	**–**	**(893)**	**(893)**	–	–	–
7		Other expenses	**(981)**	**(10)**	**(991)**	(850)	(17)	(867)
		Net return before finance costs and taxation	**3,326**	**(1,694)**	**1,632**	2,444	34,574	37,018
8	8	Finance costs	**(289)**	**(866)**	**(1,155)**	(288)	(863)	(1,151)
		Net return on ordinary activities before taxation	**3,037**	**(2,560)**	**477**	2,156	33,711	35,867
9	9	Taxation on ordinary activities	**(238)**	**–**	**(238)**	(117)	–	(117)
		Net return attributable to equity shareholders	**2,799**	**(2,560)**	**239**	2,039	33,711	35,750
10	10	**Return per share – pence**	**6.87**	**(6.28)**	**0.59**	5.08	84.05	89.13

The total column of this statement is the profit and loss account of the Company.

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

A statement of total recognised gains and losses is not required as all gains and losses of the Company have been reflected in the above statement.

Reconciliation of Movements in Shareholders' Funds

Notes	for the year ended 30 April 2012	Share capital £'000s	Share premium account £'000s	Capital redemption reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total shareholders' funds £'000s
	Balance at 1 May 2011	**10,025**	**23,132**	**16,158**	**184,606**	**7,683**	**241,604**
	Movements during the year ended 30 April 2012						
11	Dividends paid	**–**	**–**	**–**	**–**	**(2,073)**	**(2,073)**
	Shares issued	**320**	**6,686**	**–**	**–**	**–**	**7,006**
	Net return attributable to equity shareholders	**–**	**–**	**–**	**(2,560)**	**2,799**	**239**
	Balance at 30 April 2012	**10,345**	**29,818**	**16,158**	**182,046**	**8,409**	**246,776**

Notes	for the year ended 30 April 2011						
	Balance at 1 May 2010	10,055	23,132	16,128	151,423	7,646	208,384
	Movements during the year ended 30 April 2011						
11	Dividends paid	–	–	–	–	(2,002)	(2,002)
	Shares purchased and cancelled	(30)	–	30	(528)	–	(528)
	Net return attributable to equity shareholders	–	–	–	33,711	2,039	35,750
	Balance at 30 April 2011	10,025	23,132	16,158	184,606	7,683	241,604

Balance Sheet

Notes	at 30 April	2012 £'000s	2012 £'000s	2011 £'000s	2011 £'000s
	Fixed assets				
12	Investments		252,184		248,334
	Current assets				
13	Debtors	2,007		969	
	Cash at bank and short-term deposits	5,550		3,843	
		7,557		4,812	
	Creditors: amounts falling due within one year				
14	Other	(2,965)		(1,542)	
		(2,965)		(1,542)	
	Net current assets		4,592		3,270
	Total assets less current liabilities		256,776		251,604
	Creditors: amounts falling due after more than one year				
15	Debenture		(10,000)		(10,000)
	Net assets		246,776		241,604
	Capital and reserves				
17	Share capital		10,345		10,025
18	Share premium account	29,818		23,132	
19	Capital redemption reserve	16,158		16,158	
20	Capital reserves	182,046		184,606	
20	Revenue reserve	8,409		7,683	
			236,431		231,579
21	**Total shareholders' funds**		246,776		241,604
21	**Net asset value per share – pence**		596.35		602.49

Approved by the Board on 18 June 2012
and signed on its behalf by:
Anthony Townsend, Chairman

Cash Flow Statement

Notes	for the year ended 30 April	£'000s	2012 £'000s	£'000s	2011 £'000s
	Operating activities				
	Investment income received	3,914		3,073	
	Interest received	11		30	
	Underwriting commission and other income received	16		15	
	Management fee paid to the management company	(786)		(909)	
	Directors' fees paid	(148)		(137)	
	Other payments	(811)		(690)	
22	**Net cash inflow from operating activities**		2,196		1,382
	Servicing of finance				
	Interest paid	(1,152)		(1,151)	
	Cash outflow from servicing of finance		(1,152)		(1,151)
	Financial investment				
	Purchases of equities and other investments	(73,926)		(96,209)	
	Sales of equities and other investments	69,752		89,729	
	Other capital charges and credits	(13)		(20)	
	Net cash outflow from financial investment		(4,187)		(6,500)
	Equity dividends paid		(2,073)		(2,002)
	Net cash outflow before use of liquid resources and financing		(5,216)		(8,271)
	Management of liquid resources				
	Decrease in short-term deposits		–		–
	Financing				
	Shares issued	7,006		–	
	Shares purchased and cancelled	–		(737)	
	Cash inflow/(outflow) from financing		7,006		(737)
23	**Increase/(decrease) in cash**		1,790		(9,008)

Notes on the Accounts

1. GENERAL INFORMATION

F&C Global Smaller Companies PLC is an investment company incorporated in the United Kingdom with a listing on the London Stock Exchange. The Company registration number is 28264 and the registered office is Exchange House, Primrose Street, London, EC2A 2NY, England.

The Company conducts its affairs so as to qualify as an investment trust under the provisions of section 1158 of the Corporation Tax Act 2010 ("section 1158"). Approval of the Company under section 1158 has been received (subject to there being no subsequent enquiry) in respect of the year ended 30 April 2011 and all previous applicable financial years. Such approval exempts the Company from UK corporation tax on gains realised in the relevant year on its portfolio of fixed asset investments.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The accounts of the Company have been prepared on a going concern basis under the historical cost convention, modified to include fixed asset investments and derivative financial instruments at fair value, and in accordance with the Companies Act 2006, accounting standards applicable in the United Kingdom and the Revised Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (SORP) issued in January 2009.

The functional and presentational currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Company operates.

There have been no significant changes to the accounting policies during the year ended 30 April 2012.

In accordance with the SORP, the Income Statement has been analysed between a revenue account (dealing with items of a revenue nature) and a capital account (relating to items of a capital nature). Revenue returns include, but are not limited to, dividend income and operating expenses and tax (insofar as the expenses and tax are not allocated to capital, as described in note 2(b) below). Net revenue returns are allocated via the revenue account to the revenue reserve, out of which interim and final dividend payments are made. Capital returns include, but are not limited to, realised and unrealised profits and losses on fixed asset investments and currency profits and losses on cash and borrowings. The Company's Articles prohibit the distribution of net capital returns by way of dividend. Such returns are allocated via the capital account to the capital reserves. Dividends payable to equity shareholders are shown in the Reconciliation of Movements in Shareholders' Funds.

(b) Principal accounting policies

The policies set out below have been applied consistently throughout the year.

(i) Financial instruments

Financial instruments include fixed asset investments, derivative assets and liabilities, long-term debt instruments, cash and short-term deposits, debtors and creditors. Accounting standards recognise a hierarchy of fair value measurements for financial instruments measured at fair value on the Balance Sheet which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Included within this category are investments listed on any recognised stock exchange or quoted on AIM in the UK.

Level 2 – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be those for which the quoted price has been suspended, forward exchange contracts and certain other derivative instruments. The Company held no such securities during the year under review.

Level 3 – External inputs are unobservable. Value is the Directors' best estimate of fair value, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instrument. Included within this category are unquoted investments.

Notes on the Accounts (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Fixed asset investments and derivative financial instruments.

As an investment trust, the Company measures its fixed asset investments and derivative financial instruments at “fair value through profit or loss” and treats all transactions on the realisation and revaluation of investments and derivative financial instruments as transactions on the capital account. Purchases are recognised on the relevant trade date, inclusive of expenses which are incidental to their acquisition. Sales are also recognised on the trade date, after deducting expenses incidental to the sales.

Quoted investments are valued at bid value at the close of business on the relevant date on the exchange on which the investment is quoted. Investments which are not quoted or which are not frequently traded are stated at Directors’ best estimate of fair value. In arriving at their estimate, the Directors make use of recognised valuation techniques and may take account of recent arm’s length transactions in the same or similar investment instruments. Where no reliable fair value can be estimated, investments are carried at cost less any provision for impairment.

Derivative financial instruments are accounted for as financial assets or liabilities at fair value through profit or loss and are classified as held for trading.

(iii) Debt instruments

Interest-bearing debenture stock, loans and overdrafts are recorded initially at the proceeds received, net of issue costs, irrespective of the duration of the instrument. The fair market value of the long-term debenture stock is based on a margin over a comparable UK gilt and is disclosed in note 15 on the accounts. No debt instruments held during the year required hierarchical classification.

Finance charges, including interest, are accrued using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period. See (vi) below for allocation of finance charges within the Income Statement.

(iv) Foreign currency

Monetary assets, monetary liabilities and equity investments denominated in a foreign currency are expressed in sterling at rates of exchange ruling at the balance sheet date. Purchases and sales of investment securities, derivative financial instruments, dividend income, interest income and expenses are translated at the rates of exchange prevailing at the respective dates of such transactions.

Foreign exchange profits and losses on fixed asset investments and derivative financial instruments are included within the changes in fair value in the capital account. Foreign exchange profits and losses on other currency balances are separately credited or charged to the capital account except where they relate to revenue items when they are credited or charged to the revenue account.

(v) Income

Income from equity shares is brought into the revenue account (except where, in the opinion of the Directors, its nature indicates it should be recognised within the capital account) on the ex-dividend date or, where no ex-dividend date is quoted, when the Company’s right to receive payment is established. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield on the investment.

Dividends are accounted for in accordance with Financial Reporting Standard 16 “Current Taxation” on the basis of income actually receivable, without adjustment for the tax credit attaching to the dividends. Dividends from overseas companies are shown gross of withholding tax.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash (scrip dividends), the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised in the capital account.

Underwriting commission is recognised when the Company’s right to receive payment is established. Deposit interest is accounted for on an accruals basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(vi) Expenses, including finance charges

Expenses are charged to the revenue account of the Income Statement, except as noted below:

– expenses incidental to the acquisition or disposal of fixed asset investments and derivative financial instruments are included within the cost of the investments and derivative financial instruments or deducted from the disposal proceeds of investments and derivative financial instruments and are thus charged to capital reserve – arising on investments sold via the capital account;

– 75% of management fees and 75% of finance costs are allocated to capital reserve – arising on investments sold via the capital account, in accordance with the Board's long-term expected split of returns from the investment portfolio of the Company.

– performance fees insofar as they relate to capital performance are allocated to capital reserve – arising on investments sold; and

– all expenses are accounted for on an accruals basis.

(vii) Taxation

Deferred tax is provided in accordance with Financial Reporting Standard 19 "Deferred Tax" on all timing differences that have originated but not reversed by the balance sheet date, based on the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. In line with the recommendations of the SORP, the allocation method used to calculate the tax relief on expenses charged to capital is the "marginal" basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the revenue account, then no tax relief is transferred to the capital account.

(viii) Share premium

The surplus of net proceeds received from the issue of new ordinary shares over the nominal value of such shares is credited to this account. The nominal value of the shares issued is recognised in share capital.

(ix) Capital redemption reserve

The nominal value of ordinary share capital purchased and cancelled is transferred out of called-up share capital and into the capital redemption reserve, which is a non-distributable reserve, on the trade date.

(x) Capital reserves

Capital reserve – arising on investments sold

The following are accounted for in this reserve:

– 75% of management fees and finance costs as set out in note 2 (vi);

– performance fees as set out in note 2 (vi);

– gains and losses on the realisation of fixed asset investments and derivative financial instruments;

– realised foreign exchange differences of a capital nature;

– costs of professional advice, including related irrecoverable VAT, relating to the capital structure of the Company;

– other capital charges and credits charged or credited to this account in accordance with the above policies; and

– costs of purchasing ordinary share capital.

Capital reserve – arising on investments held

The following are accounted for in this reserve:

– increases and decreases in the valuation of fixed asset investments and derivative financial instruments held at the year end; and

– unrealised foreign exchange differences of a capital nature.

Notes on the Accounts (continued)

3. INCOME

	2012 £'000s	2011 £'000s
Income from investments		
UK dividends	2,288	1,881
UK scrip dividends	97	90
Overseas dividends	2,032	1,335
Overseas scrip dividends	85	141
	4,502	3,447
Other income		
Interest on cash and short-term deposits	11	28
Underwriting commission	17	15
	28	43
Total income	4,530	3,490
Total income comprises:		
Dividends	4,502	3,447
Other income	28	43
	4,530	3,490
Income from investments comprises:		
Quoted UK†	2,385	1,971
Quoted overseas	2,032	1,425
Unquoted	85	51
	4,502	3,447

† Includes investments quoted on AIM in the UK.

4. MANAGEMENT FEE

	Revenue £'000s	Capital £'000s	2012 Total £'000s	Revenue £'000s	Capital £'000s	2011 Total £'000s
Management fee	217	651	868	200	601	801

The Manager provides investment management, marketing and general administrative services to the Company. The management fee is an amount equal to 0.4% per annum, payable monthly in arrears, of net assets managed by the Manager (with debenture stock valued at market value) at the calculation date. Investments made by the Company in third party collective investment schemes are subject to a management fee, payable monthly in arrears to the Manager, of 0.25% per annum of the month end market value of those investments. The management agreement may be terminated upon six months' notice given by either party.

The fees have been allocated 75% to capital reserve in accordance with accounting policies.

5. PERFORMANCE FEE

	2012 Capital £'000s	2011 Capital £'000s
Performance fee	893	–

The Manager is entitled to a performance fee, payable annually, equal to 10% of the value of any outperformance in the year by the net assets (with debt at market value, adjusted for share buybacks and dividends) compared to the Benchmark Index, subject to a maximum absolute cap on the level of fees (including both the management fee and the performance fee) that the Manager can earn in any one year of 1% of average month-end net assets. Performance above this cap (outperformance) or below the Benchmark level (underperformance) will be carried forward to the subsequent period for inclusion in the calculation of performance in that period.

Any performance fee is allocated 100% to capital reserve – arising on investments sold.

The performance fee payable for the year has been reduced to reflect the underperformance brought forward from the preceding period.

6. RECOVERABLE VAT

Management and performance fees are no longer subject to VAT. In previous years the Company has recovered £1,229,000 from HMRC, via its Manager, in relation to VAT paid on such fees in the periods 1990 to 1996 and 2001 to 2007.

A case has been brought against HMRC to seek to recover the amounts relating to the intervening period, 1997 to 2000, together with interest on a compound basis. No VAT or related interest recovery has been accrued or recognised as a contingent asset as the outcome of the case remains uncertain.

7. OTHER EXPENSES

	2012 £'000s	2011 £'000s
Auditors' remuneration:		
audit services*	28	28
other services*	5	3
Directors' fees for services to the Company†	148	138
Marketing and private investor plan expenses	543	470
Printing and postage	62	58
Custody fees	13	18
Sundry expenses	182	135
	981	850

* Auditors' remuneration for audit services, exclusive of VAT, amounts to £27,000 (2011: £27,000). Total auditors' remuneration for non-audit services, exclusive of VAT, amounts to £5,000 (2011: £3,000) comprising £4,000 for taxation services (2011: £2,000) and £1,000 relating to the provision of a debenture compliance certificate (2011: £1,000). No part of these amounts was charged to capital reserves (2011: £nil).

† See the Directors' Remuneration Report on page 32.

All expenses are stated gross of irrecoverable VAT, where applicable.

Notes on the Accounts (continued)

8. FINANCE COSTS

	Revenue £'000s	Capital £'000s	2012 Total £'000s	Revenue £'000s	Capital £'000s	2011 Total £'000s
Debenture	289	865	1,154	288	862	1,150
Loans and bank overdrafts	–	1	1	–	1	1
	289	866	1,155	288	863	1,151

Finance costs have been allocated 75% to capital reserve in accordance with accounting policies.

The interest is further analysed as follows:

	Revenue £'000s	Capital £'000s	2012 Total £'000s	Revenue £'000s	Capital £'000s	2011 Total £'000s
Loans and bank overdrafts repayable within one year, not by instalments	–	1	1	–	1	1
Debenture repayable in more than one year, not by instalments	289	865	1,154	288	862	1,150
	289	866	1,155	288	863	1,151

9. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of tax charge for the year

	Revenue £'000s	Capital £'000s	2012 Total £'000s	Revenue £'000s	Capital £'000s	2011 Total £'000s
Corporation tax payable at 25.8% (2011: 27.8%)	–	–	–	–	–	–
Overseas taxation	238	–	238	117	–	117
Current tax charge for the year (note 9(b))	238	–	238	117	–	117
Deferred taxation on accrued income	–	–	–	–	–	–
Taxation on ordinary activities	238	–	238	117	–	117

(b) Factors affecting the current tax charge for the year

	Revenue £'000s	Capital £'000s	2012 Total £'000s	Revenue £'000s	Capital £'000s	2011 Total £'000s
Return on ordinary activities before tax	3,037	(2,560)	477	2,156	33,711	35,867
Return on ordinary activities multiplied by the standard rate of corporation tax of 25.8% (2011: 27.8%)	784	(661)	123	599	9,372	9,971
Effects of:						
UK dividends*	(615)	–	(615)	(548)	–	(548)
Overseas dividends*	(495)	–	(495)	(410)	–	(410)
Expenses not deductible for tax purposes	70	–	70	65	–	65
Overseas tax in excess of double taxation relief	238	–	238	117	–	117
Expenses not utilised in the year	256	625	881	294	411	705
Capital returns*	–	36	36	–	(9,783)	(9,783)
Total current taxation (note 9(a))	238	–	238	117	–	117

* These items are not subject to corporation tax in an investment trust company.

The Company is not subject to corporation tax on capital gains or on dividend income. As a consequence, it has unutilised expenses which have given rise to a deferred tax asset of £3.4m (2011: £2.9m). This asset has not been recognised as the Directors believe it is unlikely that the Company will have sufficient taxable profits in future to utilise it. Of this amount £0.6m (2011: £0.5m) relates to revenue expenses and £2.8m (2011: £2.4m) to capital expenses.

10. RETURN PER ORDINARY SHARE

	Revenue	Capital	2012 Total	Revenue	Capital	2011 Total
Revenue return per share – pence	**6.87**	**(6.28)**	**0.59**	5.08	84.05	89.13
Net return attributable to equity shareholders – £'000s	**2,799**	**(2,560)**	**239**	2,039	33,711	35,750

Both the revenue and capital returns per share are based on a weighted average of 40,734,282 ordinary shares in issue during the year (2011: 40,110,879).

11. DIVIDENDS

Dividends on ordinary shares	Register date	Payment date	2012 £'000s	2011 £'000s
Interim for the year ended 30 April 2012 of 1.63p	30 December 2011	31 January 2012	**670**	–
Final for the year ended 30 April 2011 of 3.50p	1 July 2011	8 August 2011	**1,403**	–
Interim for the year ended 30 April 2011 of 1.60p	31 December 2010	31 January 2011	**–**	638
Final for the year ended 30 April 2010 of 3.40p	25 June 2010	6 August 2010	**–**	1,364
			2,073	2,002

The Directors recommend a final dividend in respect of the year ended 30 April 2012 of 4.00p per share, payable on 16 August 2012 to all shareholders on the register at close of business on 6 July 2012. The recommended final dividend is subject to approval by shareholders at the annual general meeting.

The dividends paid and proposed in respect of the financial year ended 30 April 2012, which form the basis of the section 1158 retention test, and the attributable revenue are set out below:

	2012 £'000s
Revenue attributable to equity shareholders	**2,799**
Interim for the year ended 30 April 2012 of 1.63p	**(670)**
Proposed final for the year ended 30 April 2012 of 4.00p*	**(1,679)**
Amount transferred to revenue reserve for section 1158 purposes**	**450**

* Based on 41,967,335 shares in issue at 14 June 2012.

**Undistributed revenue for the year equated to 10.0% of income from investments of £4,502,000 (see note 3).

Notes on the Accounts (continued)

12. INVESTMENTS

	Level 1* £'000s	Level 2* £'000s	Level 3* £'000s	Total £'000s
Cost at 30 April 2011	188,272	–	812	189,084
Gains at 30 April 2011	56,363	–	2,887	59,250
Valuation at 30 April 2011	244,635	–	3,699	248,334
Movements in the year:				
Purchases at cost	74,049	–	491	74,540
Sales proceeds	(70,633)	–	–	(70,633)
Gains on investments sold in year	5,778	–	–	5,778
Losses on investments held at year end	(4,862)	–	(973)	(5,835)
Valuation of investments held at 30 April 2012	**248,967**	**–**	**3,217**	**252,184**

	Level 1* £'000s	Level 2* £'000s	Level 3* £'000s	Total £'000s
Cost at 30 April 2012	197,466	–	1,303	198,769
Gains at 30 April 2012	51,501	–	1,914	53,415
Valuation at 30 April 2012	**248,967**	**–**	**3,217**	**252,184**

* Level 1 includes investments listed on any recognised stock exchange or quoted on AIM in the UK.
Level 2 includes investments for which the quoted price has been suspended.
Level 3 includes any unquoted investments which are held at net asset value.

A list of investments is set out on pages 18 to 20.

Gains on investments

	2012 £'000s	2011 £'000s
Gains on investments sold during the year	**5,778**	19,278
(Losses)/gains on investments held at year end	**(5,835)**	16,021
Total (losses)/gains on investments	**(57)**	35,299

Substantial interests

At 30 April 2012 the Company held more than 5% of the following undertakings held as investments, neither of which, in the opinion of the Directors, represented a participating interest:

Company	Country of registration, incorporation and operation	Number of units held	Percentage of undertaking held
Australian New Horizons Fund	Australia	2,338,437	32.6
US Ventures	Cayman Islands	n/a	10.2

13. DEBTORS

	2012 £'000s	2011 £'000s
Investment debtors	**1,487**	606
Prepayments and accrued income	**448**	334
Overseas taxation recoverable	**72**	29
	2,007	969

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Other	2012 £'000s	2011 £'000s
Investment creditors	**1,299**	867
Interest accrued	**382**	379
Management fee and performance fee accrued	**1,050**	75
Other accrued expenses	**234**	221
	2,965	1,542

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Debenture	2012 £'000s	2011 £'000s
11.5% debenture stock 2014 (secured)	**10,000**	10,000

The debenture stock is secured by floating charges against the assets of the Company and is stated at amortised cost, which is equivalent to nominal value. The market value of the debenture, which was based on a comparable UK gilt, was £12,380,000 (2011: £12,675,000).

Under the terms of the debenture trust deed the total of all borrowings, valued in accordance with the Company's accounting policies, shall not at any time exceed the Company's "Adjusted Total of Capital and Reserves" ("**ATCR**") – at 30 April 2012 the value of the ATCR was £211m and the value of all borrowings was £10m. The trust deed also specifies that the aggregate of the Company's debenture stocks valued at par shall not exceed one fifth of the ATCR.

Each year, the Company issues a certificate of compliance with the provisions of the trust deed to the trustee of the debenture stock, showing that the borrowing limits have not been exceeded at the relevant accounting date. The Company has complied at all times with the terms of the trust deed in the year under review.

In certain circumstances, the terms of the Company's debenture entitle the holders to demand early repayment. Such early repayment may be required in the event of the occurrence of certain events of default which are customary for facilities of this type. These include events of non payment, insolvency and insolvency proceedings, cessation of business, non-remedied breach of covenant or other obligation, cross-default or misrepresentation.

The 11.5% debenture stock is redeemable at par on 31 December 2014. It may be redeemed early by the Company giving notice of not less than 30 days in writing to stockholders. In such event, the redemption price must be the higher of par and the price equivalent to the gross redemption yield on the relevant date of 12% Exchequer Stock 2013/17.

The Directors have no present intention to redeem the 11.5% debenture stock before 31 December 2014.

At 30 April 2012 the Company had a multi-currency credit facility of £10 million with Scotiabank (Ireland) Limited which remained undrawn throughout the year.

Notes on the Accounts (continued)

16. GEOGRAPHICAL AND INDUSTRIAL CLASSIFICATION (TOTAL ASSETS LESS CURRENT LIABILITIES)

	North America %	UK %	Continental Europe %	Rest of World %	Japan %	**2012 Total %**	2011 Total %
Industrials	13.1	9.5	1.3	–	–	**23.9**	25.7
Collective investments	–	–	0.4	12.4	7.7	**20.5**	15.9
Financials	4.8	3.8	2.1	–	–	**10.7**	11.8
Consumer goods	6.4	0.8	2.8	–	–	**10.0**	10.3
Consumer services	2.7	4.4	1.4	–	–	**8.5**	8.0
Technology	2.6	3.7	1.1	–	–	**7.4**	6.7
Basic materials	1.5	3.2	0.9	–	–	**5.6**	6.8
Telecommunications	4.7	0.5	0.2	–	–	**5.4**	4.9
Health care	1.9	1.2	0.2	–	–	**3.3**	3.1
Oil & gas	1.3	1.2	0.1	–	–	**2.6**	5.3
Utilities	–	0.2	0.1	–	–	**0.3**	0.2
Total investments	39.0	28.5	10.6	12.4	7.7	**98.2**	98.7
Net current assets	1.2	0.5	0.1	–	–	**1.8**	1.3
Total assets less current liabilities (excluding borrowings)	**40.2**	**29.0**	**10.7**	**12.4**	**7.7**	**100.0**	
2011 totals	42.9	31.0	10.2	10.3	5.6		100.0

17. SHARE CAPITAL

Equity share capital	Issued and fully paid Number	£'000s
Ordinary shares of 25p each		
Balance brought forward	40,100,990	10,025
Shares issued	1,280,000	320
Balance carried forward	**41,380,990**	**10,345**

During the year 1,280,000 ordinary shares were issued, raising proceeds of £7,006,000. Since the year end a further 586,345 ordinary shares have been issued, raising proceeds of £3,375,000.

18. SHARE PREMIUM ACCOUNT

	2012 £'000s	2011 £'000s
Balance brought forward	**23,132**	23,132
Shares issued	**6,686**	–
Balance carried forward	**29,818**	23,132

19. CAPITAL REDEMPTION RESERVE

	2012 £'000s	2011 £'000s
Balance brought forward	**16,158**	16,128
Transfer from equity share capital	**–**	30
Balance carried forward	**16,158**	16,158

20. OTHER RESERVES

	Capital reserve arising on investments sold £'000s	Capital reserve arising on investments held £'000s	Capital reserves – total £'000s	Revenue reserve £'000s
Movements in the year				
Gains on investments sold in year	5,778	–	5,778	–
Losses on investments held at year end	–	(5,835)	(5,835)	–
Foreign exchange losses	(83)	–	(83)	–
Management fee (see note 4)	(651)	–	(651)	–
Performance fee (see note 5)	(893)	–	(893)	–
Other expenses	(10)	–	(10)	–
Finance costs (see note 8)	(866)	–	(866)	–
Revenue return	–	–	–	2,799
Net return attributable to ordinary shareholders	3,275	(5,835)	(2,560)	2,799
Dividends paid in the year	–	–	–	(2,073)
	3,275	(5,835)	(2,560)	726
Balance brought forward	125,012	59,594	184,606	7,683
Balance carried forward	**128,287**	**53,759**	**182,046**	**8,409**

Included within the capital reserve movement for the year are £264,000 (2011: £297,000) of transaction costs on purchases of investments, £144,000 (2011: £171,000) of transaction costs on sales of investments and £410,000 (2011: £nil) of distributions recognised as capital.

21. NET ASSET VALUE PER ORDINARY SHARE

	2012	2011
Net asset value per share (with debenture at nominal value) – pence	**596.35**	602.49
Net assets attributable at the year end – £'000s	**246,776**	241,604
Ordinary shares in issue at the year end	**41,380,990**	40,100,990

Net asset value per share with debenture at market value was 590.60p (2011: 595.82p).

Notes on the Accounts (continued)

22. RECONCILIATION OF RETURN BEFORE FINANCE COSTS AND TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £'000s	2011 £'000s
Total return before finance costs and taxation	1,632	37,018
Adjust for returns from non-operating activities		
Losses/(gains) on investments	57	(35,299)
Foreign exchange losses charged to capital	83	107
Management fee charged to capital	651	601
Performance fee charged to capital	893	–
Other expenses charged to capital	10	17
Return from operating activities	3,326	2,444
Adjust for non cash flow items		
Transfer of management fee to capital reserve	(651)	(601)
Transfer of performance fee to capital reserve	(893)	–
Exchange losses/(gains) of a revenue nature	6	(4)
Increase in accrued income	(126)	(29)
Decrease/(increase) in prepayments	6	(3)
Increase/(decrease) in creditors	991	(82)
Scrip dividends	(182)	(231)
Overseas taxation	(281)	(112)
Net cash inflow from operating activities	2,196	1,382

23. RECONCILIATION OF NET CASH FLOW MOVEMENT TO MOVEMENT IN NET DEBT

	2012 £'000s	2011 £'000s
Increase/(decrease) in cash	1,790	(9,008)
Decrease in short-term deposits	–	–
Movement in net debt resulting from cash flows	1,790	(9,008)
Foreign exchange movement	(83)	(112)
Movement in net debt in the year	1,707	(9,120)
Net (debt)/cash brought forward	(6,157)	2,963
Net debt carried forward	(4,450)	(6,157)

Represented by:	Balance at 30 April 2011 £'000s	Cash flow £'000s	Exchange movement £'000s	Balance at 30 April 2012 £'000s
Cash at bank	3,843	1,790	(83)	5,550
Short-term deposits	–	–	–	–
	3,843	1,790	(83)	5,550
Debenture	(10,000)	–	–	(10,000)
	(6,157)	1,790	(83)	(4,450)

24. RELATED PARTY TRANSACTIONS

The following are considered related parties: the Board of Directors (the "Board") and F&C Management Limited ("F&C").

There are no transactions with the Board other than aggregated remuneration for services as Directors as disclosed in the Directors' Remuneration Report on page 32 and as set out in note 7 on the accounts. There are no outstanding balances with the Board at the year end. Transactions between the Company and F&C are detailed in note 4 on management fees, note 5 on performance fees, note 12, where investments managed by F&C are disclosed, and note 14, where accrued management fees are disclosed.

25. FINANCIAL RISK MANAGEMENT

The Company is an investment company, listed on the London Stock Exchange, and conducts its affairs so as to qualify in the United Kingdom (UK) as an investment trust under the provisions of section 1158. In so qualifying, the Company is exempted in the UK from corporation tax on capital gains on its portfolio of fixed asset investments.

The Company invests in smaller companies worldwide in order to secure a high total return. In pursuing the objective, the Company is exposed to financial risks which could result in a reduction of either or both of the value of the net assets and the profits available for distribution by way of dividend. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit. The Board, together with the Manager, is responsible for the Company's risk management, as set out in detail in the Directors' Report and Business Review. The Directors' policies and processes for managing the financial risks are set out in (a), (b) and (c) below.

The accounting policies which govern the reported Balance Sheet carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 2 on the accounts. The policies are in compliance with UK accounting standards and best practice, and include the valuation of financial assets and liabilities at fair value, except as noted in (d) below and in note 15 in respect of the debenture stock. The Company does not make use of hedge accounting rules.

(a) Market risks

The fair value of equity and other financial securities held in the Company's portfolio fluctuates with changes in market prices. Prices are themselves affected by movements in currencies and interest rates and by other financial issues, including the market perception of future risks. The Board sets policies for managing these risks within the Company's objective and meets regularly to review full, timely and relevant information on investment performance and financial results. The Manager assesses exposure to market risks when making each investment decision and monitors ongoing market risk within the portfolio.

The Company's other assets and liabilities may be denominated in currencies other than sterling and may also be exposed to interest rate risks. The Manager and the Board regularly monitor these risks. The Company does not normally hold significant cash balances. Borrowings are limited to amounts and currencies commensurate with the portfolio's exposure to those currencies, thereby limiting the Company's exposure to future changes in exchange rates. Gearing may be short or long-term, in sterling and foreign currencies, and enables the Company to take a long-term view of the countries and markets in which it is invested without having to be concerned about short-term volatility.

The Board regularly monitors the effects on net revenue of interest earned on deposits and paid on gearing.

Currency exposure

The principal currencies to which the Company was exposed, and the relevant exchange rates against sterling, are analysed below:

	At 30 April 2012	2012 Average for the year	At 30 April 2011	2011 Average for the year
US dollar	1.6239	1.6065	1.6680	1.5677
Euro	1.2269	1.1661	1.1243	1.1720
Japanese yen	129.66	126.79	135.34	132.61

At 30 April 2012, the Company did not hold any investments directly denominated in Japanese yen. The Company did, however, hold investments in US dollar and sterling denominated collective investment schemes which hold underlying investments denominated in other currencies.

Notes on the Accounts (continued)

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

Based on the financial assets and liabilities held and the exchange rates applying at the balance sheet date, a weakening or strengthening of sterling against each of the principal currencies by 10% would have the following approximate effect on returns attributable to equity shareholders and on the net asset value ("NAV") per share:

		2012		2011
Weakening of sterling by 10%	**US$**	**€**	US$	€
Net revenue return attributable to equity shareholders – £'000s	**95**	**70**	64	41
Net capital return attributable to equity shareholders – £'000s	**11,099**	**2,183**	11,307	2,178
Net total return attributable to equity shareholders – £'000s	**11,194**	**2,253**	11,371	2,219
Net asset value per share – pence	**27.05**	**5.44**	28.36	5.53

		2012		2011
Strengthening of sterling by 10%	**US$**	**€**	US$	€
Net revenue return attributable to equity shareholders – £'000s	**(95)**	**(70)**	(64)	(41)
Net capital return attributable to equity shareholders – £'000s	**(11,099)**	**(2,183)**	(11,307)	(2,178)
Net total return attributable to equity shareholders – £'000s	**(11,194)**	**(2,253)**	(11,371)	(2,219)
Net asset value per share – pence	**(27.05)**	**(5.44)**	(28.36)	(5.53)

These analyses are presented in sterling and are representative of the Company's activities although the level of the Company's exposure to currencies fluctuates in accordance with the investment and risk management processes. This level of change is considered to be a reasonable illustration based on observation of current market conditions.

The fair values of the Company's assets and liabilities at 30 April by currency are shown below:

2012	Short-term debtors £'000s	Cash at bank and short-term deposits £'000s	Short-term creditors £'000s	Debenture (at nominal value) £'000s	Net monetary assets/ (liabilities) £'000s	Investments £'000s	Net exposure £'000s
Sterling	1,775	2,350	(2,758)	(10,000)	(8,633)	115,039	106,406
US dollar	64	3,197	(194)	–	3,067	107,921	110,988
Euro	165	2	(13)	–	154	21,678	21,832
Other	3	1	–	–	4	7,546	7,550
Total	**2,007**	**5,550**	**(2,965)**	**(10,000)**	**(5,408)**	**252,184**	**246,776**

2011	Short-term debtors £'000s	Cash at bank and short-term deposits £'000s	Short-term creditors £'000s	Debenture (at nominal value) £'000s	Net monetary assets/ (liabilities) £'000s	Investments £'000s	Net exposure £'000s
Sterling	836	951	(1,542)	(10,000)	(9,755)	108,866	99,111
US dollar	66	2,891	–	–	2,957	110,111	113,068
Euro	61	–	–	–	61	21,720	21,781
Other	6	1	–	–	7	7,637	7,644
Total	969	3,843	(1,542)	(10,000)	(6,730)	248,334	241,604

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate exposure

The exposure of the financial assets and liabilities to interest rate movements at 30 April was:

	Within one year £'000s	More than one year £'000s	2012 Net total £'000s	Within one year £'000s	More than one year £'000s	2011 Net total £'000s
Exposure to floating rates – cash	5,550	–	5,550	3,843	–	3,843
Exposure to fixed rates – debenture	–	(10,000)	(10,000)	–	(10,000)	(10,000)
Net exposure	5,550	(10,000)	(4,450)	3,843	(10,000)	(6,157)
Minimum net exposure during the year	1,747	(10,000)	(8,263)	2,175	(10,000)	(7,825)
Maximum net exposure during the year	6,365	(10,000)	(3,635)	13,263	(10,000)	3,263

Exposures vary throughout the year as a consequence of changes in the make-up of the net assets of the Company arising out of the investment and risk management processes.

Interest received on cash balances, or paid on bank overdrafts and borrowings, is at ruling market rates. The interest rate applying on the debenture is set out in note 15 on the accounts. There were no material holdings in fixed interest investment securities during the year or at the year end.

The Company's total returns and net assets are sensitive to changes in interest rates on cash and borrowings, except in respect of the debenture on which the interest rate is fixed. The debenture is valued in the accounts at nominal value and therefore the capital and revenue return arising from this instrument would be unchanged by a movement in market interest rates.

Based on the financial assets and liabilities held, and the interest rates ruling, at each balance sheet date, a decrease or increase in interest rates of 2% would have the following approximate effects on the income statement revenue and capital returns after tax and on the NAV:

	Increase in rate £'000s	2012 Decrease in rate £'000s	Increase in rate £'000s	2011 Decrease in rate £'000s
Revenue return	111	(111)	77	(77)
Capital return	–	–	–	–
Total return	111	(111)	77	(77)
NAV per share – pence	0.27	(0.27)	0.19	(0.19)

The calculations in the table above are based on the financial assets and liabilities held at each balance sheet date and are not representative of the year as a whole, nor are they reflective of future market conditions.

Notes on the Accounts (continued)

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

Other market risk exposures

The Company does not usually enter into derivative transactions in managing its exposure to other market risks. The portfolio of investments, valued at £252,184,000 at 30 April 2012 (2011: £248,334,000) is therefore exposed to market price changes. The Manager assesses these exposures at the time of making each investment decision. The Board reviews overall exposures at each meeting against indices and other relevant information. An analysis of the portfolio by country and major industrial sector is set out in note 16 on the accounts.

Based on the portfolio of investments held at each balance sheet date, and assuming other factors remain constant, a decrease or increase in the fair values of the portfolio by 20% would have had the following approximate effects on the net capital return attributable to equity shareholders and on the NAV:

	2012 Increase in value £'000s	**2012** Decrease in value £'000s	2011 Increase in value £'000s	2011 Decrease in value £'000s
Capital return	**50,437**	**(50,437)**	49,667	(49,667)
NAV per share – pence	**121.88**	**(121.88)**	123.85	(123.85)

This level of change is considered to be a reasonable illustration based on observation of current market conditions.

(b) Liquidity risk exposure

The Company is required to raise funds to meet commitments associated with financial instruments and share buybacks. These funds may be raised either through the realisation of assets or through increased borrowing. The risk of the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given: the large number of quoted investments held in the Company's portfolio (197 at 30 April 2012); the liquid nature of the portfolio of investments; and the industrial and geographical diversity of the portfolio (see note 16). Cash balances are held with reputable banks, usually on overnight deposit. The Company does not normally invest in derivative products. The Manager reviews liquidity at the time of making each investment decision. The Board reviews liquidity exposure at each meeting.

The 11.5% debenture stock is governed by a trust deed and is redeemable in 2014 or at an earlier date or dates at the Company's behest. The Board does not therefore consider the repayment of the debenture stock as a likely short-term liquidity issue.

The remaining contractual maturities of the financial liabilities at each balance sheet date, based on the earliest date on which payment can be required, were as follows:

	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s
2012				
Current liabilities				
Other creditors	2,583	–	–	2,583
Long-term liabilities				
Debentures	–	–	10,000	10,000
Interest payable on debentures	575	575	2,300	3,450
	3,158	**575**	**12,300**	**16,033**
2011				
Current liabilities				
Other creditors	1,163	–	–	1,163
Long-term liabilities				
Debentures	–	–	10,000	10,000
Interest payable on debentures	575	575	3,450	4,600
	1,738	575	13,450	15,763

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk and counterparty exposure

The Company is exposed to potential failure by counterparties to deliver securities for which the Company has paid, or to pay for securities which the Company has delivered. Such transactions must be settled on the basis of delivery against payment (except where local market conditions do not permit).

Responsibility for the approval, limit setting and monitoring of counterparties is delegated to the Manager and a list of approved counterparties is periodically reviewed by the Board. Counterparties are selected based on a combination of criteria, including credit rating, balance sheet strength and membership of a relevant regulatory body. The rate of default in the past has been negligible. Cash and deposits are held with reputable banks.

The Company has an ongoing contract with its custodian for the provision of custody services. The contract is reviewed periodically. Details of securities held in custody on behalf of the Company are received and reconciled monthly. The custodian has a lien over the securities in the account, enabling it to sell or otherwise realise the securities in satisfaction of charges due under the agreement.

To the extent that F&C Management Limited ("F&C") carries out management and administrative duties (or causes similar duties to be carried out by third parties) on the Company's behalf, the Company is exposed to counterparty risk. The Board assesses this risk continuously through regular meetings with the management of F&C (including the Fund Manager) and with F&C's internal audit function. In reaching its conclusions, the Board also reviews F&C's parent group's annual audit and assurance faculty report.

The Company had no credit-rated bonds or similar securities or derivatives in its portfolio at the year end (2011: none) and does not normally invest in them. None of the Company's financial liabilities are past their due date or impaired.

(d) Fair values of financial assets and liabilities

The assets and liabilities of the Company are, in the opinion of the Directors, reflected in the Balance Sheet at fair value, or at a reasonable approximation thereof, except for the debenture which is carried at par value. The fair value of the debenture, based on a comparable UK gilt, was £12,380,000 (2011: £12,675,000).

Unquoted investments, including partnership investments, are valued based on professional assumptions and advice that is not wholly supported by prices from current market transactions or by observable market data. The Directors make use of recognised valuation techniques and may take account of recent arm's length transactions in the same or similar investments. With respect specifically to investments in partnerships, the Directors rely on valuations of the underlying unlisted investments as supplied by the managers of those partnerships. The Directors regularly review the principles applied by the managers to those valuations to ensure they comply with the Company's accounting policies and with fair value principles.

(e) Capital risk management

The objective of the Company is stated as being to invest in smaller companies worldwide in order to secure a high total return. In pursuing this long-term objective, the Board has a responsibility for ensuring the Company's ability to continue as a going concern. It must therefore maintain an optimal capital structure through varying market conditions. This involves the ability to: issue and buy back share capital within limits set by the shareholders in general meeting; borrow monies in the short and long term; and pay dividends to shareholders out of current year revenue earnings as well as out of brought forward revenue reserves.

Changes to the ordinary share capital are set out in note 17 on the accounts. Dividend payments are set out in note 11 on the accounts. Details of the debenture are set out in note 15 on the accounts.

26. POST BALANCE SHEET MOVEMENT IN NET ASSETS

The net asset value per share (with debenture at nominal value) on 13 June 2012 was 565.27p (30 April 2012: 596.35p).

Ten Year Record

Assets

at 30 April

£'000s	2002	2003	2004	2005*	2006	2007	2008	2009	2010	2011	2012
Total assets	276,116	193,665	260,475	288,404	240,652	249,574	198,100	160,994	218,384	251,604	**256,776**
Debenture and loans	29,816	25,720	25,085	24,006	13,000	10,000	10,000	10,000	10,000	10,000	**10,000**
Net assets	246,300	167,945	235,390	264,398	227,652	239,574	188,100	150,994	208,384	241,604	**246,776**

Net asset value ("NAV")

at 30 April

	2002	2003	2004	2005*	2006	2007	2008	2009	2010	2011	2012
NAV per share	265.5p	183.1p	276.8p	311.3p	470.8p	512.2p	428.2p	360.2p	518.1p	602.5p	**596.4p**
NAV total return on 100p – 5 years (per AIC)											**122.7p**
NAV total return on 100p – 10 years (per AIC)											**254.6p**

Share price

at 30 April

	2002	2003	2004	2005*	2006	2007	2008	2009	2010	2011	2012
Middle market price per share	219.0p	147.0p	224.0p	268.5p	435.0p	473.3p	385.0p	325.0p	461.0p	583.5p	**588.0p**
Share price high	254.5p	221.0p	227.0p	286.0p	444.5p	473.3p	482.0p	405.0p	461.0p	587.0p	**618.0p**
Share price low	182.5p	124.0p	150.0p	209.5p	268.5p	364.3p	339.8p	221.0p	310.5p	405.0p	**485.0p**
Share price total return on 100p – 5 years (per AIC)											**131.9p**
Share price total return on 100p – 10 years (per AIC)											**313.4p**

Revenue

for the year ended 30 April

	2002	2003	2004	2005*	2006	2007	2008	2009	2010	2011	2012
Available for ordinary shares – £'000s	3,639	3,284	3,465	3,930	3,210	2,270	2,510	2,430	2,016	2,039	**2,799**
Return per share	3.89p	3.55p	3.95p	4.63p	4.54p	4.75p	5.54p	5.66p	4.88p	5.08p	**6.87p**
Dividends per share	4.02p	4.15p	4.24p	4.40p	5.53p#	4.69p	4.83p	4.89p	5.00p	5.10p	**5.63p**

Performance

(rebased to 100 at 30 April 2002)

	2002	2003	2004	2005*	2006	2007	2008	2009	2010	2011	2012
NAV per share	100	69.0	104.3	117.3	177.3	192.9	161.3	135.7	195.1	226.9	**224.6**
Middle market price per share	100	67.1	102.3	122.6	198.6	216.1	175.8	148.4	210.5	266.4	**268.5**
Earnings per share	100	91.3	101.5	119.0	116.7	122.1	142.4	145.5	125.4	130.6	**176.6**
Dividends per share	100	103.2	105.5	109.5	137.6	116.7	120.1	121.6	124.4	126.9	**140.0**
RPI	100	103.1	105.7	109.0	111.8	116.9	121.8	120.4	126.8	133.4	**138.0**

* restated to reflect investments at bid value (in prior years, at mid market value) and to account for dividends in the year in which the company is liable to pay them (in prior years, accounted for in the period in which the net revenue to which those dividends related was accounted for).

includes a special dividend of 1.00p.

Definitions

Total assets	Total assets less current liabilities (excluding debenture and loans).
NAV	Net asset value per share (debenture at nominal value).
NAV total return	Return on NAV per share with dividends paid to shareholders reinvested.
AIC	Association of Investment Companies.
Share price total return	Return on the middle market share price with dividends paid to shareholders reinvested.
RPI	All-items retail prices index.

Costs of running the Company (TER/ongoing charges)

for the year ended 30 April

	2002	2003	2004	2005*	2006	2007	2008	2009	2010	2011	2012
Expressed as a percentage of average net assets											
TER											
– excluding performance fees	0.84%	1.10%	0.80%	0.66%	0.69%	0.74%	0.77%	0.93%	0.78%	0.76%	**0.79%**
– including performance fees	0.84%	1.10%	0.80%	0.66%	0.69%	0.99%	0.77%	0.93%	0.78%	0.76%	**1.17%**
Ongoing charges											
– excluding performance fees	–	–	–	–	–	–	–	–	–	1.00%	**1.08%**
– including performance fees	–	–	–	–	–	–	–	–	–	1.02%	**1.56%**
Expressed as a percentage of average total assets											
TER											
– excluding performance fees	0.75%	0.95%	0.72%	0.61%	0.65%	0.71%	0.74%	0.87%	0.74%	0.74%	**0.75%**
– including performance fees	0.75%	0.95%	0.72%	0.61%	0.65%	0.95%	0.74%	0.87%	0.74%	0.74%	**1.12%**
Ongoing charges											
– excluding performance fees	–	–	–	–	–	–	–	–	–	0.94%	**1.02%**
– including performance fees	–	–	–	–	–	–	–	–	–	0.96%	**1.48%**

Gearing

at 30 April

	2002	2003	2004	2005*	2006	2007	2008	2009	2010	2011	2012
Effective gearing	0.6%	2.3%	3.9%	7.4%	4.7%	2.7%	3.3%	4.1%	(3.3)%	2.7%	**1.7%**
Fully invested gearing	12.7%	15.3%	10.7%	9.1%	5.7%	4.2%	5.3%	6.6%	4.8%	4.1%	**4.1%**

* restated to reflect changes in accounting policies.

Definitions

TER	Total expense ratio including all directly incurred costs charged to revenue and capital, other than interest costs, taxation, the costs of purchase of share capital and the costs of buying and selling investments.
Ongoing charges	All operational, recurring costs that are payable by the Company or suffered within underlying investee funds, in the absence of any purchases or sales of investments (per AIC guidelines issued in May 2012). Figures including performance fees incorporate performance fees in underlying investee funds.
Effective gearing	Debenture (at nominal value) and loans less cash (net of investment debtors/creditors), as a percentage of net assets.
Fully invested gearing	Debenture (at nominal value) and loans as a percentage of net assets.

Analysis of Ordinary Shareholders

Analysis of ordinary shareholders at 30 April 2012

Category	Number of shares	% Holding
F&C savings plans	25,261,521	61.1
Nominee holdings	8,566,318	20.7
Institutions	4,023,543	9.7
Direct individual holdings	3,529,608	8.5

Source: F&C Management Limited.

The total number of shareholders at 30 April 2012 was 39,648, of which 37,551 were investors through the F&C plans.

Information for Shareholders

Net asset value and share price

The Company's net asset value per share is released daily, on the working day following the calculation date, to the London Stock Exchange.

The current share price of F&C Global Smaller Companies PLC is shown in the investment trust or investment companies section of the stock market page in most leading newspapers, usually under "F&C Global Smaller Cos". Investors in New Zealand can obtain share prices from leading newspapers in that country.

Performance information

Information on the Company's performance is provided in the half-yearly and final reports which are sent to shareholders in December and June respectively.

More up-to-date performance information is available on the internet at www.fandcglobalsmallers.com. This website also provides a monthly update on the Company's largest holdings with comments from the Lead Manager.

UK capital gains tax ("CGT")

An approved investment trust does not pay tax on capital gains. UK resident individuals may realise net capital gains of up to £10,600 in the tax year ending 5 April 2013 without incurring any tax liability.

Shareholders in doubt as to their CGT position should consult their professional advisers.

Income tax

The recommended final dividend is payable in August 2012. Individual UK resident shareholders who are subject to UK income tax at the basic rate have no further tax liability.

Shareholders not resident in the UK, and any shareholders in doubt as to their tax position, should consult their professional advisers.

Association of Investment Companies ("AIC")

F&C Global Smaller Companies PLC is a member of the AIC, which publishes monthly statistical information in respect of member companies. The publication also has details of the investment plans available. For further details, please contact the AIC on 020 7282 5555, or visit the website www.theaic.co.uk.

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The Association of Investment Companies

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PREMIUM

Warning to shareholders – Boiler Room Scams

In recent years, many companies have become aware that their shareholders have been targeted by unauthorised overseas-based brokers selling what turn out to be non-existent or high risk shares, or expressing a wish to buy their shares. If you receive unsolicited investment advice or requests:

- Make sure you get the correct name of the person or organisation
- Check that they are properly authorised by the FSA before getting involved by visiting **www.fsa.gov.uk/pages/register/**
- Report the matter to the FSA by calling **0845 606 1234**
- If the calls persist, hang up.

More detailed information on this can be found on the CFEB website **www.moneymadeclear.fsa.gov.uk**

How to Invest

As well as investing in F&C Global Smaller Companies PLC directly through a stockbroker, there are some additional benefits of investing through one of the savings plans run by F&C Management Limited ("**F&C**").

You can enjoy the convenience of making regular savings by direct debit, take advantage of our tax-efficient ISA wrapper, receive a simple statement every six months and let us automatically reinvest your dividends for you.

F&C Private Investor Plan

A flexible, low cost way to invest with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250.

F&C Investment Trust ISA

Use your ISA allowance to invest up to £11,280 tax efficiently each year with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at anytime from £250 and transfer any existing ISAs to us whilst maintaining all the tax benefits.

F&C Child Trust Fund ("CTF")

F&C is a leading provider of CTFs which can be opened for all children born between 1 September 2002 and 1 January 2011, using the government's CTF voucher. The maximum that can be invested annually is £3,600 and, with an investment trust CTF, investments can start from as little as £25 a month.

F&C Children's Investment Plan

Aimed at children ineligible for a CTF or Junior ISA, or if you need access to the funds before the child is 18. This flexible plan can easily be written under trust to help reduce inheritance tax liability. Investments can be made from a £250 lump sum or £25 a month. You can also make additional lump sum top-ups at any time from £100.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested. Tax rates and reliefs depend on the circumstances of the individual.

Low charges

All the plans are low cost and flexible. When you buy or sell shares in these plans the dealing fee is only 0.2 percent. Government stamp duty of 0.5 percent also applies on purchases (where applicable). There are no initial or exit charges. The only annual management fee is on the ISA, which is £60+VAT (no matter how many ISAs you take out annually with F&C, or how many ISAs you transfer). The CTF has no initial charges, dealing charges or annual management fee.

How to invest

You can invest in all our savings plans online, except for the CTF. It's simple to register and invest using your debit card. Alternatively, please contact us for application forms.

New customers:

Contact our Investor Services Team

Call:	**0800 136 420**
Email:	**info@fandc.com**
Investing online:	**www.fandc.com**

Existing plan holders:

Contact our Investor Services Team

Call:	**0845 600 3030**
Email:	**investor.enquiries@fandc.com**
By post:	F&C Plan Administration Centre Block C, Western House Lynch Wood Business Park Peterborough, PE2 6BP

Calls may be recorded.

If you have trouble reading small print, please let us know. We can provide literature in alternative formats, for example large print or on audiotape. Please call 0845 600 3030.

The above has been approved by F&C Management Limited which is a member of the F&C Asset Management Group and is authorised and regulated in the UK by the Financial Services Authority.

Notice of Annual General Meeting

Notice is hereby given that the one hundred and twenty-third annual general meeting of the Company will be held at The Chartered Accountants' Hall, One Moorgate Place, London EC2 on Thursday 26 July 2012 at 12 noon for the following purposes:

Ordinary business

To consider and, if thought fit, pass the following resolutions 1 to 7 as ordinary resolutions:

1. To receive and adopt the Directors' report and accounts for the year ended 30 April 2012.
2. To approve the Directors' Remuneration Report.
3. To declare a final dividend of 4.00p per share.
4. To re-elect Anthony Townsend as a Director.
5. To re-elect Dr Franz Leibenfrost as a Director.
6. To re-appoint PricewaterhouseCoopers LLP as auditors to the Company.
7. To authorise the Directors to determine the remuneration of the auditors.

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

8. Authority to allot shares

   THAT, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors be and they are hereby generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006 (the "**Act**"), to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or convert any security into, shares in the Company (together being "**relevant securities**") up to an aggregate nominal amount of £1,049,000 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the annual general meeting of the Company in 2013 or on the expiry of 15 months from the passing of this resolution (whichever is earlier), unless previously revoked, varied or extended by the Company in a general meeting (the "**relevant period**") save that the Company may at any time prior to the expiry of this authority make offers or enter into agreements which would or might require relevant securities to be allotted after the expiry of the relevant period and notwithstanding such expiry the Directors may allot relevant securities in pursuance of such offers or agreements.

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

9. Disapplication of pre-emption rights

   THAT, subject to the passing of resolution 8 set out above and in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date hereof, the Directors be and they are hereby empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the "**Act**"), to allot equity securities (within the meaning of section 560 of the Act) pursuant to the authority given by the said resolution 8 above, for cash, and/ or to sell equity securities which are held by the Company in treasury, during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the annual general meeting of the Company in 2013 or on the expiry of 15 months from the passing of this resolution (whichever is earlier), unless previously revoked, varied or extended by the Company in a general meeting (the "**relevant period**") up to an aggregate nominal amount of £1,049,000, in each case as if section 561(1) of the Act did not apply to any such allotment or transfer; save that the Company may at any time prior to the expiry of this authority make offers or enter into agreements which would or might require equity securities to be allotted or transferred after the expiry of the relevant period and notwithstanding such expiry the Directors may allot or transfer equity securities in pursuance of such offers or agreements.

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

10. Share buyback authority

    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 and is hereby generally and unconditionally authorised, pursuant to and 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 ("**ordinary shares**") on such terms and in such manner as the Directors may from time to time determine, provided that:

(a) the maximum number of ordinary shares hereby authorised to be purchased shall be 6,291,000 or, if less, 14.99% of the number of ordinary shares in issue (excluding treasury shares) as at the date of the passing of this resolution;

(b) the minimum price which may be paid for an ordinary share shall be 25p;

(c) the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the date on which the ordinary share is contracted to be purchased;

(d) the minimum and maximum prices per ordinary share referred to in sub-paragraphs (b) and (c) of this resolution are in each case exclusive of any expenses payable by the Company;

(e) the authority hereby conferred shall expire on the date which is 15 months after the passing of this resolution, unless such authority is varied, revoked or renewed prior to such time by the Company in general meeting by special resolution; and

(f) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be completed or executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

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

11. Treasury shares

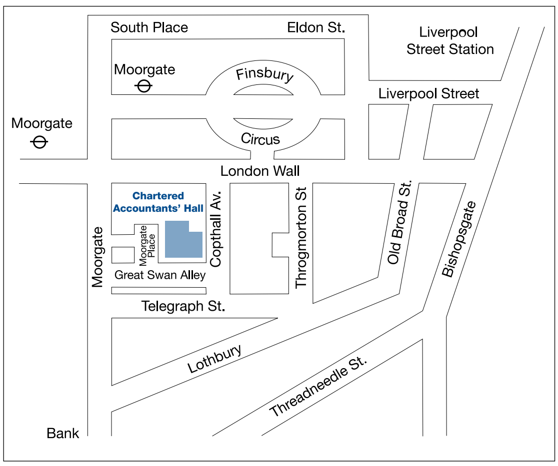
THAT, subject to the passing of resolution 9 set out above, the Directors be and they are hereby authorised, for the purposes of paragraph 15.4.11 of the Listing Rules of the United Kingdom Listing Authority, to sell or transfer out of treasury equity securities for cash at a price below the net asset value per share of the existing ordinary shares in issue (excluding treasury shares) pursuant to the authority conferred by resolution 9, provided that the discount at which such equity securities are sold or transferred out of treasury is: (i) always less than the weighted average discount at which the equity securities held in treasury have been purchased; and (ii) no more than 5% of the prevailing net asset value per share (with debenture at market value).

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

12. THAT the Company be and is hereby generally and unconditionally authorised to hold general meetings (other than annual general meetings) on 14 clear days' notice, such authority to expire at the conclusion of the next annual general meeting of the Company.

By order of the Board	Registered office:
F&C Management	Exchange House
Limited	Primrose Street
Secretary	London EC2A 2NY
18 June 2012	

Location of meeting



Notice of Annual General Meeting (continued)

Notes

1. Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001 (as amended) and for the purposes of section 360B of the Companies Act 2006 (the "**Act**"), the Company has specified that only those members included on the register of members of the Company at 11 p.m. on 24 July 2012 (the "**specified time**") shall be entitled to attend and vote or be represented at the meeting in respect of the shares registered in their name at that time. Changes to the register of members after the specified time shall be disregarded in determining the rights of any person to attend and vote at the meeting. If the meeting is adjourned to a time not more than 48 hours after the time applicable to the original meeting, the specified time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If, however, the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at 11 p.m. on the day which is two days (excluding non-working days) before the day of the adjourned meeting or, if the Company gives notice of the adjourned meeting, at any time specified in that notice.

2. A member entitled to attend, speak and vote at the meeting may appoint one or more proxies to exercise his/her rights instead of him/her. A proxy need not be a member of the Company but must attend the meeting for the member's vote to be counted. A form of proxy is provided to members which includes details on how to appoint more than one proxy; you may not appoint more than one proxy to exercise rights attached to any one share.

3. To be valid, the form of proxy and any power of attorney or other authority under which it is signed, or a notarially certified copy of such authority, must be deposited with the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. Alternatively, the form of proxy may be returned by electronic means using the CREST service as detailed below or proxy votes can be submitted electronically at www.eproxyappointment.com by entering the Control Number, Shareholder Reference Number and PIN printed on the form of proxy. Proxy votes must be received not less than 48 hours before the time appointed for holding the meeting (any part of a day which is a non-working day shall not be included in calculating the 48 hour period).

4. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the Company's agent (ID number 3RA50) no later than the deadline stated above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. Instructions on how to vote through CREST can be found on the website www.euroclear.com/CREST.

5. Investors holding shares in the Company through the F&C plans should return forms of direction to Computershare Investor Services PLC or submit their voting directions electronically (for all F&C plans other than the pension savings plan) at www.eproxyappointment.com by entering the Control Number, Shareholder Reference Number and PIN printed on the form of direction. Voting directions must be received not less than 96 hours before the time appointed for holding the meeting (any part of a day which is a non-working day shall not be included in calculating the 96 hour period).

6. Completion and return of a form of proxy or form of direction or the submission of votes electronically will not preclude members/investors from attending and voting at the meeting should they wish to do so. On a vote on a show of hands every member attending in person (or by proxy or corporate representative) is entitled to one vote and, where a poll is called, every member attending in person or by proxy is entitled to have one vote for every share of which he is the holder.

7. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any person holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority. Any such person holding 3% or more of the voting rights in the Company who appoints a person other than the Chairman as his/her proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure and Transparency Rules.

8. 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 Act ("**Nominated Persons**"). Nominated Persons may have a right under an agreement with the registered shareholder 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. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or, perhaps, the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.

9. This notice, together with information about the total numbers of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting as at 14 June 2012, being the latest practicable date prior to publication of this document, and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice, will be available at www.fandcglobalsmallers.com.

10. As at 14 June 2012, the latest practicable date prior to publication of this document, the Company had 41,967,335 ordinary shares in issue with a total of 41,967,335 voting rights. No shares are held in treasury.

11. In accordance with section 319A of the Act, the Company must answer any question that a member may ask relating to the business being dealt with at the meeting unless:

    i. answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;

    ii. the answer has already been given on a website in the form of an answer to a question; or

    iii. it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

12. In accordance with section 527 of the Act, members of the Company meeting the qualification criteria set out below may require the Company to publish, on its website (without payment) a statement, which is also passed to the auditors, setting out any matter relating to the audit of the Company's accounts, including the Auditors' Report and the conduct of the audit. The qualification criteria are that the Company has received such requests from either members representing at least 5% of the total voting rights of all the members who have a relevant right to vote or 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 the members' full names and addresses and be sent to the Company's registered office.

13. The final dividend in respect of the year ended 30 April 2012, if approved, will be paid on 16 August 2012 to holders of ordinary shares on the register at the close of business on 6 July 2012.

14. The register of Directors' holdings, Directors' terms of appointment letters and a deed in relation to Directors' indemnities are available for inspection at the registered office of the Company during normal business hours on any day (Saturdays, Sundays and public holidays excepted) and will be available at the place of the meeting from 15 minutes prior to the commencement of the meeting until the conclusion thereof. No Director has any contract of service with the Company.

15. You may not use any electronic address provided either in this notice or any related documents (including the form of proxy or form of direction) to communicate with the Company for any purpose other than those expressly stated.

Registered office:

Exchange House, Primrose Street, London EC2A 2NY

Tel: 020 7628 8000   Fax: 020 7628 8188

www.fandcglobalsmallers.com

info@fandc.com

Registrars:

Computershare Investor Services PLC,

PO Box 82, The Pavilions, Bridgwater Road,

Bristol BS99 7NH

Tel: 0870 889 4088   Fax: 0870 703 6142

www.computershare.com

web.queries@computershare.co.uk

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