Murray Income Trust PLC

Annual Report
30 June 2016

Aberdeen

Aberdeen Asset Management is a true buy and hold investor. In its view, a good company is one it can in theory hold forever. It looks to invest in good quality companies at a sensible price. It looks first for sustainable cash flows and strong balance sheets. The group invests for the long term – and only in companies it believes it understands and can add value.

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To find out more about Murray Income Trust PLC, please visit: murray-income.co.uk

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all your Ordinary shares in Murray Income Trust PLC, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Financial Highlights and Financial Calendar

Financial Highlights

Net asset value total return

+5.9%

2015 –2.2%

Benchmark total return

+2.2%

2015 +2.6%

Earnings per share (revenue)

32.0p

2015 33.1p

Discount to net asset value

–12.3%

2015 –6.9%

Share price total return

+0.1%

2015 –5.7%

Ongoing charges

0.76%

2015 0.74%

Dividend per share[A]

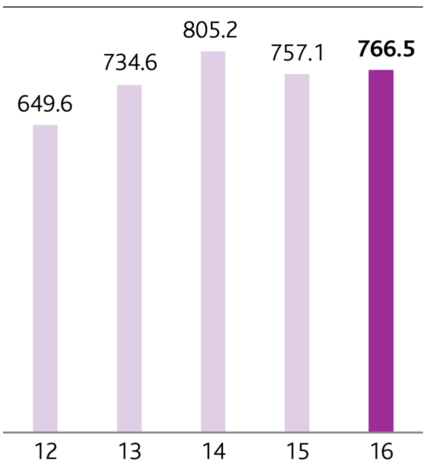
32.25p

2015 32.0p

[A] Final dividend of 11.25p per Ordinary share is subject to shareholder approval at the Annual General Meeting.

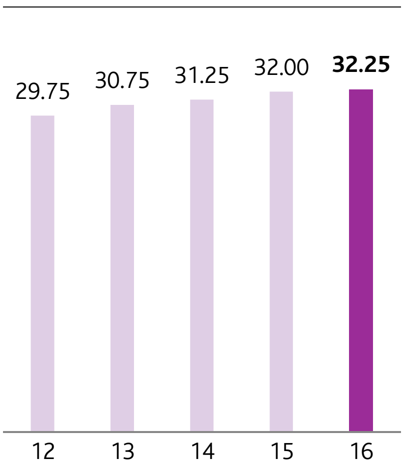
Net asset value per share

At 30 June – pence



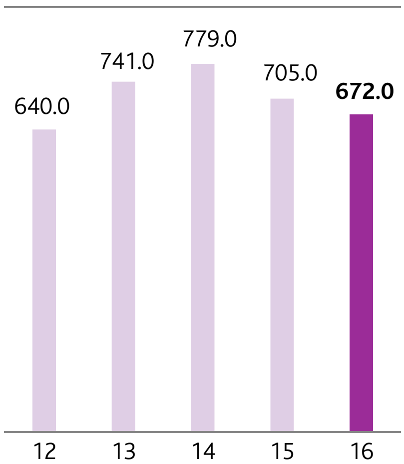
Dividends per share

pence



Mid-market price per share

At 30 June – pence



Financial Calendar

9 September 2016	Annual Financial Report announced for year ended 30 June 2016
29 September 2016	Ex-dividend date of proposed final dividend for year ended 30 June 2016
30 September 2016	Record date of proposed final dividend for year ended 30 June 2016
1 November 2016	Annual General Meeting, London (12.30pm)
3 November 2016	Payment date of proposed final dividend for year ended 30 June 2016
16 December 2016, 3 March and 2 June 2017	Record dates of interim dividends for year to 30 June 2017
13 January, 31 March and 30 June 2017	Payment dates of interim dividends for year to 30 June 2017
February 2017	Half-Yearly results announcement for 6 months to 31 December 2016
September 2017	Annual Financial Report announcement for year to 30 June 2017

Chairman's Statement

Neil Honebon
Chairman

Highlights

- **Net Asset Value Total Return +5.9%**
- **FTSE All-Share Index Total Return +2.2%**
- **Total Dividends per share increased to 32.25p (the 43rd year of consecutive increase)**

Performance

The year under review was the second successive one in which equity markets generally struggled to record positive performance, although since our year end several major markets have risen sharply. The investment performance of the Company was good, with net asset value ("NAV") on a total return basis rising by 5.9%, compared to 2.2% for the FTSE All-Share Index.

The economic background was one of slowing growth, particularly in China and other emerging markets for which energy and commodity exports are important, notably Russia and Brazil. In Europe, political consequences of inward immigration replaced economic crises in dominating the newsflow. For the earlier part of the year at least, the US and UK seemed relatively stable, until the EU referendum here and the Presidential election in America added to the world supply of uncertainty. As economic activity tailed off, monetary policy eased or tightened less than previously expected: in the UK, post the referendum the Bank of England cut interest rates again and introduced other monetary measures to ease conditions further and our new Chancellor looks set to relax the previous fiscal policy as well.

Expectations for company profits in the UK in aggregate fell throughout the year, caused by weaker growth and by tough conditions in the oil and mining sectors reflecting sharply reduced product prices. In my Chairman's Statement last year, the high dividend payout ratio was emphasised: overall, it got worse and there were corresponding dividend cuts in mining, banking and elsewhere, although the big oil companies BP and Shell were able to hold their dividends through the trough in oil prices. In the portfolio, five companies were sold and five new ones added. The new ones were generally mid-sized companies whose businesses are in specialist products or markets. In addition to these transactions, the portfolio benefited from the reversal of previous market patterns in which large, high yield companies had done relatively badly. The weakness of Sterling after the EU referendum also boosted the value of overseas assets and dividends.

EU Referendum

The unexpected referendum result towards the end of our financial year has already had a significant impact on financial markets, of which the currency and related effects have probably been the most important. Unfolding negotiations to leave the EU and reconfigure trading relationships and investment flows will need to be monitored closely, as will UK political and constitutional developments relevant to the Company. Last year, I noted the introduction of new arrangements to comply with the EU Alternative Investment Fund Managers Directive. It is not likely that these arrangements will require change in the immediately foreseeable future.

Dividend

The Board is recommending a final dividend of 11.25p, which makes a total for the year of 32.25p, an increase of 0.8%. If approved, this will continue the forty-three year record of consecutive dividend increases. Income revenue in the year fell marginally to 32.0p per share, reflecting primarily the absence of exceptional receipts, such as overseas tax reclaims, and fewer special dividends than in the previous year. For the current year, there seems likely to be a benefit from dividends paid in overseas currencies, especially the US dollar, but the economic and corporate profit background is sluggish and uncertain, and UK dividend payouts are already high. Shareholders may, however, take comfort from knowing that we are supported by revenue reserves equivalent to approximately one year's dividend.

Share Capital

The discount of the Company's share price to its NAV per share widened to 12.3% from 6.9% during the year, but had narrowed to 6.5% at the time of writing. The higher discount than usual at the year end was partially the result of the initial negative market reaction to the EU referendum result only six days previously.

The Company bought back into treasury 950,000 Ordinary shares during the year. The Board continues to monitor the level of discount and will continue selective buybacks of shares where to do so would be in the interest of shareholders.

Borrowings

Immediately prior to the date of this Chairman's Statement, the Company switched its borrowings under our facility with The Royal Bank of Scotland from Sterling into a mix of currencies broadly similar to our overseas holdings.

Directors

Mike Balfour joined the Board on 11 February 2016 following a recruitment exercise undertaken with an independent search consultancy. Mike brings to the Board extensive investment management expertise as well as knowledge of investment trusts. Mike will seek formal election as a Director at the AGM and I encourage shareholders to support the resolution for his appointment.

Annual General Meeting ("AGM")

The AGM will be held at 12.30 pm on Tuesday 1 November 2016 at the Mermaid Conference Centre, Puddle Dock, Blackfriars, London EC4V 3DB. It is the Board's intention to hold the 2017 AGM in Glasgow.

Outlook

It is difficult to see what will significantly improve the economic growth environment in the immediate future. Hard-to-predict political change is afoot in the coming year with important general elections in the US, Germany, France - and the start of the Brexit process. The massive experiment of very easy monetary policy looks increasingly like pushing on a string for the real economy, and although it has been good for financial asset prices, near zero (or negative) interest rates are a severe problem not only for risk-averse savers but also for the business model of much of the financial sector, banks and insurance companies. Benefits to consumers from lower oil and commodities prices are falling out of the comparisons, and productivity improvements which would support higher real incomes are hard to identify as a general trend. But for the UK the biggest change is lower Sterling – bad for inflation and consumers, but good for exporters and for companies with strong overseas businesses. The search for sustainable and growing income is ever more key and precision of selection essential. Our latest financial year showed the virtue of constructing a portfolio of companies with strong franchises and balance sheets and with visible profit prospects.

N A Honebon
Chairman

8 September 2016

Strategic Report

Murray Income Trust PLC is an approved investment trust whose Ordinary shares are listed on the premium segment of the London Stock Exchange.

1923

Murray Income Trust PLC was launched over 90 years ago; investment trusts are one of the oldest forms of collective investment in the world.

Aberdeen's Edinburgh office is home to five of the pan-European equity team. The team are disciplined investors, taking time to build positions and invest with a five to ten year business cycle in mind. The Investment Manager votes at all annual and extraordinary meetings of the companies in which it invests.

Overview of Strategy

Murray Income Trust PLC (the "Company") is an approved investment trust whose Ordinary shares are listed on the premium segment of the London Stock Exchange.

Business Model

The Company is governed by a Board of Directors (the "Board"), all of whom are independent, and has no employees. The Board is responsible for determining the Company's investment objective and investment policy. Like other investment companies, the day-to-day investment management and administration of the Company is outsourced by the Board to an investment management group, the Aberdeen Asset Management group of companies ("Aberdeen Group"), and other third party providers. The Company has appointed Aberdeen Fund Managers Limited ("AFML", the "Manager", or "AIFM") as its alternative investment fund manager, which has in turn delegated certain responsibilities, including investment management, to Aberdeen Asset Management Limited ("AAML" or the "Investment Manager"). The Company complies with the investment policy test in Section 1158 of the Corporation Tax Act 2010 which permits the Company to operate as an investment trust.

Investment Objective

The Company aims for a high and growing income combined with capital growth through investment in a portfolio principally of UK equities.

Investment Policy and Risk Diversification

In pursuit of the Company's investment objective, the Company's investment policy is to invest in the shares of companies that have potential for real earnings and dividend growth, while at the same time providing an above-average portfolio yield. The emphasis is on the management of risk and on the absolute return from the portfolio, which is achieved by ensuring an appropriate diversification of stocks and sectors, with a high proportion of assets in strong, well-known companies. The Company makes use of borrowing facilities to enhance shareholder returns when appropriate.

Delivering the Investment Policy

The Company maintains a highly-diversified portfolio of the equity securities of large UK and overseas companies with an emphasis on investing in quality companies with good management, strong cash flow and a sound balance sheet, and which are generating a reliable earnings stream.

The Investment Manager follows a bottom-up investment process based on a disciplined evaluation of companies through direct visits by its fund managers. Stock selection is the major source of added value, concentrating on quality first, then price. Top-down investment factors are secondary in the Investment Manager's portfolio construction with diversification rather than formal controls guiding stock and sector weights.

The Board sets investment guidelines within which the Investment Manager must operate. The portfolio typically comprises between 30 and 70 holdings (but without restricting the Company from holding a more or less concentrated portfolio from time to time). The Company may invest up to 100% of its gross assets in UK-listed equities and other securities and is permitted to invest up to 20% of its gross assets in other overseas listed equities and securities. The Investment Manager is unconstrained as to the market sectors in which the Company may invest however the top five holdings may not exceed 40% of the total value of the portfolio and the top three sectors represented in the portfolio may not exceed 50%. The Company invests no more than 15% of its gross assets in other listed investment companies (including investment trusts).

The Company may use derivatives for the purpose of enhancing portfolio returns and for hedging purposes in a manner consistent with the Company's broader investment policy. The Investment Manager is permitted to invest in options and in structured products, provided that any structured product issued in the form of a note or bond has a minimum credit rating of "A".

Gearing

The Board is responsible for setting the gearing policy of the Company and for the limits on gearing. The Manager is responsible for gearing within the limits set by the Board. The Board has set its gearing limit at a maximum of 25% of NAV (see page 72 for definition) at the time of draw down. Gearing - borrowing money - is used selectively to leverage the Company's portfolio in order to enhance returns where and to the extent this is considered appropriate. Particular care is taken to ensure that any bank covenants permit maximum flexibility of investment policy. Significant changes to gearing levels are communicated to shareholders.

Principal Risks and Uncertainties

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial position, performance and prospects. The Board has carried out a robust assessment of these risks, which include those that would threaten its business model, future performance and solvency and identified the delegated controls it has established to manage the risks and address the uncertainties:

Description	Mitigating Action
Investment strategy risk The Company's investment strategy requires investment in equity stockmarkets, which may lead to loss of capital. Separately, the choice of asset allocation or level of gearing, as part of the investment strategy adopted by the Company, may result in underperformance against the Company's benchmark index and/or its peer group.	The Board seeks to manage this risk by diversifying its investments, as set out in the investment restrictions and guidelines agreed with the Manager, and on which the Company receives regular monitoring reports from the Manager. At each Board meeting, the Directors review the investment process with the Manager by assessing relevant management information including revenue forecasts, absolute/relative performance data, attribution analysis and liquidity/risk reports. The Board holds a separate, annual meeting devoted to investment strategy, the most recent in respect of the year under review being held in February 2015.
Income and dividend risk There is a risk that the Company fails to generate sufficient income from its investment portfolio to meet its operational expenses which results in it drawing upon, rather than replenishing, its revenue reserves. This might hamper the Board's capacity to maintain or increase dividends to shareholders.	The Board monitors this risk through the review of income forecasts, provided by the Manager, at each Board meeting.
Discount Investment trust shares tend to trade at discounts to their underlying NAVs, although they can also trade at premia (see page 72 for definitions). Discounts and premia can fluctuate considerably.	The Board monitors the discount at which the Company's shares trade. In order to seek to manage the impact of such discount fluctuations, where the shares are trading at a significant discount, the Company operates a programme of buying back shares into treasury. If the shares trade at a premium, the Company has the authority to issue new shares or sell shares from treasury. Whilst these measures seek to reduce volatility, it cannot be guaranteed that they will do so.
Foreign currency risk A proportion of the Company's investment portfolio is invested in overseas securities and the value of the Company's investments and the income derived from them can, therefore, be affected by movements in foreign exchange rates. In addition, the earnings of the Company's other investments may also be affected by currency movements which, indirectly, could have an impact on the Company's performance.	During the year, the Company did not hedge its foreign currency exposure. The Board keeps under review the currency impacts on both capital and income.
Operational risk In common with most other investment trusts, the Company has no employees. The Company therefore relies on services provided by third parties, including the Manager in particular, to whom responsibility for the management of the Company has been delegated under a management	The terms of the Agreement cover the necessary duties and responsibilities expected of the Manager. The Board reviews the overall performance of the Manager on a regular basis and their compliance with the Agreement formally on an annual basis. Contracts with other third party providers, including share

agreement (the "Agreement") (further details of which are set out on page 31).	registrar and depositary services, are entered into after appropriate due diligence. Thereafter, each contract, and the performance of the provider, is subject to formal annual review by the Audit Committee. The security and custody of the Company's assets is the responsibility of BNP Paribas Securities Services, London Branch as depositary. The effectiveness of the internal controls at the depositary, incorporating its custodian obligations, is subject to regular reporting to the Audit Committee and the depositary presents at least annually on the Company's compliance with AIFMD. The Manager also separately monitors the depositary and provides reports to the Audit Committee. Global assurance reports are obtained from certain third parties, including from the registrar, which are reviewed by the Audit Committee. These reports include an independent assessment of the effectiveness of risks and internal controls at the service-provider incorporating their planning for business continuity and disaster recovery scenarios, together with their policies and procedures designed to address the risks posed to the Company's operations by cyber-crime. Further details of the internal controls which are in place are set out in the Audit Committee's Report.
Regulatory risk The Company operates in a complex regulatory environment and faces a number of related risks. A breach of Section 1158 of the Corporation Tax Act 2010 could result in the Company being subject to capital gains tax on the sale of its investments. Serious breach of other regulations, such as the UKLA Listing Rules, the Companies Act, Accounting Standards or the EU Alternative Investment Fund Managers Directive, could lead to suspension from the London Stock Exchange and reputational damage.	The Board receives compliance reports from the Manager to monitor compliance with regulations.

The result of the UK's referendum on membership of the EU in June 2016 may affect the Company's risk profile by introducing new uncertainties and instability in financial markets as the United Kingdom negotiates its exit from the EU. These uncertainties could have a direct or indirect effect on the Company, its financial condition and operations, although the extent is not quantifiable at this time.

An explanation of other risks relating to the Company's investment activities, specifically market price, interest rate, liquidity and credit risk, and a note of how these risks are managed, is contained in note 15 to the financial statements.

The principal risks associated with an investment in the Company's shares are also published monthly in the Company's factsheet or they can be found in the pre-investment disclosure document ("PIDD") published by the AIFM, both of which are available from the Company's website: murray-income.co.uk.

Performance, Outlook and Key Performance Indicators

A review of the Company's activities and performance during the year ended 30 June 2016, including future developments, is set out in the Chairman's Statement and in the Investment Manager's Report. These cover market background, investment activity, portfolio strategy, dividend policy, gearing and investment outlook. A comprehensive analysis of the portfolio is provided on pages 20 to 25 while the full portfolio of investments is published monthly on the Company's website. The future strategic direction and development of the Company is regularly discussed as part of Board meeting agendas. The Board also considers the Investment Manager's promotional strategy for the Company, including effective communications with shareholders. At each Board meeting, the Directors consider a number of Key Performance Indicators ("KPIs") to assess the Company's success in achieving its objectives, and these are described below:

KPI	Description
NAV (total return) relative to the Company's benchmark	The Board considers the Company's NAV (total return), relative to the FTSE All-Share Index, to be the best indicator of performance over different time periods. A graph showing NAV total return performance against the FTSE All-Share Index over the past five years is shown on page 13.
Share price (total return)	The figures for share price (total return) for this year and for the past three and five years, as well as for the NAV (total return) per share, are shown on page 12. A graph showing share price total return performance against the FTSE All-Share Index over the past 5 years is shown on page 13. The Board also monitors share price performance relative to open-ended and closed-ended competitor products, taking account of differing investment objectives and policies pursued by those products.
Discount/premium to NAV	The discount/premium at which the Company's share price trades relative to the NAV per share is closely monitored by the Board. A graph showing the discount/premium over the last five years is shown on page 13.
Earnings and dividends per share	The Board aims to meet the 'high and growing' element of the Company's investment objective by developing revenue reserves sufficient to support the payment of a growing dividend; figures may be found in Results on page 11 in respect of earnings and dividends per share, together with the level of revenue reserves, for the current year and previous year
Ongoing charges	The Board regularly monitors the Company's operating costs and their composition with a view to limiting increases wherever possible. Ongoing charges for this year and the previous year are disclosed in Results on page 11.

Environmental, Social and Human Rights Issues

The Company has no employees, as Aberdeen Fund Managers Limited has been appointed Manager, and there are therefore no disclosures to be made in respect of employees. The Company's socially responsible investment policy is outlined on page 35. Due to the nature of the Company's business, being a company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement.

Board Diversity

The Board recognises the importance of having a range of skilled and experienced individuals with the right knowledge in order to allow the Board to fulfill its obligations. At 30 June 2016, there were five male Directors and one female Director.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Duration

The Company does not have a fixed life.

N A Honebon
Chairman

8 September 2016

Results

Financial Highlights

	30 June 2016	30 June 2015	% change
Total assets (£'000)	570,036	570,888	–0.1
Equity shareholders' funds (£'000)	515,036	515,888	–0.2
Net asset value per Ordinary share	766.5p	757.1p	+1.2
Market capitalisation (£'000)	451,533	480,404	–6.0
Share price of Ordinary share (mid-market)	672.0p	705.0p	–4.7
Discount to net asset value on Ordinary shares	(12.3%)	(6.9%)	
Gearing (ratio of borrowing to shareholders' funds)			
Net gearing[A]	8.7%	7.2%	
Dividends and earnings			
Revenue return per share	32.0p	33.1p	–3.3
Dividends per share[B]	32.25p	32.00p	+0.8
Dividend cover	0.99 times	1.03 times	
Revenue reserves (£'000)[C]	28,276	28,340	
Operating costs			
Ongoing charges ratio[D]	0.76%	0.74%	

[A] Calculated in accordance with AIC guidance "Gearing Disclosures post RDR".

[B] The figures for dividends per share reflect the years in which they were earned (see note 6 on pages 55 and 56).

[C] The revenue reserve figure does not take account of the proposed third interim and final dividends amounting to £4,705,000 and £7,559,000 respectively (2015 – third interim and final dividends amounting to £4,770,000 and £7,496,000 respectively).

[D] Ongoing charges ratio calculated in accordance with guidance issued by the AIC as the total of the investment management fee and administrative expenses divided by the average cum income net asset value throughout the year.

Results continued

Performance (total return)

	1 year return %	3 year return %	5 year return %
Share price	+0.1	+3.2	+27.6
Net asset value per Ordinary share	+5.9	+18.2	+42.3

Source: Aberdeen Asset Managers Limited/Morningstar

Dividends

	Rate	xd date	Record date	Payment date
1st interim 2016	7.00p	17 December 2015	18 December 2015	15 January 2016
2nd interim 2016	7.00p	3 March 2016	4 March 2016	1 April 2016
3rd interim 2016	7.00p	2 June 2016	3 June 2016	1 July 2016
Proposed final 2016	11.25p	29 September 2016	30 September 2016	3 November 2016
Total dividends 2016	**32.25p**			

Ten Year Financial Record

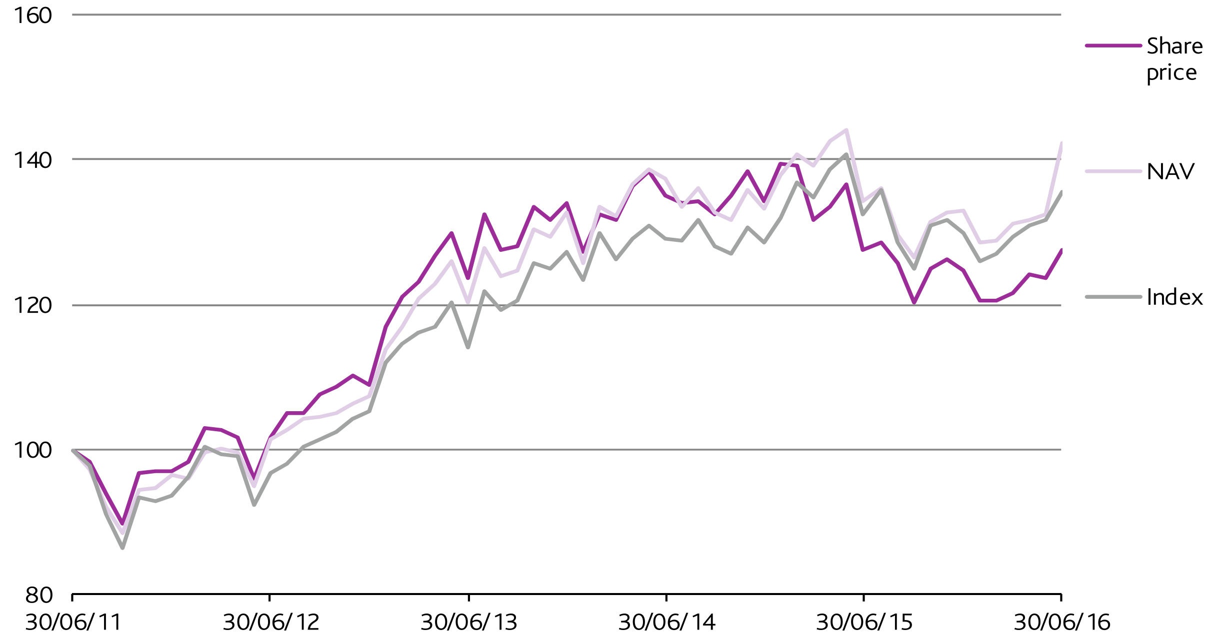
Year end 30 June	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenue (£'000)	19,251	22,390	19,790	18,257	21,844	22,688	23,566	23,926	25,476	24,838
Per Ordinary share (p)										
Net revenue return	24.7	29.3	28.1	25.4	30.9	30.6	31.1	30.5	33.1	32.0
Dividends[A]	24.25	27.00	27.75	28.00	28.75	29.75	30.75	31.25	32.00	32.25
Net asset value	802.3	619.9	455.4	547.9	671.5	649.6	734.6	805.2	757.1	766.5
Shareholders' funds (£'000)	522,617	400,536	294,570	354,425	434,406	425,458	492,878	547,652	515,888	515,036

[A]The figures for dividends per share reflect the years to which their declaration relates and not the years they were paid.

Performance

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

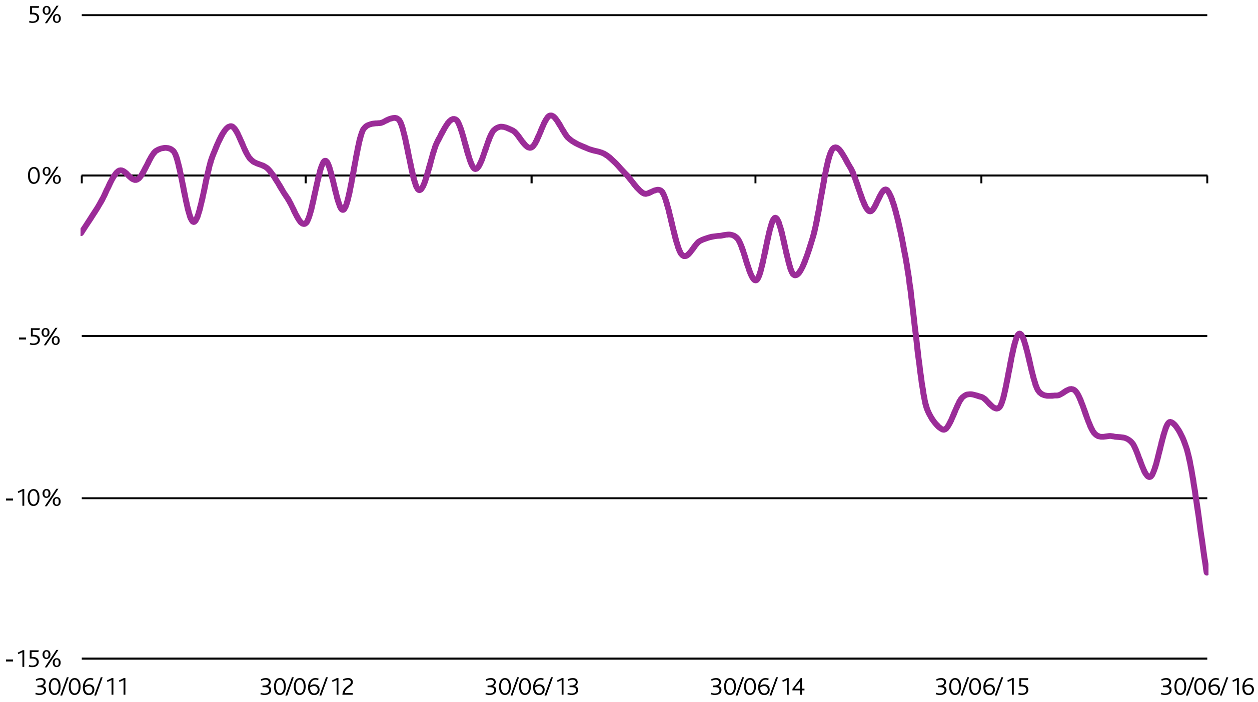
Five years ended 30 June 2016 (rebased to 100 at 30 June 2011)



Source: Morningstar & Lipper

Share Price Premium/(Discount) to NAV (capital only)

Five years ended 30 June 2016



Source: Morningstar

Investment Manager's Report

Background

The UK equity market finished the year to the end of June 2016 marginally higher mirroring the lacklustre performance of the prior year. The FTSE All-Share Index (the "Index") increased by 2.2% on a total return basis (that is with dividends reinvested) with the limited progress bracketed by periods of substantial volatility. From the start of the financial year until the middle of February the Index fell by 15% as the decline in oil and commodity prices coupled with weakness in emerging market economies, and China in particular, impacted sentiment. Investor confidence improved over the remainder of the year, despite growing concerns over the uncertainty caused by the EU referendum, as commodity prices recovered and global macro-economic conditions stabilised. However, the final week of the period was particularly eventful with the EU referendum result initially leading to a sharp fall in the market to be replaced rapidly by an equally swift recovery as investors weighed the prospects of a further easing of monetary policy, fiscal support and the beneficial translation effect of weaker Sterling on corporate earnings.

UK macro-economic data releases for most of the period suggested a mild slowdown in activity compared to the last couple of years. The continued expansion of the service sector helped UK GDP to increase by 2.2% over the Company's financial year. However, this compares to 2.6% in the year before and 3.1% in the year before that. Consumer price inflation ("CPI") changed little ending the period 0.5% higher in June than a year earlier. Weak inflation coupled with concerns over global economic conditions led the Monetary Policy Committee ("MPC") to leave interest rates unchanged. The MPC has subsequently lowered interest rates to 0.25% as they seek to support activity in the wake of the EU referendum decision. Sterling depreciated against all major currencies over the year as rate rises were delayed and uncertainty over the EU referendum remained elevated. It then fell sharply following news of the referendum result ending the period at $1.33, the lowest level since 1985. Performance of the UK economy over the next 18 months is subject to an unusually broad range of uncertainties. However, as a result of the referendum, expectations have been significantly downgraded with the Bank of England, for example, now forecasting GDP growth of 0.8% compared to its pre-referendum estimate of 2.3% for 2017. In addition, weak sterling is likely to push up CPI leading to a fall in real incomes. We will be watching very closely to see how developments affect corporate and consumer behaviour.

The international economic picture remained mixed. In the United States GDP demonstrated generally anaemic growth as household spending and business investment slowed. However, the strength of the labour market resulted in the Federal Reserve taking the decision to raise the Fed funds rate for the first time in nine years in December. In the Eurozone, the European Central Bank provided further policy support to the economy but this appears to have had relatively limited impact on growth with the region's economy expanding by just 0.3% in the second quarter of 2016, representing an increase of 1.6% of year on year. Although the recovery in countries such as Spain has been strong, it has been held back by weak growth in France where the public sector remains bloated and the labour market is inefficient. Emerging markets faced a variety of headwinds centred on depressed commodity prices and slowing growth in China. However, government support for the Chinese economy, a target of 6.5%-7.0% GDP growth for 2016 and improving economic data assuaged concerns. In addition, the oil price which having dipped below $30 a barrel in January embarked on a recovery as demand remained robust and supply became more constrained. This recovery, which was mirrored by other commodities, aided those countries such as Brazil and Russia that benefit from raw material exports.

Performance

The Company generated a positive NAV per share total return of 5.9% in the year ended 30 June 2016, compared to a rise in the FTSE All-Share Index of 2.2%. The positive relative return of 3.7% represents the sixth year of outperformance on an NAV basis in the last seven years. The Company's shares produced a total return of 0.1% which reflected a widening of the discount to NAV at which the shares traded compared to the previous year end. In light of the widening discount, the Company bought back 950,000 shares to be held in treasury during the year. Many of the factors that had led to underperformance in the previous financial year reversed in the year under review with larger, higher yielding companies outperforming and better stock selection coupled with the beneficial translation effect on the overseas holdings positively impacting returns.

On a gross assets basis, the equity portfolio outperformed the benchmark by 3.7%. Gearing increased returns by 0.5%. The translation impact of the overseas holdings, given the strength of sterling, aided performance by 2.2%. The level of gearing was flat at £55m with the actual level of gearing maintained in a relatively narrow range between 6%-10% during the year.

Over the year, the poorest performing area of the market was the bank sector. A mixture of tough regulation, increased compliance costs, lower investment banking revenues, weak loan demand and low interest rates led the sector to fall by more than 25% during the period. The mining sector, following a number of years of weak performance, kept up its poor track record as falling commodity prices and oversupply impacted earnings. Those sectors exposed to the domestic economy also struggled, particularly at the end of the period, given concerns over the impact of the EU referendum decision. Conversely, the tobacco sector performed very strongly, returning over 40%, helped by the translation benefit of overseas earnings and the market seeking out 'bond proxies'. Perhaps surprisingly, the oil majors also performed well as the oil price recovered and the companies continued to reduce their cost bases with the maintenance of BP and Royal Dutch Shell's dividends helping performance on a total return basis.

From a size perspective, in a reversal of fortune, the FTSE 100 Index outperformed the Mid 250 and Small Cap indices, a function of its higher overseas exposure and its tobacco and oil constituents. Apart from a couple of exceptions, corporate activity has been subdued but as we have started to see, the weakness of sterling provides a window of opportunity for overseas companies.

Looking specifically at the Company's portfolio, both stock selection and asset allocation were positive. The returns from the holdings in the consumer goods, health care, consumer services and technology sectors comprised the main areas of outperformance. Within consumer goods, overweight positions in both personal goods and tobacco benefited performance. Health care performed relatively strongly due to an overweight position and good stock selection. Strong stock selection in travel and leisure aided performance. On the other hand, the underweight position in oil producers and weak stock selection in chemicals within the industrials sector hurt performance.

Turning to the individual holdings, there were a number of companies that demonstrated substantial share price increases. British American Tobacco and Imperial Brands performed very strongly as their attractive yields and defensive growth profiles coupled with substantial non-sterling earnings was looked upon favourably by the market. Compass performed very well due to good operational momentum but also thanks to its substantial US dollar denominated earnings base. Similarly Unilever, which has continued to make sound strategic progress, performed strongly over the year.

On the other hand, Standard Chartered performed particularly poorly in the first half of the year before partly recovering. The slowdown in emerging markets, lower corporate finance income and a high regulatory burden resulted in a rights issue and a change of management that now puts the bank on a much stronger footing. Close Brothers and Provident Financial also performed poorly as investors fretted over a weakening domestic economy. Finally, BHP Billiton underperformed given its commodity exposure and the impact of the Samarco dam disaster.

Performance Attribution for the year ended 30 June 2016

	2016 %
Net Asset Value total return for year per Ordinary share	5.9
FTSE All Share Index total return	2.2
Relative return	**3.7**

Relative return	%
Stock selection (equities)	
Oil & Gas	0.4
Basic Materials	–0.6
Industrials	–0.7
Consumer Goods	0.6
Health Care	0.4
Consumer Services	0.3
Telecommunications	0.7
Utilities	–0.8
Technology	0.5
Financials	–0.6
Total stock selection (equities)	**0.2**
Asset allocation (equities)	
Oil & Gas	–1.0
Basic Materials	0.1
Industrials	0.2
Consumer Goods	0.5
Health Care	0.5
Consumer Services	1.0
Telecommunications	–
Utilities	0.7
Technology	0.5
Financials	0.9
Total asset allocation (equities)	**3.4**
Cash & options	0.2
Gearing	0.5
Administrative expenses	–0.2
Management fees	–0.6
Tax charge	–0.1
Share buybacks	0.1
Residual effect	0.2
Total	**3.7**

Sources : Aberdeen Asset Management, Mellon & Lipper

Notes: Stock Selection – measures the effect of equity selection relative to the benchmark. Asset Allocation – measures the impact of over or underweighting each industry basket in the equity portfolio, relative to the benchmark weights. Cash & Options effect – measures the impact on relative returns of the two asset categories. Gearing effect – measures the impact on relative returns of net borrowings. Administrative and Management fees – these reduce total assets and therefore reduce performance. Recovered VAT is netted–off against the fees and expenses. Residual effect – this arises as a result of the different methodologies of calculating performance between the NAV total return, the benchmark provider Lipper and the performance attribution system.

Portfolio Activity and Structure

In keeping with our patient buy and hold approach, turnover was characteristically modest during the period. However, we introduced five new companies during the year. The first new holding added was Capita. The business process outsourcing company benefits from a strong outsourcing dynamic with good growth potential both in the UK and overseas. The company has excellent earnings visibility given its long contract lengths and has no large contract renewals until 2020. The second company introduced was Rotork, the market leader in actuators, which are motors for controlling a mechanism, such as a valve. Weakness in the share price due to lower demand from its oil and gas end-markets (which account for around 50% of sales) provided a good entry point. The company has strong brands and good pricing power. There are also good opportunities to grow in end-markets away from oil and gas including water and nuclear. Rotork's balance sheet is strong and management have a reputation for being prudent. The third new holding was Hansteen, a UK and Continental European property investment company, which should benefit from improving asset prices in its markets. It brings some further diversification and provides an attractive dividend yield. The fourth new holding was XP Power, which designs and manufactures power control solutions such as power converters. It benefits from a diversified customer base, low cost manufacturing facilities and with a significant investment in research and development is able to provide products with improved functionality and efficiency compared to its peers. The final introduction was Scandinavian Tobacco Group ("STG") which is listed in Denmark. It has a strong position in hand-rolled and machine-made cigars in the United States and scope to consolidate a fragmented market in Europe. STG also owns the largest online distributor of cigars in the United States. The company benefits from strong brands, a robust balance sheet and significant scope to improve efficiency.

Conversely, we sold five companies and additionally the takeover of BG by Royal Dutch Shell was completed during the period. The first company sold was Tesco given the lack of dividend yield, high debt burden and concern over the development of the food retail industry from a competitive and structural standpoint. The second company sold was ENI, the Italian oil major, due to concerns over the company's ability to adjust to a more challenging operating environment. The third company was Casino, the supermarket group, due to worries over the ability of the company to maintain its dividend payment given high absolute gearing and a very weak Brazilian trading environment. The fourth company was Engie, the French utility company, where we believed a dividend cut was likely. Finally, we sold the holding in Cobham following a period of increasing concern about the financial health of the company given its stretched balance sheet, poor working capital performance and concerns about the number of senior management departures.

We increased exposure to a number of existing holdings. We took advantage of weak trading statements to add to Inmarsat and Elementis. Despite some temporary difficulties, we believe that Inmarsat's technological and service advantages remain strong and it will be a long term beneficiary from the increase in data usage. We think that Elementis will be able to overcome the challenges in its Chromium division where the strong US dollar has impacted exports sales. Share price volatility provided the opportunity to add to the holding in Schroders at times of market weakness. The Vodafone holding was increased given that the improvement in the operating environment has reduced the risk to the company's dividend. We added to the holding in Imperial Tobacco following the completion of the company's acquisition of various US assets from Reynolds and Lorillard. We believe this deal transforms the company's position in the United States and offers an avenue for long term growth. Finally, we also participated in the rights issues of Standard Chartered and BBA Aviation – the former to help strengthen its balance sheet and accelerate execution of its strategy, and the latter to help purchase its competitor Landmark Aviation. In contrast we reduced our exposure to Centrica to reflect the more challenging operating and competitive environment facing the company.

A number of call options were assigned in companies that had performed strongly, including Sage, British American Tobacco, National Grid and Unilever, leading to a marginal reduction in our exposure to these names. Conversely, the assignment of put options led to small increases in Rolls Royce and Ultra Electronics.

These assignments were part of our broader option writing programme which continued to provide the benefit of increasing and diversifying the income available to the Company. The income from writing options increased in percentage terms accounting for 7.1% of total income compared to 5.8% of total income during the prior year. We continue to feel that the option writing strategy has been of benefit to the Company by increasing the level of income generated and providing a good discipline for optimising our exposure to individual holdings.

Our aspiration in terms of portfolio construction has not changed, our aim is to build a sensibly diversified portfolio that is not dependent on any one particular economic scenario but provides broad exposure to the market as a whole while generating an above average dividend yield. The portfolio at the year end comprised 46 holdings with the overseas exposure representing 15.0% of gross assets (compared to 16.5% at the end of the prior period).

Changes to the sector positioning of the Company compared to the prior year have been modest. However, the weighting in the consumer goods sector has increased given the outperformance of the tobacco holdings and Unilever. Similarly the outperformance of the pharmaceutical holdings led to an increase in the exposure to this sector. Conversely, the exposure to the consumer services sector reduced following the sales of Tesco and Casino.

Income

For the financial year ended 30 June 2016, the Company witnessed a reduction in the level of income generated overall leading to a decrease in the revenue return per share from 33.1p to 32.0p. Income from investments reduced as the high level of special dividends in the prior year was not repeated. Nevertheless, there were five special dividends (from Svenska Handelsbanken, Hiscox, Aberforth Smaller Companies, Prudential and Elementis) that were recognised as revenue items. We believe that this recognition is appropriate given that the return of cash was from a build-up of profits generated by ongoing operations rather than a sale of assets. The income derived from writing options increased compared to the previous year. In addition, a reduction in the margin on the Company's borrowings was helpful coupled with the earnings enhancement from fewer shares in issue. Revenue reserves now stand at £28.3m (before payment of the third interim and final dividends).

The weakness in sterling following the EU referendum result is helpful given that around 40% of the Company's income is denominated in non-sterling currencies. However, the dividend outlook for a number of large sectors remains difficult where payout ratios are high and earnings growth is weak. Unless we witness a sustainable recovery in earnings the outlook for income generation is likely to remain challenging.

Outlook

Although the UK equity market has recovered swiftly, many uncertainties remain following the decision to leave the EU. For management teams and consumers alike the future is far from clear, a position manifested by the broad range of forecasts for UK GDP growth over the medium term. As monetary policy reaches the limits of its capabilities and effectiveness, we are likely to see the baton passed to fiscal policy to support the domestic economy. However, the lack of transparency regarding the UK's relationship with the EU is unlikely to be easily or simply resolved. This complicates an already challenging global macro-economic picture where vulnerabilities include Europe's banking sector, China's credit-fuelled growth and the outcome of the Presidential election in America. In an environment where quantitative easing has benefited asset prices more than the real economy and with an uneven distribution of wealth, it is perhaps unsurprising to see an increase in populist political rhetoric. This rhetoric is being increasingly manifested through, for example, a greater focus on taxation or the introduction of minimum wage legislation, subjecting the profitability of companies to further pressure in a world where structural reform is still required, economic growth remains subpar and pricing power is generally weak. It is difficult to suggest that valuations in absolute terms look attractive although a more powerful argument can be made relative to government or corporate bonds but perhaps this should not be overly relied on given the current highly unorthodox setting. Indeed, in more difficult times it tends to be those companies with globally diverse revenue streams, strong competitive advantages and robust financial characteristics that perform best. We will endeavour to retain this focus as we navigate the uncharted waters ahead.

Charles Luke
Aberdeen Asset Managers Limited
Investment Manager
8 September 2016

Portfolio

The Investment Manager invests in a diversified range of UK and overseas companies, following a bottom-up investment process based on a disciplined evaluation of companies through direct visits by its fund managers.

Investment Portfolio – Twenty Largest Investments

As at 30 June 2016

Investment	Valuation 2016 £'000	Total assets %	Valuation 2015 £'000
1 (1) Unilever			
Unilever is a global consumer goods company supplying food, home and personal care products. The company has a portfolio of strong brands including: Dove, Knorr, Axe and Persil. Over half of the company's sales are to developing and emerging markets.	31,710	5.6	25,444
2 (2) British American Tobacco			
British American Tobacco manufactures and markets cigarettes and other tobacco products, including cigars and roll-your-own tobacco. The group sells over 200 brands in approximately 180 countries. Key brands include: Dunhill, Kent, Pall Mall and Lucky Strike. Strong cashflow is an attractive characteristic of the tobacco industry.	30,317	5.3	24,076
3 (4) GlaxoSmithKline			
GlaxoSmithKline is a research-based pharmaceutical group that also develops, manufactures and markets vaccines, prescription and over-the-counter medicines, as well as health-related consumer products. The group specialises in treatments for respiratory, central nervous system, gastro-intestinal and genetic disorders.	27,116	4.8	22,350
4 (3) AstraZeneca			
AstraZeneca researches, develops, produces and markets pharmaceutical products. The company's operations are focused on six therapeutic areas: Cardiovascular, Oncology, Respiratory, Neuroscience, Inflammation and Infection. The company's product pipeline offers a number of interesting opportunities.	25,060	4.4	22,546
5 (10) Royal Dutch Shell			
Royal Dutch Shell is engaged in all phases of the petroleum industry, from exploration to processing and distribution. It has strong positions in oil products marketing and LNG, globally. The group operates in over 130 countries.	23,156	4.1	18,797
6 (7) Roche Holdings			
Listed in Switzerland, Roche develops and manufactures pharmaceutical and diagnostic products with particular strengths in the areas of oncology, cardiovascular and respiratory diseases. The company benefits from a strong product pipeline and limited near-term patent exposure.	21,171	3.7	19,198
7 (19) Imperial Brands			
Imperial Brands is an international tobacco company that manufactures and markets a range of cigarettes, tobacco, rolling papers and cigars. The company's recent transaction to acquire certain assets of Lorillard and Reynolds in the United States provides an additional avenue for growth over the long term.	19,781	3.5	12,728
8 (14) Vodafone			
Vodafone is an international mobile telecommunications company providing mobile voice, data and fixed line communications. The group has around 450m customers and operates in more than 30 countries worldwide including an extensive emerging markets portfolio.	18,444	3.2	14,487
9 (17) Compass Group			
Compass is a leading contract catering and food service company. The company benefits from underlying growth in outsourcing, together with the potential for further margin improvement and growth from its emerging markets operations. The company demonstrates strong cashflow characteristics.	17,508	3.1	12,965
10 (6) Prudential			
Prudential is an insurance company with substantial operations in the UK, USA and across Asia. Early mover advantage in Asia has provided the company with a number of market leading positions giving the opportunity to capitalise on a fast growing market.	16,152	2.8	19,693
Top ten investments	**230,415**	**40.5**	

Investment	Valuation 2016 £'000	Total assets %	Valuation 2015 £'000
11 (5) Pearson			
Pearson is one of the world's leading education companies. From pre-school to professional certification, the company's curriculum materials, multimedia learning tools and testing programmes help to educate more than 100m people worldwide. The company offers access to long-term structural growth.	15,839	2.8	19,738
12 (8) HSBC Holdings			
HSBC group is one of the world's largest banking and financial services institutions. Its international network comprises more than 5,000 offices in 80 countries worldwide. The diversity of HSBC's business and exposure to faster growing regions of the world should enable it to deliver superior long-term growth.	15,616	2.7	19,108
13 (20) National Grid			
National Grid owns and operates electricity and gas networks throughout the UK and in the US. It will benefit from the requirement to increase energy infrastructure spend over the long term. The company offers a generous dividend yield.	15,344	2.7	12,642
14 (15) Sage Group			
Sage Group is a software publishing business which develops, publishes and distributes accounting and payroll software. It also maintains a registered user database which provides a market for their related products and services, including computer forms, software support contracts, program upgrades and training.	15,118	2.7	13,443
15 (9) Centrica			
Centrica provides gas, electricity and energy-related products and services to business and residential customers in the UK and USA. It also provides central heating and gas appliance installation and maintenance services. The company enjoys a strong competitive position in the UK market, which provides a solid platform from which to generate long-term value.	14,914	2.6	18,934
16 (18) BP			
BP is one of the world's largest petroleum and petrochemicals groups. Its main activities are: exploration and production of crude oil and natural gas; refining, marketing, supply and transportation of petroleum products.	13,471	2.4	12,917
17 (11) BHP Billiton			
BHP Billiton is the world's largest diversified resources group with a global portfolio of high quality assets. Core activities comprise the production and distribution of minerals, mineral products and petroleum.	13,388	2.3	17,736
18 (12) Aberforth Smaller Companies			
Aberforth Smaller Companies is an investment trust with a diversified portfolio of small UK quoted companies. The trust has an above average sector yield and benefits from substantial revenue reserves.	12,977	2.3	17,031
19 (-) Inmarsat			
Inmarsat operates a global communications satellite system which provides voice and high-speed data services. Customers include major corporations from the maritime, media, oil and gas, construction and aeronautical industries, as well as governments and aid agencies.	12,696	2.2	10,071
20 (-) Microsoft			
Microsoft develops, manufactures, licenses, sells and supports software products. The Company offers operating systems software, server application software, business and consumer applications software, software development tools, and internet and intranet software.	12,249	2.1	8,983
Top twenty investments	**372,027**	**65.3**	

The value of the 20 largest investments represents 65.3% (2015 – 61.6%) of total assets.

The figures in brackets denote the position at the previous year end. (-) not previously in 20 largest investments.

Investment Portfolio – By Sector

As at 30 June 2016

Investment	Valuation £'000	Total assets %	Yield %
Oil & Gas			
Oil & Gas Producers	**36,627**	**6.5**	
Royal Dutch Shell	23,156	4.1	6.8
BP	13,471	2.4	6.7
Oil Equipment Services	**7,493**	**1.3**	
John Wood Group	7,493	1.3	2.8
Basic Materials			
Mining	**13,388**	**2.3**	
BHP Billiton	13,388	2.3	2.4
Chemicals	**12,311**	**2.1**	
Elementis	7,529	1.3	5.3
Linde	4,782	0.8	2.8
Industrials			
Aerospace & Defence	**15,513**	**2.7**	
Rolls-Royce	7,951	1.4	–
Ultra Electronics	7,562	1.3	2.5
Industrial Engineering	**11,457**	**2.1**	
Rotork	7,705	1.4	2.2
Weir Group	3,752	0.7	2.9
Industrial Transportation	**9,079**	**1.6**	
BBA	9,079	1.6	3.9
Electronic & Electrical Equipment	**10,460**	**1.9**	
Schneider Electric	7,799	1.4	3.8
XP Power	2,661	0.5	3.9
Consumer Goods			
Automobiles & Parts	**7,328**	**1.3**	
GKN	7,328	1.3	3.0
Food Producers	**14,691**	**2.6**	
Nestlé	8,656	1.5	3.0
Associated British Foods	6,035	1.1	1.3
Personal Care	**31,710**	**5.6**	
Unilever	31,710	5.6	2.5
Tobacco	**53,045**	**9.3**	
British American Tobacco	30,317	5.3	3.0
Imperial Brands	19,781	3.5	3.5
Scandinavian Tobacco	2,947	0.5	4.6
Health Care			
Pharmaceuticals & Biotechnology	**73,347**	**12.9**	
GlaxoSmithKline	27,116	4.8	5.9
AstraZeneca	25,060	4.4	4.7
Roche Holdings	21,171	3.7	3.2
Consumer Services			
Support Services	**6,782**	**1.2**	
Capita	6,782	1.2	3.1
Media	**15,839**	**2.8**	
Pearson	15,839	2.8	5.0

Investment	Valuation £'000	Total assets %	Yield %
Travel & Leisure	**17,508**	**3.1**	
Compass Group	17,508	3.1	2.1
Telecommunications			
Mobile Telecommunications	**42,628**	**7.4**	
Vodafone Group	18,444	3.2	4.7
Inmarsat	12,696	2.2	4.5
Verizon Communications	11,488	2.0	4.1
Utilities			
Gas, Water & Multi-utilities	**30,258**	**5.3**	
National Grid	15,344	2.7	3.7
Centrica	14,914	2.6	5.0
Financials			
Banks	**39,507**	**6.9**	
HSBC Holdings	15,616	2.7	7.7
Nordea Bank	12,221	2.2	8.6
Standard Chartered	6,919	1.2	–
Svenska Handelsbanken	4,751	0.8	5.9
Financial Services	**25,529**	**4.4**	
Close Brothers	9,891	1.7	4.6
Provident Financial	9,258	1.6	4.9
Schroder	6,380	1.1	4.5
Non-life Assurance	**9,711**	**1.7**	
Hiscox	9,711	1.7	3.5
Life Assurance	**16,152**	**2.8**	
Prudential	16,152	2.8	3.6
Equity Investment Instruments	**16,203**	**2.9**	
Aberforth Smaller Companies Trust	12,977	2.3	3.2
Dunedin Smaller Companies Investment Trust	3,226	0.6	3.2
Real Estate Investment Trusts	**9,594**	**1.6**	
Land Securities Group	5,937	1.0	3.8
Hansteen	3,657	0.6	6.0
Technology			
Software & Computer Services	**27,367**	**4.8**	
Sage Group	15,118	2.7	2.0
Microsoft	12,249	2.1	2.8
Total investments	**553,527**	**91.5**	

Source: Aberdeen Asset Managers Limited

Summary of Investment Changes During The Year

As at 30 June 2016

	Valuation 30 June 2015 £'000	%	Transactions £'000	Gains/(losses) £'000	Valuation 30 June 2016 £'000	%
Equities						
United Kingdom	453,091	79.4	7,337	7,036	467,464	82.0
Denmark	–	–	2,529	417	2,946	0.5
France	20,021	3.5	(18,636)	6,414	7,799	1.4
Germany	5,555	1.0	–	(773)	4,782	0.8
Italy	4,895	0.8	(5,976)	1,081	–	–
Sweden	20,538	3.6	–	(3,566)	16,972	3.0
Switzerland	26,087	4.6	–	3,740	29,827	5.2
United States	17,152	3.0	5,103	1,482	23,737	4.2
Total investments	547,339	95.9	(9,643)	15,831	553,527	97.1
Other net assets[A]	23,549	4.1	(7,040)	–	16,509	2.9
Total assets	**570,888**	**100.0**	**(16,683)**	**15,831**	**570,036**	**100.0**

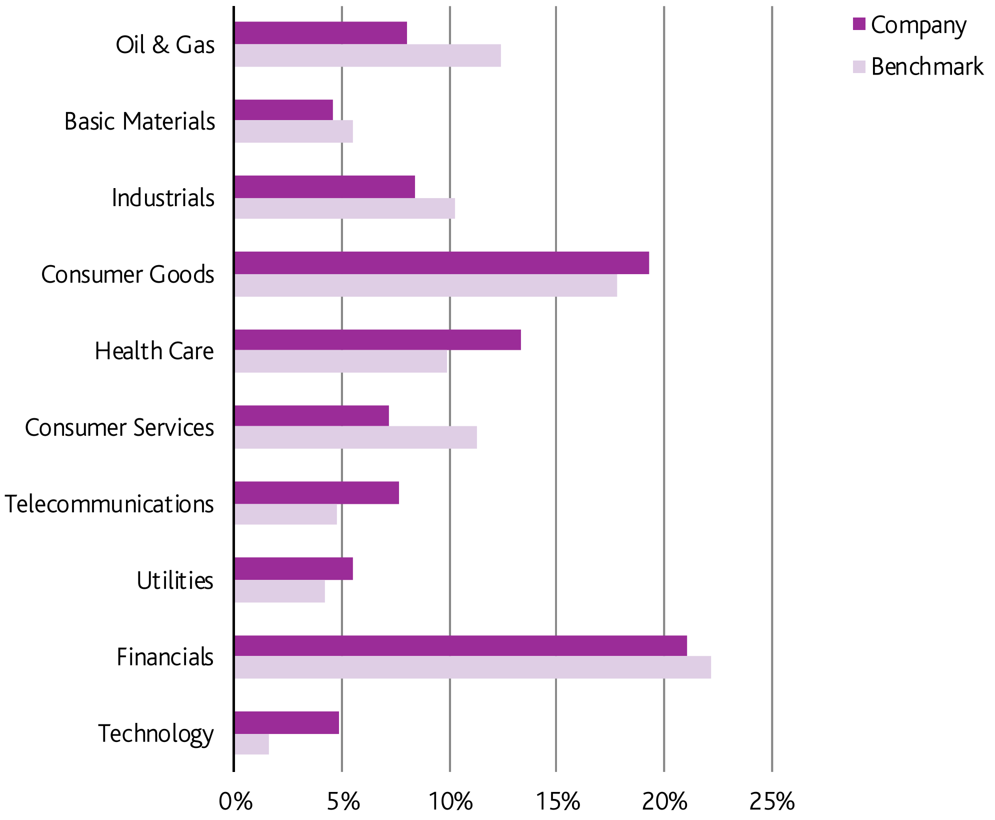
[A]Excluding borrowings

Summary of Net Assets

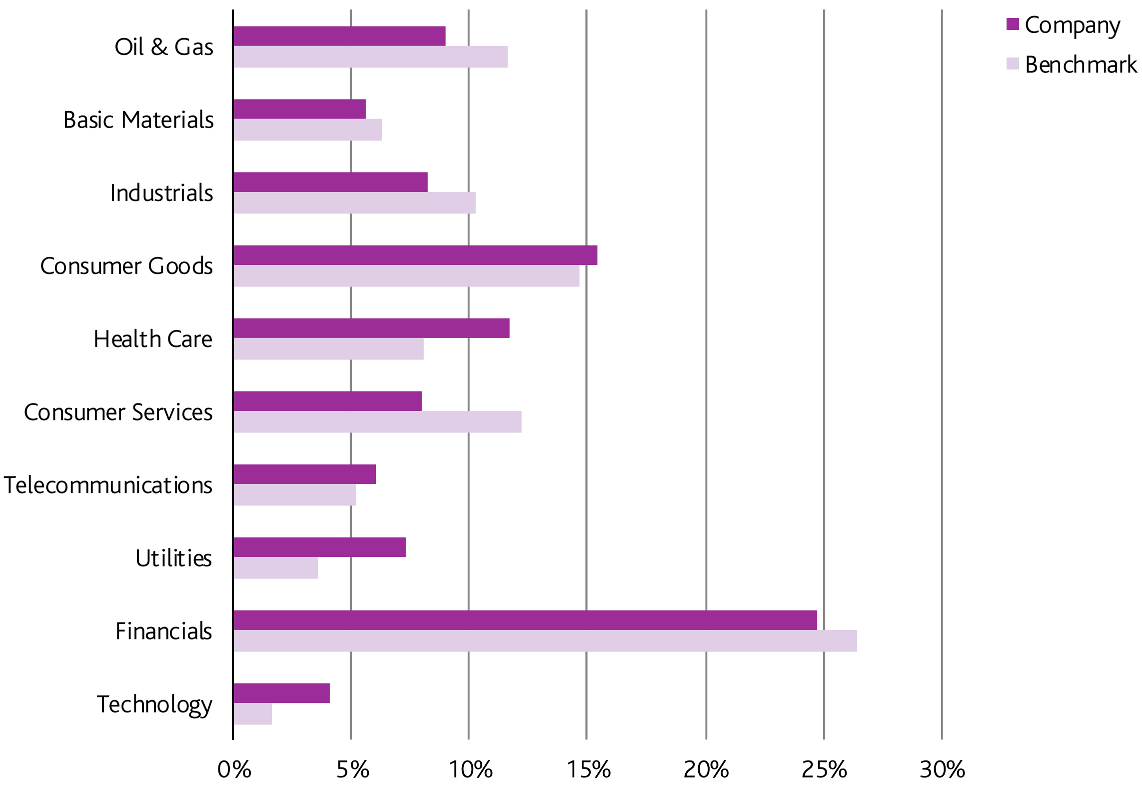
	As at 30 June 2016 £'000	%	As at 30 June 2015 £'000	%
Equities	553,527	107.5	547,339	106.1
Other net assets	16,509	3.2	23,549	4.6
Borrowings	(55,000)	(10.7)	(55,000)	(10.7)
Equity shareholders' funds	**515,036**	**100.0**	**515,888**	**100.0**

Sector Comparison With Benchmark

Equities Held at 30 June 2016



Equities Held at 30 June 2015



Unilever is a global consumer goods company with a strong presence in emerging markets. It has four main divisions; Foods, Personal Care, Refreshment and Home Care. The Investment Manager believes it warrants its place as one of the Company's largest holdings given the strong distribution networks, well-known brands, exposure to faster growing markets, robust financial characteristics amidst a gentle tilt towards categories with more appealing longer term dynamics.

Governance

The Company is committed to high standards of corporate governance and applies the principles identified in the UK Corporate Governance Code and the AIC Code of Corporate Governance. The Company is registered as a public limited company and has been accepted by HM Revenue & Customs as an investment trust.

All Directors are considered by the Board to be independent of the Manager.

Your Board of Directors

The Directors, all of whom are independent and non-executive, supervise the management of Murray Income Trust PLC and represent the interests of Shareholders.

Neil Honebon MA

Status: Independent Non-Executive Chairman

Length of Service: 11 years

Experience and other public company directorships: Neil Honebon is a director of AlphaGen Volantis and AlphaGen Octanis, a member of the investment committee of the National Trust and an investment adviser to the Nuffield Foundation. He was formerly a director of Fleming Family and Partners Asset Management, and has over 30 years' experience in investment analysis and research.

Committee Membership: Audit Committee, Management Engagement Committee (Chairman), Nomination Committee (Chairman) and Remuneration Committee

Employment by Manager: None

Other connections with the Company or Manager: None

Shared Directorships with any other Directors: None

David Woods MA, MSC, FIA

Status: Senior Independent Non-Executive Director

Length of Service: 7 years

Experience and other public company directorships: David Woods is a director of Phoenix Group Holdings PLC and chairman of Standard Life UK Smaller Companies Trust. He is also chairman of the Pension Fund Trustees for all of the UK companies in the SopraSteria Group and a director of the Santander (UK) Pension Scheme Ltd.

Committee Membership: Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee (Chairman)

Employment by Manager: None

Other connections with the Company or Manager: None

Shared Directorships with any other Directors: None

Jean Park BAcc, CA

Status: Independent Non-Executive Director

Length of Service: 4 years

Experience and other public company directorships: Jean Park was formerly Group Chief Risk Officer at Phoenix Group. Prior to that she was Risk Management Director of the Insurance and Investments Division of Lloyds TSB. She is an independent non-executive director of NHBC and Admiral Group plc. She is a member of the Institute of Chartered Accountants of Scotland.

Committee Membership: Audit Committee (Chairman), Management Engagement Committee, Nomination Committee and Remuneration Committee

Employment by Manager: None

Other connections with the Company or Manager: None

Shared Directorships with any other Directors: None

Donald Cameron MSP, BA Hons

Status: Independent Non-Executive Director

Length of Service: 4 years

Experience and other public company directorships: Donald Cameron qualified at the Bar of England and Wales in 2002. Having transferred to the Faculty of Advocates, he was called to the Scottish Bar in 2005, and practises as an Advocate in Scotland. He is a non-executive director of Edinburgh Worldwide Investment Trust plc. In May 2016, he was elected as a Member of the Scottish Parliament for the Highlands & Islands.

Committee Membership: Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee

Employment by Manager: None

Other connections with the Company or Manager: None

Shared Directorships with any other Directors: None

Neil Rogan MA

Status: Independent Non-Executive Director

Length of Service: 2 years, 9 months

Experience and other public company directorships: Neil Rogan is former Head of the Global Equities Team at both Gartmore and Henderson and former Head of International Equities, as well as a former member of the Investment Division Executive Committee, at Gartmore. He has previously managed Fleming Far Eastern Investment Trust and, while at Touche Remnant, he worked on TR Pacific Basin Investment Trust, TR Technology Trust and Bankers Investment Trust.

Committee Membership: Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee

Employment by Manager: None

Other connections with the Company or Manager: None

Shared Directorships with any other Directors: None

Mike Balfour CA

Status: Independent Non-Executive Director

Length of Service: 6 months

Experience and other public company directorships: Mike Balfour is the former CEO of Thomas Miller Investment, an investment management company headquartered in London. Prior to that, he was CEO of Glasgow Investment Managers until 2007 and before that was the Chief Investment Officer of Edinburgh Fund Managers. He is a member of the Institute of Chartered Accountants of Scotland. He is a Director of Martin Currie Global Portfolio Trust plc and a Director of Standard Life Investments Property Income Trust Limited.

Committee Membership: Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee

Employment by Manager: None

Other connections with the Company or Manager: None

Shared Directorships with any other Directors: None

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual 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 the law they have elected to prepare the financial statements in accordance with UK Accounting Standards. The financial statements are required by law to 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 estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

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

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- that in the opinion of the Directors, the Annual Report and financial statements taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's performance, business model and strategy; and
- the Strategic Report and Directors' Report include 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 the Company faces.

For and on behalf of the Board of Murray Income Trust PLC

N A Honebon
Chairman

8 September 2016

Directors' Report

Status

The Company, which was incorporated in 1923, is registered as a public limited company in Scotland under number SC012725 and is an investment company within the meaning of Section 833 of the Companies Act 2006.

The Company has been accepted by HM Revenue & Customs as an investment trust subject to the Company continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 July 2012. The Directors are of the opinion that the Company has conducted its affairs during the year ended 30 June 2016 so as to enable it to comply with the ongoing requirements for investment trust status.

The Company has conducted its affairs so as to satisfy the requirements as a qualifying security for Individual Savings Accounts. The Directors intend that the Company will continue to conduct its affairs in this manner.

Capital Structure

At 30 June 2016, the Company had 67,192,458 fully paid Ordinary shares of 25p each (2015 – 68,142,458 Ordinary shares) with voting rights in issue and an additional 1,401,000 (2015 – 451,000) shares in treasury. During the year ended 30 June 2016, 950,000 Ordinary shares, equivalent to 1.4% of the Company's issued share capital excluding treasury shares as at 30 June 2015, were bought back into treasury. A further 42,000 Ordinary shares were bought back into treasury between 1 July 2016 and the date of approval of this Report resulting in 67,150,458 Ordinary shares in issue, with voting rights, and 1,443,000 shares held in treasury.

Ordinary shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company. The Ordinary shares, excluding treasury shares, carry a right to receive dividends. On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to Ordinary shareholders in proportion to their shareholdings. There are no restrictions on the transfer of Ordinary shares in the Company other than certain restrictions which may be applied from time to time by law (for example, insider trading law).

Results and Dividends

The financial statements for the year ended 30 June 2016 indicate a total gain attributable to equity shareholders for the year of £27,143,000 (2015 – loss of £11,474,000).

The final dividend for the year ended 30 June 2015, of 11.00p per Ordinary share, was paid to shareholders on 30 October 2015. The first, second and third interim dividends, each of 7.0p per Ordinary share, for the year ended 30 June 2016, were paid to shareholders on 15 January 2016, 1 April 2016 and 1 July 2016, respectively.

The Directors now recommend a final dividend for the year ended 30 June 2016 of 11.25p per Ordinary share, payable to shareholders on 3 November 2016, making a total distribution to Ordinary shareholders of £21,786,000 (2015 - £21,806,000) relating to the year ended 30 June 2016, as shown in note 6 to the financial statements. The ex-dividend date is 29 September 2016 and the record date is 30 September 2016. A resolution in respect of the final dividend will be proposed at the forthcoming Annual General Meeting.

Dividends are paid by means of three interim dividends, normally in January, April, July, and a final dividend in November, after the Annual General Meeting. Further information on dividends is contained in the Chairman's Statement on pages 4 and 5.

Manager and Company Secretary

AFML has been appointed by the Company, under a management agreement ("MA") to provide investment management, risk management, administration and company secretarial services as well as promotional activities. The Company's portfolio is managed by AAML by way of a group delegation agreement in place between AFML and AAML. In addition, AFML has sub-delegated promotional activities to Aberdeen Asset Managers Limited ("AAM") and administrative and secretarial services to Aberdeen Asset Management PLC.

A monthly fee is payable to AFML at the rate of one-twelfth of 0.55% on the first £400 million of net assets, 0.45% on the next £150 million of net assets and 0.25% on the excess over £550 million. The value of any investments in unit trusts, open ended and closed ended investment companies and investment trusts of which the Manager, or another company within the Aberdeen Group is the operator, manager or investment adviser, is deducted from net assets when calculating the fee. The investment management fee is chargeable 50% to revenue and 50% to capital. There is no performance fee. A secretarial fee of £75,000 per annum (plus applicable VAT) is payable to Aberdeen Asset Management PLC, which is chargeable 100% to revenue. An annual fee equivalent to 0.075% of gross assets (calculated at 30 September each year) is paid to AAML to cover promotional activities undertaken on behalf of the Company. The management, secretarial and promotional activity fees paid to Aberdeen Group companies during the year ended 30 June 2016 are shown in notes 3 and 4 to the financial statements.

Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and, as required by the Listing Rules of the UK Listing Authority, this statement describes how the Company applies the main principles identified in the UK Corporate Governance Code published in September 2014 (the "UK Code") and which first applies to the Company's year ended 30 June 2016. The UK Code is available on the Financial Reporting Council's ("the FRC") website: frc.org.uk.

The Board has also considered the principles and recommendations of the AIC Code of Corporate Governance as published in February 2015 ("the AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("the AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts. The AIC Code and AIC Guide are available on the AIC's website: theaic.co.uk

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide better information to shareholders.

The Board confirms that, during the year, the Company complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:
- the role of the chief executive (A.1.2);
- executive directors' remuneration (D.1.1 and D.1.2); and
- the need for an internal audit function (C.3.6).

For the reasons set out in the AIC Guide and UK Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The full text of the Company's Statement of Corporate Governance can be found on its website: murray-income.co.uk.

Directors

The Board consists of a non-executive Chairman and five non-executive Directors, all of whom held office throughout the year under review, with the exception of Mike Balfour who was appointed a Director on 11 February 2016. The Senior Independent Director is David Woods.

The names and biographies of each of the Directors are shown on pages 28 and 29 which indicate their range of experience as well as length of service. Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper stewardship of the Company.

The Directors attended Board and Committee meetings during the year ended 30 June 2016 as follows (with their eligibility to attend the relevant meeting in brackets):

Director	Board Meetings Attended	Audit, Nomination, Management Engagement and Remuneration Committee Meetings Attended [A]
N A Honebon	6 (6)	10 (10)
D E Woods	6 (6)	8 (8)
J C Park	6 (6)	10 (10)
D A Cameron	6 (6)	8 (8)
N A H Rogan	6 (6)	10 (10)
M W Balfour [B]	3 (3)	7 (7)

Notes:

[A] Committees of the Board may not involve all Directors

[B] Appointed as a Director on 11 February 2016

Mike Balfour will retire at the AGM and, being eligible, seeks election to the Board. Neil Honebon, David Woods, Jean Park, Donald Cameron and Neil Rogan shall retire and, being eligible, seek re-election as Directors at the AGM. The Board as a whole believes that each Director remains independent of the AIFM and free of any relationship which could materially interfere with the exercise of his or her independent judgement on issues of strategy, performance, resources and standards of conduct and confirms that, following formal performance evaluations, the individuals' performance continues to be effective and demonstrates time commitment to the role. The Board therefore has no hesitation in recommending the election of Mike Balfour as a Director and the re-election as Directors of Neil Honebon, David Woods, Jean Park, Donald Cameron and Neil Rogan, at the forthcoming AGM.

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

The Company's Statement of Corporate Governance includes further information on the operation of the Board, including the matters reserved to the Board for consideration, annual performance of the Directors and the recruitment process for new Directors.

Directors' Insurance and Indemnities

The Company maintains insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Company. Furthermore, each Director of the Company is entitled to be indemnified out of the assets of the Company to the extent permitted by law against all costs, charges, losses, expenses and liabilities incurred by them in the actual or purported execution and/or discharge of their duties and/or the exercise or purported exercise of their powers and/or otherwise in relation to or in connection with their duties, powers or office. These rights are included in the Articles of Association of the Company and the Company has granted indemnities to each Director on this basis.

Management of Conflicts of Interest and Anti-Bribery Policy

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest. As part of this process, the Directors prepare a list of other positions held and all other conflict situations that may need to be authorised either in relation to the Director concerned or his/her connected persons. The Board considers each Director's situation and decides whether to approve any conflict, taking into consideration what is in the best interests of the Company and whether the Director's ability to act in accordance with his/her wider duties is affected. Each Director is required to notify the Company Secretaries of any potential, or actual, conflict situations which will need authorising by the Board. Authorisations given by the Board are reviewed at each Board meeting.

No Director has a service contract with the Company although Directors are issued with letters of appointment upon taking up office. There were no contracts with the Company during, or at the end of the year, in which any Director was interested.

The Board takes a zero tolerance approach to bribery and has adopted appropriate procedures designed to prevent bribery. The Aberdeen Group also takes a zero tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption.

Board Committees

The Board has appointed a number of Committees as set out below. Copies of their terms of reference, which define the responsibilities and duties of each Committee, are available on the Company's website and from the Company Secretaries on request. Further information on the functioning of the Board Committees may be found in the Statement of Corporate Governance published on the Company's website.

Audit Committee

The Audit Committee's Report may be found on pages 39 to 41.

Management Engagement Committee

The terms and conditions of the Company's agreement with the Manager are considered by the Management Engagement Committee which comprises the whole Board and was chaired during the year by Neil Honebon.

In monitoring the performance of the Manager, the Committee considers the investment record of the Company over the short term and longer term, taking into account both its performance against the benchmark index and peer group investment trusts and open-ended funds. The Committee also reviews the management processes, risk control mechanisms and promotional activities of the Manager. As a result of these reviews, the Directors consider the continuing appointment of the Manager to be in the interests of shareholders because the Aberdeen Group has the investment management, promotional and associated secretarial and administrative skills required for the effective operation of the Company.

Nomination Committee

All appointments to the Board of Directors are considered by the Nomination Committee which comprises the whole Board and was chaired during the year by Neil Honebon.

The Committee's overriding priority in appointing new Directors to the Board is to identify the candidate with the optimal range of skills and experience to complement the existing Directors. The Board also recognises the benefits, and is supportive, of the principle of diversity in its recruitment of new Directors.

Remuneration Committee

Directors' remuneration is considered by the Remuneration Committee which comprises the whole Board and was chaired during the year by David Woods. Further information may be found in the Directors' Remuneration Report on pages 37 and 38.

Accountability and Audit

The responsibilities of the Directors and the Auditor, in connection with the financial statements, appear on pages 30 and 44, respectively.

The Directors who held office at the date of this Report each confirm that, so far as he or she is aware, there is no relevant audit information of which the Company's Auditor is unaware, and that he or she has taken all the steps that he or she could reasonably be expected to have taken as a Director in order to make him or her aware of any relevant audit information and to establish that the Company's Auditor is aware of that information. Additionally there have been no important events since the year end which warrant disclosure.

The Directors have reviewed the level of non-audit services provided by the Auditor during the year, together with the Auditor's procedures in connection with the provision of such services, and remain satisfied that the Auditor's objectivity and independence is being safeguarded.

Going Concern

The Directors have undertaken a rigorous review and consider both that there are no material uncertainties and that the adoption of the going concern basis of accounting is appropriate. The Company's assets consist of a diverse portfolio of listed equity shares which in most circumstances are realisable within a very short timescale. The Directors are mindful of the principal risks and uncertainties disclosed on pages 8 and 9 and have reviewed forecasts detailing revenue and liabilities and they believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future and at least 12 months from the date of this Annual Report.

The Board has set limits for borrowing and regularly reviews the level of any gearing, cash flow projections and compliance with banking covenants. On 23 September 2015, the Company entered into a two-year multi-currency revolving loan facility ("the Facility") with The Royal Bank of Scotland PLC for up to £80m of which £55m had been drawn down as at 30 June 2016.

Viability Statement

The Company does not have a fixed period strategic plan but the Board does formally consider risks and strategy on at least an annual basis. The Board regards the Company, with no fixed life, as a long term investment vehicle, but for the purposes of this viability statement has decided that a period of three years (the "Review period") is an appropriate timeframe over which to report. The Board considers that this Review period reflects a balance between looking out over a long term horizon and the inherent uncertainties of looking out further than three years.

In assessing the viability of the Company over the review period the Directors have focussed upon the following factors:

- the Company's principal risks and uncertainties as set out in the Strategic Report on pages 8 to 9;
- the relevance of the Company's investment objective in the current environment;
- the demand for the Company's shares indicated by the historic level of premium and/or discount;
- the level of income generated by the Company's portfolio as compared to its expenses;
- the overall liquidity of the Company's investment portfolio;
- the renewal of the Company's £80 million loan facility in September 2017.

In addition, the Board has considered that significant economic or stock market volatility, or changes in regulatory uncertainty, could have an impact on its assessment of the Company's prospects and viability in the future.

Accordingly, taking into account the Company's current position and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of three years from the date of this Report.

Substantial Interests

At 30 June 2016, the following interests over 3% in the issued Ordinary share capital of the Company have been disclosed in accordance with the requirements of the UK Listing Authority's Disclosure and Transparency Rules:

Shareholder	Number of shares held	% held
Aberdeen Asset Managers Limited Retail Plans	12,358,886	18.4
Speirs & Jeffrey	4,625,548	6.9
Rathbones	4,360,711	6.5
Alliance Trust Savings	3,622,977	5.4
Hargreaves Lansdown (execution only)	2,982,832	4.4
Brewin Dolphin	2,319,730	3.5

As at the date of approval of this Report, no changes to the above interests had been notified to the Company.

UK Stewardship Code and Proxy Voting as an Institutional Shareholder

Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the AIFM which has sub-delegated that authority to the Investment Manager.

The full text of the Company's response to the Stewardship Code may be found on the Company's website.

Socially Responsible Investment Policy

The Board is aware of its duty to act in the best interests of the Company. As an investment trust, the Company has no direct social, environmental or community responsibilities. However, the Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner and the Board, therefore, ensures that they take regular account of the social, environment and ethical factors, which may affect the performance or value of the Company's investments.

Relations with Shareholders

The Directors place great importance on communication with shareholders. The Annual Report is widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up-to-date information on the Company through its website, murray-income.co.uk, or via the Aberdeen Group's Customer Services Department. The Company responds to letters from shareholders on a wide range of issues (see Contact Information on page 79 for details).

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (either the Company Secretary or the Aberdeen Group) in situations where direct communication is required and representatives from the Board offer to meet with major shareholders on an annual basis in order to gauge their views. The Company Secretary only acts on behalf of the Board, not the Manager, and there is no filtering of communication. At each Board meeting the Board receives full details of any communication from shareholders to which the Chairman responds, as appropriate, on behalf of the Board.

In addition, members of the Board accompany the Manager when undertaking a series of meetings with institutional shareholders.

The Notice of AGM included within the Annual Report is normally sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board and Investment Manager at the Company's AGM.

Annual General Meeting ("AGM")

Among the resolutions being put at the AGM of the Company to be held on 1 November 2016, the following resolutions will be proposed:

Authority to allot shares and disapply pre-emption rights

Ordinary Resolution No. 12 in the Notice of AGM will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £839,380 (equivalent to approximately 3.3m Ordinary shares, or 5 per cent of the Company's existing issued share capital on the date of approval of this Report (excluding treasury shares)). Such authority will expire on the date of the next AGM or on 31 December 2017, whichever is earlier. This means that the authority will require to be renewed at the next AGM.

When shares are to be allotted for cash, Section 561 of the Companies Act 2006 (the "Act") provides that existing shareholders have pre-emption rights and that the new shares to be issued, or sold from treasury, must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by special resolution, authorise the Directors to allot shares or sell from treasury otherwise than by a pro rata issue to existing shareholders. Special Resolution No. 13 will, if passed, give the Directors power to allot for cash or sell from treasury equity securities up to an aggregate nominal amount of £1,678,761 (equivalent to approximately 6.6m Ordinary shares, or 10 per cent of the Company's existing issued share capital on the date of approval of this Report, as if Section 561 of the Act does not apply). This authority will also expire on the date of the next AGM or on 31 December 2017, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

The Directors intend to use the authority given by Resolutions 12 and 13 to allot shares or sell shares from treasury and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting. It is the intention of the Board that any issue of shares or any re-sale of treasury shares would only take place at a price not less than 0.5% above the NAV per share prevailing at the date of sale. It is also the intention of the Board that sales from treasury would only take place when the Board believes that to do so would assist in the provision of liquidity to the market. The Directors recommend that shareholders vote in favour of Resolutions 12 and 13.

Purchase of the Company's own Ordinary Shares

At the AGM held on 28 October 2015, shareholders approved the renewal of the authority permitting the Company to repurchase its Ordinary shares.

The Directors wish to renew the authority given by shareholders at the previous AGM. A share buy-back facility enhances shareholder value by acquiring shares at a discount to NAV as and when the Directors consider this to be appropriate. The purchase of shares, when they are trading at a discount to NAV per share, should result in an increase in the NAV per share for the remaining shareholders. This authority, if conferred, will only be exercised if to do so would result in an increase in the NAV per share for the remaining shareholders and if it is in the best interests of shareholders generally. Any purchase of shares will be made within guidelines established from time to time by the Board. It is proposed to seek shareholder authority to renew this facility for another year at the AGM.

Under the current Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of (i) 105% of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. The minimum price which may be paid is 25p per share. Shares which are purchased under this authority will either be cancelled or held as treasury shares. Special Resolution No. 14 in the Notice of AGM will renew the authority to purchase in the market a maximum of 14.99% of shares in issue at the date of signing this Report (amounting to approximately 10.1m Ordinary shares). Such authority will expire on the date of the next AGM, or on 31 December 2017, whichever is earlier. This means in effect that the authority will have to be renewed at the next AGM, or earlier, if the authority has been exhausted. The Directors recommend that shareholders vote in favour of Resolution No. 14. No dividends may be paid on any shares held in treasury and no voting rights will attach to such shares. The benefit of the ability to hold treasury shares is that such shares may be resold. This should give the Company greater flexibility in managing its share capital, and improve liquidity in its shares.

Recommendation

The Directors believe that the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole, and recommend that shareholders vote in favour of the resolutions, as the Directors intend to do in respect of their own beneficial shareholdings totalling 60,950 Ordinary shares, representing 0.1% of the issued Ordinary share capital of the Company.

By Order of the Board

N A Honebon
Chairman

8 September 2016

Directors' Remuneration Report

The Board has prepared this Directors' Remuneration Report, in accordance with the regulations governing the disclosure and approval of Directors' remuneration, and it consists of two parts:

(i) a Remuneration Policy, which was subject to a binding shareholder vote at the October 2014 AGM and will next be put to a similar vote no later than the 2017 AGM. If the Directors should wish to vary the Remuneration Policy before 2017, then shareholder approval for the new Remuneration Policy would be sought; and
(ii) an Implementation Report, which provides information on how the policy has been applied during the year and which will be subject to an advisory vote on the level of remuneration paid during the year as set out in the Implementation Report.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Independent Auditor's Opinion is included on pages 42 to 46.

The fact that the Remuneration Policy is subject to a binding vote at least every three years does not imply any change on the part of the Company. The principles remain the same as for previous years. There have been no changes to the Directors' Remuneration Policy during the period of this Report nor are there any proposals for the foreseeable future.

Remuneration Policy

This part of the Remuneration Report provides details of the Company's Remuneration Policy for Directors of the Company. This policy takes into consideration the principles of UK Corporate Governance. No shareholder views were sought in setting the Remuneration Policy although any comments received from shareholders would be considered on an ongoing basis.

Although the Company has no employees and the Board is comprised wholly of non-executive Directors and, despite the size and nature of the Company, the Board has established a separate Remuneration Committee which determines Directors' remuneration. The Directors' fees are set out within the Company's Articles of Association which limit to £200,000 the annual aggregate fees payable to the Board. This limit may only be amended by shareholder resolution and an increase was last approved in October 2011.

Subject to this overall limit, the Board's policy is that the remuneration of non-executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective. The level of Directors' fees is shown in the table below:

	30 June 2016 £	30 June 2015 £
Chairman	34,500	33,000
Chairman of Audit Committee	28,500	27,000
Director	23,500	22,000

Appointment

- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive appointed under the terms of Letters of Appointment.
- Directors must retire and be subject to re-election at the first AGM after their appointment, and at least every three years thereafter.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment (currently £23,500 per annum).
- No incentive or introductory fees will be paid to encourage a Directorship.
- The Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- The Company indemnifies its Directors for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.

Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance-related fee.
- No Director has a service contract.
- No Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed subject to three months' written notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or to any assets of the Company.

Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

The above Remuneration Policy, effective for three years, was approved by shareholders at the AGM on 29 October 2014.

Implementation Report

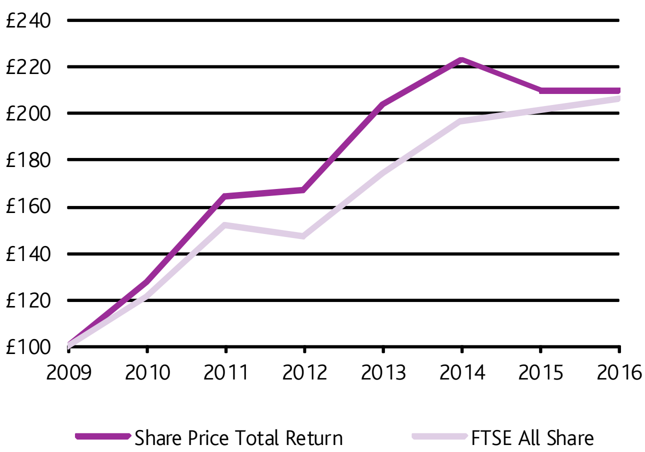
Directors' Fees

The Board carried out a review of Directors' annual fees during the year and concluded that the annual fees should remain unchanged for the year commencing on 1 July 2016. There are no further fees to disclose as the Company has no employees, Chief Executive or Executive Directors.

Directors' Remuneration Report continued

Company Performance

Also during the year the Board carried out a review of investment performance. The graph below shows the share price total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total return from the FTSE All-Share Index for the seven year period to 30 June 2016 (rebased to 100 at 30 June 2009). This index was chosen for comparison purposes, as it is the benchmark used for investment performance measurement purposes.



Statement of Proxy Voting at Annual General Meeting

At the Company's last AGM, held on 28 October 2015, shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 30 June 2015 and the following proxy votes were received on Resolution 2: For – 24.4m votes (99.12%); Discretionary – 59,893 votes (0.24%); Against – 158,121 votes (0.64%); and Withheld – 126,297 votes.

Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to Directors with distributions to shareholders. The total fees paid to Directors are shown in the table.

Audited Information

Fees Payable

The Directors who served in the year received the following fees which exclude employers' NI and any VAT payable:

Director	30 June 2016 £	30 June 2015 £
N A Honebon [A]	34,500	29,392
D E Woods	23,500	22,000
J C Park	28,500	27,000
D A Cameron	23,500	22,000
N A H Rogan	23,500	22,000
M W Balfour [B]	9,115	-
P A F Gifford [C]	-	10,823
Total	**142,615**	**133,215**

Notes to the Fees Payable Table:
[A] Appointed Chairman of the Board on 29 October 2014
[B] Appointed as a Director on 11 February 2016
[C] Retired as Chairman and as a Director on 29 October 2014

Fees are pro-rated where a change takes place during a financial year. There were no payments to third parties from the fees referred to in the table above.

Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company. The Directors (including their persons closely associated) at 30 June 2016, and 30 June 2015, had no interest in the share capital of the Company other than those interests shown below, all of which are beneficial interests, unless indicated otherwise:

	30 June 2016 Ord. 25p	30 June 2015 Ord. 25p
N A Honebon	20,000	20,000
D E Woods	3,000	3,000
J C Park	5,575	5,575
D A Cameron	1,362	1,287
N A H Rogan	21,000	14,000
M W Balfour	10,000	n/a

As at the date of approval of this Report, there had been no changes to the above holdings other than Donald Cameron acquired an additional 13 shares on 4 July 2016 at a price per share of 686.00p as a result of dividend reinvestment.

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Policy and Remuneration Implementation summarises, as applicable, for the year ended 30 June 2016:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and in which decisions have been taken.

D E Woods
Chairman of the Remuneration Committee

8 September 2016

Audit Committee's Report

The Directors have appointed an Audit Committee, consisting of the whole Board, which was chaired by Jean Park throughout the year ended 30 June 2016.

The Directors have satisfied themselves that at least one of the Committee's members has recent and relevant financial experience – Jean Park and Mike Balfour are both members of the Institute of Chartered Accountants of Scotland. The other Directors consider that it is appropriate for Neil Honebon, as Chairman of the Board, to be a member of, but not chair, the Audit Committee, due to the Board's small size, the lack of any conflict of interest and because the other Directors believe that he continues to be independent.

The Audit Committee meets at least twice each year, in line with the cycle of annual and half-yearly reports, which is considered by the Directors to be a frequency appropriate to the size and complexity of the Company.

Role of the Audit Committee

In summary, the Audit Committee's main audit review functions are:

- to review and monitor the internal control systems and risk management systems (including review of non-financial risks) on which the Company is reliant (the Directors' statement on the Company's internal controls and risk management is set out on pages 39 and 40);
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the half-yearly and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, half-yearly reports, announcements and related formal statements;
- to review the content of the Annual Report and financial statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- to meet with Ernst & Young LLP (the "Auditor") to review their proposed audit programme of work and the findings of the Auditor. The Committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the Auditor to supply non-audit services. Non-audit fees of £1,500 (excluding applicable VAT) were paid to the Auditor during the year ended 30 June 2016 (2015 - £23,000, excluding applicable VAT) in respect of the preparation of annual corporation tax returns in the format prescribed by HMRC. The Committee will review any future non-audit fees in the light of the requirement for the Auditor to maintain their independence;
- to review a statement from the Manager detailing the arrangements in place within Aberdeen whereby Aberdeen staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters ("whistleblowing");
- to make recommendations in relation to the appointment of the Auditor and to approve the remuneration and terms of engagement of the Auditor;
- to monitor and review annually the Auditor's independence, objectivity, effectiveness, resources and qualification; and
- to investigate, when an Auditor resigns, the reasons giving rise to such resignation and consider whether any action is required.

Internal Controls and Risk Management

Through the Audit Committee, the Board is ultimately responsible for the Company's system of internal control and risk management and for reviewing its effectiveness. The Audit Committee confirms that as at 30 June 2016 there is an ongoing process for identifying, evaluating and managing the Company's significant business and operational risks, that it has been in place for the year ended 30 June 2016 and up to the date of approval of the Annual Report and Financial Statements, that it is regularly reviewed by the Board and accords with the internal control guidance for directors in the UK Code on Corporate Governance published in September 2014 (the "Code").

The design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and to manage its affairs properly extends to operational and compliance controls and risk management.

The Directors have delegated the investment management of the Company's assets to the Manager within overall guidelines, and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems are monitored and supported by the Manager's internal audit function which undertakes periodic examination of business processes, including compliance with the terms of the management agreement, and ensures that recommendations to improve controls are implemented.

Risks are identified and documented through a risk management framework by each function within the Manager's activities. Risk is considered in the context of the FRC and Code guidance, and includes financial, regulatory, market, operational and reputational risk. This helps the internal audit risk assessment model identify those functions for review. Any weaknesses identified are reported to the Board, and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Board.

The principal risks and uncertainties facing the Company are identified on pages 8 and 9 of this Report.

The key components designed to provide effective internal control are outlined below:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- the Board and Manager have agreed clearly-defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate;
- as a matter of course, the Manager's compliance department continually reviews the Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third-party service providers and the Committee reviews, where relevant, ISAE3402 Reports, a global assurance standard for reporting on internal controls for service organisations; in particular, the Board receives equivalent assurance from Capita Asset Services, the Company's registrars;
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place within the Manager, has decided to place reliance on the Manager's systems and internal audit procedures;
- at its September 2016 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 30 June 2016 by considering documentation from the Manager, including the internal audit and compliance functions, and taking account of events since 30 June 2016.

In addition, the Manager ensures that clearly-documented contractual arrangements exist in respect of any activities that have been delegated to external professional organisations. A senior member of the Manager's Internal Audit department reports six-monthly to the Audit Committee and has direct access to the Directors at any time.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and, by their nature, can only provide reasonable, and not absolute, assurance against misstatement and loss.

Significant Risks for the Audit Committee

During its review of the Company's financial statements for the year ended 30 June 2016, the Audit Committee considered the following significant risks, including, in particular, those communicated by the Auditor as key areas of audit emphasis during their planning and reporting of the year end audit:

Valuation and Existence of Investments

How the risk was addressed - The valuation of investments is undertaken in accordance with the accounting policies, disclosed in notes 1(e) and 1(h) to the financial statements. All investments are considered liquid and quoted in active markets and have been categorised as Level 1 within the FRS 102 fair value hierarchy and can be verified against daily market prices. The portfolio is reviewed and verified by the Manager on a regular basis and management accounts, including a full portfolio listing, are prepared each month and circulated to the Board. The portfolio is also reviewed annually by the Auditor. The Company used the services of an independent depositary (BNP Paribas Securities Services) during the year under review to hold the assets of the Company. The investment portfolio is reconciled regularly by the Manager and the audit includes independent confirmation of the existence of all investments.

Income recognition

How the risk was addressed - the recognition of investment income is undertaken in accordance with accounting policy note 1(b) to the financial statements. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the intention of the underlying company. The Directors also review, at each meeting, the Company's income, including income received, revenue forecasts and dividend comparisons.

Review of Auditor

The Audit Committee has reviewed the effectiveness of the Auditor including:

- independence - the Auditor discusses with the Audit Committee, at least annually, the steps it takes to ensure its independence and objectivity, including the level of non-audit fees it has received from the Company, and makes the Committee aware of any potential issues, explaining all relevant safeguards;
- quality of audit work including the ability to resolve issues in a timely manner - identified issues are satisfactorily and promptly resolved;
- its communications/presentation of outputs - the explanation of the audit plan, any deviations from it and

the subsequent audit findings are comprehensive and comprehensible, and working relationship with management - the Auditor has a constructive working relationship with the Manager; and

- quality of people and service including continuity and succession plans - the audit team is made up of sufficient, suitably experienced staff with provision made for knowledge of the investment trust sector and retention on rotation of the partner.

EY, and predecessor firms, have held office as Auditor since the incorporation of the Company in 1923. In accordance with present professional guidelines the Senior Statutory Auditor is rotated after no more than five years and the year ended 30 June 2016 will be the second year for which the present Senior Statutory Auditor has served. The Committee considers EY to be independent of the Company. The Audit Committee arranged, in May 2014, a tender for the Company's external audit following which the Directors recommended the reappointment of EY as external Auditor which was subsequently approved by shareholders at the AGM on 28 October 2015. Shareholders have the opportunity at each AGM to vote on the reappointment of the Auditor for the forthcoming year. Under EU regulations, EY are required to resign as Auditor no later than 2020 and, accordingly, the Board expects to hold the next tender for external audit services in 2019.

J C Park
Chairman of the Audit Committee

8 September 2016

Independent Auditor's Report to the Members of Murray Income Trust PLC

Our opinion on the 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 June 2016 and of the Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Murray Income Trust PLC's financial statements comprise:

Statement of Comprehensive Income for the year ended 30 June 2016
Statement of Financial Position as at 30 June 2016
Statement of Changes in Equity for the year ended 30 June 2016
Statement of Cash Flows for the year ended 30 June 2016
Related notes 1 to 18 to the financial statements

The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Overview of our audit approach

Risks of material misstatement	• Incomplete or inaccurate revenue recognition through failure to recognise proper income entitlements or apply appropriate accounting treatment. • Incorrect valuation and existence of the investment portfolio.
Audit scope	• All audit work was performed directly by the audit engagement team.
Materiality	• Materiality of £5.15m which represents 1% of equity shareholders' funds (2015: £5.16m)

Our assessment of risk of material misstatement

We identified the risks of material misstatement described below as those with the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

Risk	Our response to the risk	What we concluded to the Audit Committee
Incomplete or inaccurate revenue recognition through failure to recognise proper income entitlements or apply appropriate accounting treatment (as described on page 40 of the Report of the Audit Committee). Most of the Company's income is received in the form of dividends and option premiums, being £22.98m (2015: £23.89m) and £1.77m (2015: £1.49m) respectively for the year. During the year, the Company received 5 special dividends, with an aggregate value of £0.59m.	We agreed a sample of dividend receipts to an independent source. We agreed, on a sample basis, investee company dividend announcements from an independent source to the income recorded by the Company. We agreed all accrued dividends to an independent source. We reviewed the treatment of the special dividends identified.	We noted no issues in agreeing the sample of dividend receipts to and from an independent source. We noted no issues in agreeing the accrued dividends to an independent source. We agreed with the allocation of the special dividends to revenue. We noted no issues in agreeing the option contracts to broker statements and agreed with the allocation of the

The investment income receivable by the Company during the period directly affects the Company's ability to pay a dividend to shareholders. Given the manual and judgemental element involved in allocating special dividends and option premiums between revenue and capital, we considered there to be a fraud risk, in accordance with Auditing Standards, in this area of our audit.	We agreed a sample of option contracts to broker statements and reviewed the treatment of the option premiums received.	option premiums to revenue.
Incorrect valuation and existence of the investment portfolio (as described on page 40 of the Report of the Audit Committee). The valuation of the portfolio at 30 June 2016 was £553.53m (2015: £547.34m), consisting of listed equities. The valuation of the assets held in the investment portfolio is the key driver of the Company's NAV and total return. Incorrect asset pricing or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders.	For all investments in the portfolio, we agreed the prices to an independent source. For those investments priced in currencies other than Sterling, we have agreed the exchange rates to an independent source. We have independently obtained confirmations from the Company's custodian and depositary to confirm the existence of the assets held as at 30 June 2016.	For all investments, we noted no material differences in market value or exchange rates. We noted no differences between the custodian and depositary confirmations and the Company's underlying financial records.

There are no changes to the risks reported in the prior year.

The scope of our audit

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined planning materiality for the Company to be £5.15m (2015: £5.16m), which is 1% of equity shareholders' funds. We derived our materiality calculation from a proportion of equity shareholders' funds as we consider that to be the key measurement of the Company's performance.

Independent Auditor's Report to the Members of Murray Income Trust PLC continued

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgment was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 75% of planning materiality, being £3.86m (2015: £3.87m). Our objective in adopting this approach was to ensure that total undetected and uncorrected audit differences in all accounts did not exceed our planning materiality level. We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for the Company we also applied a separate testing threshold of £1.10m (2015: £1.13m) for the revenue column of the Income Statement, being 5% of the revenue return on ordinary activities before taxation.

Reporting threshold

An amount below which identified misstatements are considered to be clearly trivial.

We agreed with the audit committee that we would report all audit differences in excess of £0.26m (2015: £0.26m) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations.

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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 30, 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 is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 Strategic Report and 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

ISAs (UK and Ireland) reporting	We are required to report to you if, in our opinion, financial and non-financial information in the annual report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the directors' statement that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the audit committee that we consider should have been disclosed.	We have no exceptions to report.
Companies Act 2006 reporting	We are required to report to you if, in our opinion: • adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.	We have no exceptions to report.
Listing Rules review requirements	We are required to review: • the directors' statement in relation to going concern set out on page 34, and longer-term viability, also set out on page 34; and • the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review	We have no exceptions to report.

Statement on the Directors' Assessment of the Principal Risks that Would Threaten the Solvency or Liquidity of the Entity

ISAs (UK and Ireland) reporting	We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to: • the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity; • the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated; • the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material	We have nothing material to add or to draw attention to.

Independent Auditor's Report to the Members of Murray Income Trust PLC continued

	uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and • the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	

Caroline Mercer (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh

8 September 2016

Financial Statements

The Company's NAV rose by 5.9% in the year ended 30 June 2016 compared to a rise in the benchmark of 2.2% (all figures in Sterling total return terms).

This image shows a section of the BP ETAP (Eastern Trough Area Project) oil platform in the North Sea, around 100 miles east of Aberdeen. BP's main activities are split between exploration and production of crude oil and natural gas and refining, marketing, supply and transportation of petroleum products.

Statement of Comprehensive Income

		Year ended 30 June 2016			Year ended 30 June 2015		
		Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Gains/(losses) on investments	9	–	6,899	6,899	–	(32,303)	(32,303)
Currency gains		–	150	150	–	33	33
Income	2	24,838	–	24,838	25,476	–	25,476
Investment management fees	3	(1,302)	(1,302)	(2,604)	(1,396)	(1,396)	(2,792)
Administrative expenses	4	(1,145)	–	(1,145)	(1,183)	–	(1,183)
Net return before finance costs and taxation		22,391	5,747	28,138	22,897	(33,666)	(10,769)
Finance costs of borrowing	5	(328)	(328)	(656)	(380)	(380)	(760)
Net return on ordinary activities before taxation		22,063	5,419	27,482	22,517	(34,046)	(11,529)
Taxation on ordinary activities	7	(339)	–	(339)	55	–	55
Net return on ordinary activities after taxation		**21,724**	**5,419**	**27,143**	**22,572**	**(34,046)**	**(11,474)**
Return per Ordinary share (pence)	8	**32.0**	**8.0**	**40.0**	**33.1**	**(50.0)**	**(16.9)**

The total column of this statement represents the profit and loss account of the Company. The 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

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

No operations were acquired or discontinued in the year.

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

		£'000	£'000	£'000	£'000	£'000	£'000
Ordinary dividends on equity shares	**6**	**21,788**	–	**21,788**	**21,240**	–	**21,240**

The above dividend information does not form part of the Statement of Comprehensive Income.

Statement of Financial Position

	Notes	As at 30 June 2016 £'000	As at 30 June 2015 £'000
Non-current assets			
Investments at fair value through profit or loss	9	553,527	547,339
Current assets			
Other debtors and receivables	10	7,203	7,148
Cash and short term deposits		10,270	17,874
		17,473	25,022
Creditors: amounts falling due within one year			
Other payables	11	(964)	(1,473)
Bank loans	11	(55,000)	(55,000)
Net current liabilities		(38,491)	(31,451)
Net assets		**515,036**	**515,888**
Share capital and reserves			
Called-up share capital	12	17,148	17,148
Share premium account		24,020	24,020
Capital redemption reserve		4,997	4,997
Capital reserve	13	440,595	441,383
Revenue reserve		28,276	28,340
Equity shareholders' funds		**515,036**	**515,888**
Net asset value per Ordinary share (pence)	14	**766.5**	**757.1**

The financial statements were approved by the Board of Directors and authorised for issue on 8 September 2016 and were signed on its behalf by:

N A Honebon
Chairman

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

Statement of Changes in Equity

For the year ended 30 June 2016

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 July 2015		17,148	24,020	4,997	441,383	28,340	515,888
Return on ordinary activities after taxation		–	–	–	5,419	21,724	27,143
Buyback of Ordinary shares for treasury		–	–	–	(6,207)	–	(6,207)
Dividends paid	6	–	–	–	–	(21,788)	(21,788)
Balance at 30 June 2016		**17,148**	**24,020**	**4,997**	**440,595**	**28,276**	**515,036**

For the year ended 30 June 2015

		Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 July 2014		17,117	23,101	4,997	475,429	27,008	547,652
Return on ordinary activities after taxation		–	–	–	(34,046)	22,572	(11,474)
Issue of Ordinary shares		31	919	–	–	–	950
Dividends paid	6	–	–	–	–	(21,240)	(21,240)
Balance at 30 June 2015		**17,148**	**24,020**	**4,997**	**441,383**	**28,340**	**515,888**

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

Statement of Cash Flows

	Notes	Year ended 30 June 2016 £'000	Year ended 30 June 2015 As re-presented (note 1) £'000
Net return before finance costs and taxation		28,138	(10,769)
Decrease in accrued expenses		(33)	(365)
Overseas withholding tax		(405)	(240)
Dividends income	2	(22,982)	(23,885)
Dividends received		22,928	24,220
Interest income	2	(46)	(103)
Interest received		46	103
Interest paid		(659)	(768)
(Gains)/losses on investments	9	(6,899)	32,303
Decrease/(increase) in other debtors		66	(4,774)
Stock dividends included in investment income	2	(1,095)	(1,699)
Net cash inflow from operating activities		19,059	14,023
Investing activities			
Purchases of investments		(49,539)	(53,437)
Sales of investments		50,871	54,935
Net cash inflow from investing activities		1,332	1,498
Financing activities			
Dividends paid	6	(21,788)	(21,240)
(Buyback)/issue of Ordinary shares	12	(6,207)	950
Drawdown of bank loans		–	10,000
Net cash outflow from financing activities		(27,995)	(10,290)
(Decrease)/increase in cash		**(7,604)**	**5,231**
Analysis of changes in cash during the year			
Opening balance		17,874	12,643
(Decrease)/increase in cash as above		(7,604)	5,231
Closing balance		**10,270**	**17,874**

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements For the year ended 30 June 2016

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

These financial statements are the first since FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland) came into effect for accounting periods beginning on or after 1 January 2015. An assessment of the impact of adopting FRS 102 has been carried out and found that no restatement of balances as at the transition date, 1 July 2014, or comparative figures in the Statement of Financial Position or the Statement of Comprehensive Income is considered necessary. The presentation of items in the Statement of Cash Flows for the comparative period has been changed to comply with the requirements of FRS 102. The Company has early adopted Amendments to FRS 102 – Fair value hierarchy disclosures issued by the Financial Reporting Council in March 2016.

(b) Income

Dividends receivable on equity shares are treated as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available dividends receivable on or before the year end are treated as revenue for the year. Where the Company has elected to receive dividends in the form of additional shares rather than cash, the amount of the cash dividend foregone is recognised as revenue and any residual amount is recognised as capital. Provision is made for any dividends not expected to be received. Special dividends are credited to capital or revenue, according to the circumstances. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately within the Statement of Comprehensive Income.

Interest receivable from cash and short-term deposits and interest payable is accrued to the end of the year.

(c) Expenses

All expenses are accounted for on an accruals basis. All expenses are charged through the revenue column of the Statement of Comprehensive Income except as follows:

- transaction costs on the acquisition or disposal of investments are recognised as a capital item in the Statement of Comprehensive Income.
- expenses are charged as a capital item in the Statement of Comprehensive Income where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect the investment management fee has been allocated 50% to revenue and 50% to capital to reflect the Company's investment policy and prospective income and capital growth.

(d) Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the Statement of Financial Position date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

Due to the Company's status as an investment trust company and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue within the Statement of Comprehensive Income on the same basis as the particular item to which it relates using the Company's effective rate of tax for the year, based on the marginal basis.

(e) Valuation of investments

The Company has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement (as adopted for use in the EU) and investments have been designated upon initial recognition at fair value through profit or loss. This is done because all investments are considered to form part of a group of financial assets which is evaluated on a fair value basis, in accordance with the Company's documented investment strategy, and information about the grouping is provided internally on that basis. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are valued at fair value through profit or loss. For listed investments, this is deemed to be bid market prices or closing prices for SETS (London Stock Exchange's electronic trading service) stocks sourced from the London Stock Exchange. Gains and losses arising from changes in fair value are included in the net return for the period as a capital item in the Statement of Comprehensive Income and are ultimately recognised in the capital reserve.

(f) Cash and cash equivalents

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

(g) Borrowings

Short-term borrowings, which comprise interest bearing bank loans and overdrafts are recognised initially at the fair value of the consideration received, net of any issue expenses, and subsequently at amortised cost using the effective interest method. The finance costs, being the difference between the net proceeds of borrowings and the total amount of payments that require to be made in respect of those borrowings, accrue evenly over the life of the borrowings and are allocated 50% to revenue and 50% to capital.

(h) Traded options

The Company may enter into certain derivative contracts (eg options) to gain exposure to the market. The option contracts are classified as fair value through profit or loss, held for trading, and accounted for as separate derivative contracts and are therefore shown in other assets or other liabilities at their fair value ie market value. The premium received on the open position is recognised over the life of the option in the revenue column of the Statement of Comprehensive Income along with fair value changes in the open position which occur due to the movement in underlying securities. Losses realised on the exercise of the contracts are recorded in the capital column of the Statement of Comprehensive Income as they arise. Where the Company enters into derivative contracts to manage market risk, gains or losses arising on such contracts are recorded in the capital column of the Statement of Comprehensive Income.

(i) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business activity, being investment business. Consequently, no business segmental analysis is provided.

(j) Nature and purpose of reserves

Capital redemption reserve

The capital redemption reserve arose when Ordinary shares were redeemed, at which point an amount equal to the par value of the Ordinary share capital was transferred from the Statement of Comprehensive Income to the capital redemption reserve.

Capital reserve

This reserve reflects any gains or losses on investments realised in the period along with any movement in the fair value of investments held that have been recognised in the Statement of Comprehensive Income. These include gains and losses from foreign currency exchange differences. Additionally, expenses, including finance costs, are charged to this reserve in accordance with (c) above. The cost of share buybacks to be held in treasury are also deducted from this reserve.

Revenue reserve

This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

(k) Treasury shares

When the Company purchases the Company's equity share capital as treasury shares, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects, and is recognised as a deduction from equity. When these shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from the capital reserve.

(l) Dividends payable

Dividends are recognised in the financial statements in the period in which they are paid.

2. Income	2016 £'000	2015 £'000
Income from investments		
UK dividends (all listed)	17,551	16,471
Overseas dividends (all listed)	4,336	5,838
Stock dividends	1,095	1,576
	22,982	23,885
Other income		
Deposit interest	46	103
Underwriting income	41	–
Traded option premiums	1,769	1,488
	1,856	1,591
Total income	**24,838**	**25,476**

During the year, the Company received premiums totalling £1,769,000 (2015 – £1,488,000) in exchange for entering into derivative transactions. At the year end there were no open positions (2015 – one), valued at a liability position of £nil (2015 – £34,000) and securities held by the Company with a value of £nil (2015 – £3,743,000) were pledged as collateral against this.

	2016			2015		
	Revenue	Capital	Total	Revenue	Capital	Total
3. Management fee	£'000	£'000	£'000	£'000	£'000	£'000
Management fee	1,302	1,302	2,604	1,396	1,396	2,792

The management fee is based on 0.55% for net assets up to £400 million, 0.45% on the next £150 million of net assets and 0.25% for funds over £550 million, calculated and paid monthly. The fee is allocated 50% to revenue and 50% to capital. The agreement is terminable on three months' notice. The total of the fees paid and payable during the year to 30 June 2016 was £2,604,000 (2015 – £2,792,000) and the balance due to AFML at the year end was £225,000 (2015 – £225,000).

4. Administrative expenses	2016 £'000	2015 £'000
Shareholders' services[A]	571	569
Directors' remuneration	143	133
Secretarial fees[B]	90	90
Auditor's remuneration:		
• fees payable to the Company's auditor for the audit of the Company's annual accounts	22	21
– non-audit services		
• fees payable to the Company's auditor and its associates for iXBRL tagging services	2	2
• fees payable to the Company's auditor and its associates for French WHT reclaims	–	21
Other expenses	317	347
	1,145	**1,183**

[A] Includes registration, savings scheme and other wrapper administration and promotion expenses, of which £481,000 (2015 – £489,000) was paid to Aberdeen Asset Managers Limited ("AAML") under a delegation agreement with AFML to cover promotional activities during the year. There was £120,000 (2015 – £121,000) due to AAML in respect of these promotional activities at the year end.

[B] Payable to AFML, balance outstanding £23,000 (2015 – £23,000) at the year end.

With the exception of Auditor's remuneration for the statutory audit, all of the expenses above, including fees for non–audit services, include irrecoverable VAT where applicable. For the Auditor's remuneration for the statutory audit irrecoverable VAT amounted to £4,000 (2015 – £4,000).

5. Finance costs of borrowing	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
Bank loans	**328**	**328**	**656**	**380**	**380**	**760**

6. Ordinary dividends on equity shares	2016 £'000	2015 £'000
Third interim 2015 of 7.00p (2014 – 7.00p)	4,770	4,761
Final 2015 of 11.00p (2014 – 10.25p)	7,496	6,972
First interim 2016 of 7.00p (2015 – 7.00p)	4,770	4,770
Second interim 2016 of 7.00p (2015 – 7.00p)	4,752	4,770
Return of unclaimed dividends	–	(33)
	21,788	**21,240**

The third interim and proposed final dividends for 2016 have not been included as a liability in these financial statements as they were not payable until after the reporting date. The proposed final dividend for 2016 is subject to approval by shareholders at the Annual General Meeting.

We set out below the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Section 1158–1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £21,724,000 (2015 – £22,572,000).

Notes to the Financial Statements continued

	2016 £'000	2015 £'000
Three interim dividends of 7.00p each (2015 – 7.00p)	14,227	14,310
Proposed final dividend of 11.25p (2015 – 11.00p)	7,559	7,496
	21,786	**21,806**

The amount reflected above for the cost of the proposed final dividend for 2016 is based on 67,192,458 Ordinary shares, being the number of Ordinary shares in issue at the date of this Report.

		2016			2015	
	Revenue	Capital	Total	Revenue	Capital	Total
7. Taxation	£'000	£'000	£'000	£'000	£'000	£'000
(a) Analysis of charge for the year						
Overseas tax suffered	543	–	543	763	–	763
French WHT reclaimed	–	–	–	(512)	–	(512)
Overseas tax reclaimable	(204)	–	(204)	(306)	–	(306)
Total tax charge for the year	**339**	**–**	**339**	**(55)**	**–**	**(55)**

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax rate of 20% (2015 – 20.75%). The differences are explained as follows:

		2016			2015	
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Net profit on ordinary activities before taxation	**22,063**	**5,419**	**27,482**	**22,517**	**(34,046)**	**(11,529)**
Return on ordinary activities multiplied by the standard rate of corporation tax of 20% (2015 – 20.75%)	4,413	1,084	5,497	4,672	(7,065)	(2,393)
Effects of:						
Non-taxable UK dividends	(3,510)	–	(3,510)	(3,418)	–	(3,418)
Non-taxable stock dividends	(219)	–	(219)	(327)	–	(327)
Non-taxable overseas dividends	(815)	–	(815)	(1,161)	–	(1,161)
Movement in unutilised loan relationships	58	66	124	137	79	216
Movement in unutilised management expenses	73	260	333	97	290	387
Other capital returns	–	(1,410)	(1,410)	–	6,696	6,696
Overseas tax payable/(recoverable)	339	–	339	(55)	–	(55)
Total tax charge	**339**	**–**	**339**	**(55)**	**–**	**(55)**

(c) Factors that may affect future tax charges

No provision for deferred tax has been made in the current or prior accounting period.

The Company has not provided for deferred tax on capital gains or losses arising on the revaluation or disposal of investments as it is exempt from tax on these items because of its status as an investment trust company.

At the year end, the Company has, for taxation purposes only, accumulated unrelieved management expenses and loan relationship deficits of £58,898,000 (2015 – £56,816,000). A deferred tax asset in respect of this has not been recognised and these expenses will only be utilised if the Company has profits chargeable to corporation tax in the future. It is considered too uncertain that the Company will generate such profits and therefore no deferred tax asset has been recognised.

	2016		2015	
8. Return per Ordinary share	**£'000**	**p**	**£'000**	**p**
Returns are based on the following figures:				
Revenue return	21,724	32.0	22,572	33.1
Capital return	5,419	8.0	(34,046)	(50.0)
Total return	**27,143**	**40.0**	**(11,474)**	**(16.9)**
Weighted average number of Ordinary shares in issue		**67,867,787**		**68,100,677**

	2016	2015
9. Investments	**£'000**	**£'000**
Held at fair value through profit or loss:		
Opening valuation	547,339	578,506
Opening investment holdings gains	(133,099)	(170,702)
Opening book cost	414,240	407,804
Movements during the year:		
Purchases at cost	50,160	55,948
Sales – proceeds	(50,871)	(54,812)
Sales – (losses)/gains	(8,932)	5,300
Closing book cost	404,597	414,240
Closing investment holdings gains	148,930	133,099
Closing valuation	**553,527**	**547,339**

	2016	2015
The portfolio valuation:	**£'000**	**£'000**
UK equities	467,464	453,091
Overseas equities	86,063	94,248
Total	**553,527**	**547,339**

	2016	2015
Gains/(losses) on investments	**£'000**	**£'000**
(Losses)/gains based on book cost	(8,932)	5,300
Net movement in investment holdings gains	15,831	(37,603)
	6,899	**(32,303)**

Where there are open positions on traded options the Company pledges collateral greater than the market value of the traded options in accordance with standard commercial practice. At 30 June 2016, the carrying amount of financial assets pledged equated to £nil as no open positions existed (2015 – £3,743,000 all in the form of securities). The collateral position is monitored on a daily basis, which then determines if further assets are required to be pledged over and above those already pledged.

Transaction costs

During the year expenses were incurred in acquiring or disposing of investments classified at fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Statement of Comprehensive Income. The total costs were as follows:

	2016 £'000	2015 £'000
Purchases	272	285
Sales	42	30
	314	**315**

10. Other debtors and receivables	2016 £'000	2015 £'000
Prepayments and accrued income	**7,203**	**7,148**

11. Creditors: amounts falling due within one year	2016 £'000	2015 £'000
Other creditors	503	503
Amounts due to brokers	461	936
Amounts due on derivative contracts	–	34
Bank loans	55,000	55,000
	55,964	**56,473**

At the reporting date there were no (2015 – one) open option positions, having a value of £nil (2015 – £34,000).

At 30 June 2016 the Company had drawn down £55,000,000 (30 June 2015 – £55,000,000) of an £80,000,000 multi–currency unsecured revolving bank credit facility with The Royal Bank of Scotland PLC, which is committed to the Company until 15 September 2017. Under the terms of the agreement, advances from the facility may be made for periods of up to six months or for such longer periods agreed by the lender. Interest is charged at a variable rate based on LIBOR plus a margin of 0.5% for the relevant period of the advance. As at 30 June 2016 this rate was 1.01092% (30 June 2015 – 1.36256%) and the loan rolled over on 22 July 2016.

At the date this Report was approved, the Company had drawn down the following amounts of the facility, all with a maturity date of 6 October 2016:

– Swiss Franc 24,470,000 at an all-in rate of 0.5%

– Euro 10,320,000 at an all-in rate of 0.5%

– Swedish Krona 131,100,000 at an all-in rate of 0.5%

– US Dollar 21,240,000 at an all-in rate of 1.02572%

Financial covenants contained within the loan agreement provide, inter alia, that borrowings to net assets must not exceed 30% (30 June 2016 – 10.7%; 30 June 2015 – 10.7%) and that net assets must exceed £225 million (30 June 2016 – £515.0 million; 30 June 2015 – £515.9 million). All financial covenants were met during the year and also during the period from the year end to the date of this report.

12. Called-up share capital	2016 Shares	2016 £'000	2015 Shares	2015 £'000
Allotted, called-up and fully-paid				
Ordinary shares of 25p each: publicly held	67,192,458	16,798	68,142,458	17,035
Ordinary shares of 25p each: held in treasury	1,401,000	350	451,000	113
	68,593,458	**17,148**	**68,593,458**	**17,148**

During the year there were 950,000 Ordinary shares repurchased (2015 – nil) to be held in treasury by the Company at a total cost of £6,207,000 (2015 – £nil).

No Ordinary shares were sold from the treasury account (2015 – nil) and no (2015 – 125,000) new shares were allotted. All of the shares allotted in 2015 were sold at a premium to net asset value raising £950,000 net of expenses.

13. Capital reserve	2016 £'000	2015 £'000
At 1 July 2015	441,383	475,429
Movement in investment holding gains	15,831	(37,603)
(Losses)/gains on realisation of investments at fair value	(8,932)	5,300
Currency gains	150	33
Finance costs of bank loan	(328)	(380)
Buyback of shares	(6,207)	–
Investment management fees	(1,302)	(1,396)
At 30 June 2016	**440,595**	**441,383**

14. Net asset value per share

The net asset value per Ordinary share and the net asset value attributable to the Ordinary shares at the year end were as follows:

	2016	2015
Net asset value attributable (£'000)	515,036	515,888
Number of Ordinary shares in issue (note 12)	67,192,458	68,142,458
Net asset value per share (p)	**766.5**	**757.1**

15. Financial instruments

Risk management

The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments, other than derivatives, comprise securities and other investments, cash balances, liquid resources, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company also has the ability to enter into derivative transactions in the form of forward foreign currency contracts, futures and options, subject to Board approval, for the purpose of enhancing portfolio returns and for hedging purposes in a manner consistent with the Company's broader investment policy.

The following table shows the fair values of open positions in options at the year end, all recorded as liabilities in note 11, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor the credit risk.

	2016 Liabilities £'000	2016 Gross £'000
No open positions	–	–
Total	–	–

	2015 Liabilities £'000	2015 Gross £'000
British American Tobacco (Put)	34	1,878
Total	34	1,878

The Board has delegated the risk management function to Aberdeen Fund Managers Limited ("AFML") under the terms of its management agreement with AFML (further details of which are included under note 3 and in the Directors' Report) however, it remains responsible for the risk and control framework and operation of third parties. The Board regularly reviews and agrees policies for managing each of the key financial risks identified with the Manager. The types of risk and the Manager's approach to the management of each type of risk, are summarised below. Such approach has been applied throughout the year and has not changed since the previous accounting period. The numerical disclosures exclude short-term debtors and creditors.

Risk management framework

The directors of Aberdeen Fund Managers Limited collectively assume responsibility for AFML's obligations under the AIFMD including reviewing investment performance and monitoring the Company's risk profile during the year.

AFML is a fully integrated member of the Aberdeen Group, which provides a variety of services and support to AFML in the conduct of its business activities, including in the oversight of the risk management framework for the Company. The AIFM has delegated the day to day administration of the investment policy to Aberdeen Asset Managers Limited, which is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in its pre-investment disclosures to investors (details of which can be found on the Company's website). The AIFM has retained responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group CEO and to the Audit Committee of the Group's Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment.

The Manager conducts its risk oversight function through the operation of the Group's risk management processes and systems which are embedded within the Group's operations. The Group's Risk Division supports management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Compliance, Business Risk, Market Risk, Risk Management and Legal. The team is headed up by the Group's Head of Risk, who reports to the Chief Executive Officer of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system ("SWORD").

The Group's corporate governance structure is supported by several committees to assist the board of directors of Aberdeen, its subsidiaries and the Company to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those committees that deal with investment recommendations. The specific goals and guidelines on the functioning of those committees are described in the committees' terms of reference.

Risk management

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

In order to mitigate risk, the investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The Attribution Analysis, detailing the allocation of assets and the stock selection, is shown in the Performance Attribution table on page 15. The Investment Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy. Current strategy is detailed in the Chairman's Statement on pages 4 and 5 in the sections headed "Performance", "Dividend" and "Outlook" and in the Investment Manager's Report on pages 14 to 17 in the sections headed "Background", "Performance", "Portfolio Activity and Structure", "Income" and "Outlook".

The Board has agreed the parameters for gearing, which was 8.7% of net assets as at 30 June 2016 (2015 – 7.2%). The Manager's policies for managing these risks are summarised below and have been applied throughout the current and previous year. The numerical disclosures in the tables listed below exclude short-term debtors and creditors.

Market risk

The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the Manager in pursuance of the investment objective as set out on page 7. Adherence to investment guidelines and to investment and borrowing powers set out in the management agreement mitigates the risk of exposure to any particular security or issuer. Further information on the investment portfolio is set out in the Investment Manager's Report on pages 14 to 17.

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's operations. It represents the potential loss the Company might suffer through holding market positions as a consequence of price movements. It is the Board's policy to hold equity investments in the portfolio in a broad spread of sectors in order to reduce the risk arising from factors specific to a particular sector. A summary of investment changes during the year under review is on page 24 and an analysis of the equity portfolio by sector is on page 25.

Interest rate risk

Interest rate movements may affect:

- the level of income receivable on cash deposits;
- interest payable on the Company's variable rate borrowings; and
- the fair value of any investments in fixed interest rate securities.

Management of the risk

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

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

Financial assets

The interest rate risk of the portfolio of financial assets at the reporting date was as follows:

Notes to the Financial Statements continued

	Floating rate		Non-interest bearing	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Danish Krone	–	–	2,946	–
Euro	126	29	12,581	30,471
Sterling	9,943	17,815	467,464	453,091
Swedish Krona	–	–	16,972	20,538
Swiss Francs	132	20	29,827	26,087
US Dollars	69	10	23,737	17,152
Total	**10,270**	**17,874**	**553,527**	**547,339**

The floating rate assets consist of cash deposits on call earning interest at prevailing market rates.

The non-interest bearing assets represent the equity element of the portfolio.

Financial liabilities

The Company has borrowings by way of a loan facility, details of which are in note 11. The fair value of this loan has been calculated at £55,000,000 as at 30 June 2016 (2015 – £55,000,000). The fair value of the loan equates to the cost as the loans are rolled over on a regular basis.

All other financial assets and liabilities of the Company are included in the Balance Sheet at their book value which in the opinion of the Directors is not materially different from their fair value.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant in the case of instruments that have floating rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's profit before tax for the year ended 30 June 2016 and net assets would decrease/increase by £447,000 (2015 – decrease/increase by £371,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances and borrowings.

Foreign currency risk

A proportion of the Company's investment portfolio is invested in overseas securities whose values are subject to fluctuation due to changes in foreign exchange rates. In addition, the impact of changes in foreign exchange rates upon the profits of investee companies can result, indirectly, in changes in their valuations. Consequently the Statement of Financial Position can be affected by movements in exchange rates.

Management of the risk

The revenue account is subject to currency fluctuations arising on dividends receivable in foreign currencies and, indirectly, due to the impact of foreign exchange rates upon the profits of investee companies. It is not the Company's policy to hedge this currency risk but the Board keeps under review the currency returns in both capital and income.

Foreign currency risk exposure by currency of denomination excluding other debtors and receivables and other payables falling due within one year:

	30 June 2016 Investments £'000	Net monetary liabilities £'000	Total currency exposure £'000	30 June 2015 Investments £'000	Net monetary liabilities £'000	Total currency exposure £'000
Danish Krone	2,946	–	2,946	–	–	–
Euro	12,581	126	12,707	30,471	29	30,500
Sterling	467,464	(45,057)	422,407	453,091	(37,185)	415,906
Swedish Krona	16,972	–	16,972	20,538	–	20,538
Swiss Francs	29,827	132	29,959	26,087	20	26,107
US Dollars	23,737	69	23,806	17,152	10	17,162
Total	**553,527**	**(44,730)**	**508,797**	**547,339**	**(37,126)**	**510,213**

Foreign currency sensitivity

No sensitivity analysis has been included. Where the Company's equity investments (which are non-monetary items) are priced in a foreign currency, they have been included within the other price risk sensitivity analysis so as to show the overall level of exposure. Foreign currency exposure of monetary items is not considered material since they are predominantly carried in the Company's functional currency which is sterling.

Other price risk

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

Management of the risk

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The allocation of assets to international markets and the stock selection process, as detailed in the section "Investment Process" on page 68, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy.

Other price risk sensitivity

If market prices at the reporting date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders and equity for the year ended 30 June 2016 would have increased/decreased by £55,353,000 (2015 – £54,734,000).

Liquidity risk

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

	Within 3 months 2016 £'000	Within 3 months 2015 £'000
Bank loans	55,000	55,000
Interest cash flows on bank loans	46	62
Cash flow on forward currency contracts	–	34
	55,046	**55,096**

Management of the risk

The Company's assets comprise readily realisable securities which can be sold to meet funding commitments if necessary.

Short-term flexibility is achieved through the use of committed loan and overdraft facilities.

As at 30 June 2016 the Company utilised £55,000,000 of a £80,000,000 (2015 – £55,000,000) revolving bank credit facility, which is committed until 15 September 2017. Interest is charged at a variable rate based on LIBOR plus a margin of 0.5% (2015 – margin 0.5%) for the relevant period of the advance. As at 30 June 2016 this rate was 1.01092% (2015 – 1.36256%) and the loan rolled over on 22 July 2016 (2015 – rolled on 29 July 2015). The aggregate of all future interest payments at the rate ruling at 30 June 2016 and the redemption of the loan amounted to £55,046,000 (2015 – £55,062,000).

Credit risk

This is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Management of the risk

The risk is mitigated by the Investment Manager reviewing the credit ratings of broker counterparties. The risk attached to dividend flows is mitigated by the Investment Manager's research of potential investee companies. The Company's custodian bank is responsible for the collection of income on behalf of the Company and its performance is reviewed by the Board on a regular basis. It is the Manager's policy to trade only with A– and above (Long Term rated) and A–1/P–1 (Short Term rated) counterparties. The maximum credit risk at 30 June 2016 is £12,185,000 (30 June 2015 – £19,735,000) consisting of £1,915,000 (2015 – £1,861,000) of dividends receivable from equity shares and £10,270,000 (2015 – £17,874,000) in cash held.

None of the Company's financial assets are past due or impaired (2015 – £nil).

16. Fair value hierarchy

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company has early adopted Amendments to FRS 102 – Fair value hierarchy disclosures issued by the Financial Reporting Council in March 2016. This has not resulted in any reclassifications in levelling and the prior year comparative has been disclosed under the new hierarchy. The fair value hierarchy shall have the following levels:

Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly; and

Level 3: inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

The financial assets and liabilities measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

For the year ended 30 June 2016

	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	553,527	–	–	553,527
Financial liabilities at fair value through profit or loss					
Derivatives	b)	–	–	–	–
Net fair value		**553,527**	**–**	**–**	**553,527**

For the year ended 30 June 2015

	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	547,339	–	–	547,339
Financial liabilities at fair value through profit or loss					
Derivatives	b)	(34)	–	–	(34)
Net fair value		**547,305**	–	–	**547,305**

a) Quoted equities

The fair value of the Company's investments in quoted equities has been determined by reference to their quoted bid prices at the reporting date. Quoted equities included in Fair Value Level 1 are actively traded on recognised stock exchanges.

b) Derivatives

The fair value of the Company's investments in exchange traded options has been determined using quoted prices on an exchange traded basis and therefore have been classed as Level 1.

17. Related party transactions and transactions with the Manager

Fees payable during the year to the Directors and their interests in shares of the Company are considered to be related party transactions and are disclosed within the Directors' Remuneration Report on pages 37 and 38. The balance of fees due to Directors at the year end was £nil (2015 – £11,000).

The Company has agreements with AFML for the provision of management, secretarial, accounting and administration services and promotional activities. Details of transactions during the year and balances outstanding at the year end are disclosed in notes 3 and 4.

18. Capital management policies and procedures

The investment objective of the Company is to achieve a high and growing income combined with capital growth through investment in a portfolio principally of UK equities.

The capital of the Company consists of debt, comprising bank loans, and equity, comprising issued capital, reserves and retained earnings. The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

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

- the planned level of gearing which takes into account the Investment Manager's views on the market;
- the level of equity shares in issue;
- the extent to which revenue in excess of that which is required to be distributed should be retained.

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

At the year end financial covenants contained within the loan agreement provide, inter alia, that borrowings to net assets must not exceed 30% and that the net assets must exceed £225 million. As noted in greater detail in note 11 all financial covenants were met during the year and also during the period from the year end to the date of this report.

Corporate Information

The Investment Manager is a subsidiary of Aberdeen Asset Management PLC, whose group companies had over £301 billion of assets under management as at 30 June 2016.

Microsoft Corporation develops, manufactures, licenses, sells, and supports software products. In the Investment Manager's view, the transition to the Cloud, when combined with another business re-segmentation, create some near term visibility issues for this otherwise iron clad enterprise juggernaut: however, Microsoft in many ways is still the only game in town for Windows and Office and it still has pricing power.

Information about the Investment Manager

Aberdeen Asset Managers Limited

The Investment Manager is a subsidiary of Aberdeen Asset Management PLC, whose group companies had over £301bn of assets under management as at 30 June 2016. Aberdeen Asset Management PLC manages assets on behalf of a wide range of clients including 35 investment trusts and other closed-ended funds, which have combined total assets of over £15bn. As part of this, the Pan-European team oversees £1.2bn of UK equities and £1.4bn of European (ex UK) equities.

Aberdeen Asset Management PLC has its headquarters in Aberdeen with investment centres in Bangkok, Budapest, Edinburgh, Hong Kong, Jersey, Kuala Lumpur, London, Paris, Philadelphia, Singapore, Sydney and Tokyo.

The Senior Investment Manager

Charles Luke

Senior Investment Manager

BA in Economics and Japanese Studies from Leeds University and an MSc in Business and Economic History from the London School of Economics. Joined Aberdeen's Pan European equities team in 2000. He previously worked at Framlington Investment Management.

Information about the Investment Manager continued

The Investment Process

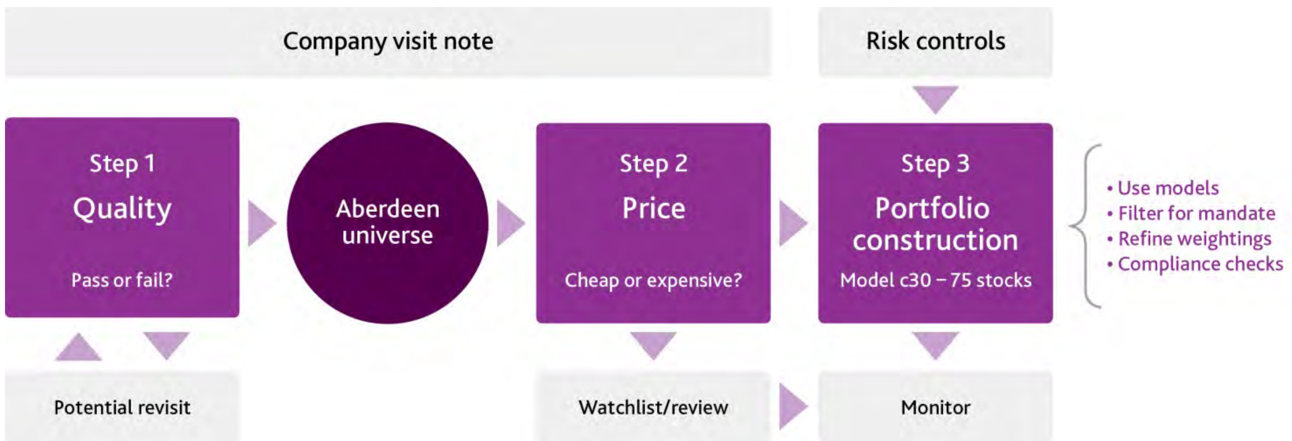
Philosophy and Style

The Manager's investment philosophy is that markets are not always efficient. We (AAM) believe that superior investment returns are therefore attainable by identifying good companies cheaply, defined in terms of the fundamentals that in our opinion drive share prices over the long term. We undertake substantial due diligence before initiating any investment including company visits in order to assure ourselves of the quality of the prospective investment. We are then careful not to pay too high a price when making the investment. Subsequent to that investment we then keep in close touch with the company, aiming to meet management at least twice a year. Given our long-term fundamental investment philosophy, one would not expect much change in the companies in which we invest. We do, however, take opportunities offered to us by what we see as anomalous price movements within stock markets to either top up or top slice positions, which accounts for the bulk of the activity within the portfolio during the year under review.

Risk Controls

We seek to minimise risk by our in depth research. We do not view divergence from a benchmark as risk – we view investment in poorly run expensive companies that we do not understand as risk. In fact where risk parameters are expressed in benchmark relative terms, asset – including sector – allocation constitutes a significant constraint on stock selection. Hence diversification of stocks provides our main control.

AAM's performance and investment risk unit independently monitors portfolio positions, and reports monthly. As well as attributing performance it also produces statistical analysis, which is used by the Manager primarily to check the portfolio is behaving as expected, not as a predictive tool.



Investor Information

AIFMD and Pre-Investment Disclosure Document ("PIDD")

The Company has appointed Aberdeen Fund Managers Limited ("AFML") as its AIFM and BNP Paribas, London Branch as its depositary under the AIFMD.

The AIFMD requires AFML, as the Company's AIFM, to make available to investors certain information around leverage and risk policies prior to such investors' investment in the Company. This information is contained in the PIDD which may be viewed on the Company's website: murray-income.co.uk

The periodic disclosures required to be made by AFML under the AIFMD are set out on page 74.

Benchmark

The Company's benchmark is the FTSE All-Share Index.

Website

Information may be found on the Company's website, murray-income.co.uk, including the Company's share price and performance data as well as London Stock Exchange announcements, current and historic Annual and Half-Yearly Reports, and the latest monthly factsheet issued by the Manager.

Shareholder Enquiries

For queries regarding shareholdings, lost certificates, dividend payments, registered details and related matters, shareholders holding their shares directly in the Company are advised to contact the Registrars (see Contact Information on page 79). Changes of address must be notified to the registrars in writing.

If you have any general questions about your Company, the Manager or performance, please telephone the Aberdeen Group Customer Services Department (see contact information), or send an email to inv.trusts@aberdeen-asset.com or write to Aberdeen Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

Investor Warning: Be alert to share fraud and boiler room scams

The Aberdeen Group has been contacted by investors informing us that they have received telephone calls and emails from people who have offered to buy their investment company shares, purporting to work for the Aberdeen Group or for third party firms. The Aberdeen Group has also been notified of emails claiming that certain investment companies under our management have issued claims in the courts against individuals. These may be scams which attempt to gain your personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from you is required to release the supposed payment for your shares. These callers/senders do not work for the Aberdeen Group and any third party making such offers/claims has no link with the Aberdeen Group.

Aberdeen Group does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact our Customer Services Department using the details on page 79.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams at: fca.org.uk/consumers/scams

Direct Investment

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, for retail clients, shares can be bought directly through Aberdeen's Investment Plan for Children, Investment Trust Share Plan or Investment Trust Individual Savings Account ("ISA").

Aberdeen's Investment Plan for Children

Aberdeen Asset Managers Limited ("AAM") operates an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management, including the Company. Anyone can invest in the Children's Plan (subject to the eligibility criteria as stated within the terms and conditions), including parents, grandparents and family friends. All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts.

Aberdeen's Investment Trust Share Plan

AAM operates an Investment Trust Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need

Investor Information continued

invest in a Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time.

Aberdeen Investment Trust ISA

AAM operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £15,240 in the tax year 2016/2017.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the ISA prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the ISA, from the sale of investments held in the ISA. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

Investors can choose to transfer previous tax year investments to AAM, which can be invested in the Company while retaining their ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

Nominee Accounts and Voting Rights

In common with other schemes of this type, all investments in AAM's Children's Plan, Investment Trust Share Plan and Investment Trust ISA are held in nominee accounts and investors have full voting and other rights of share ownership.

Further Information

If investors would like details on Murray Income Trust PLC or information on the Children's Plan, Share Plan, ISA or ISA Transfers, please e-mail inv.trusts@aberdeen-asset.com or telephone 0500 00 00 40 or write to –

Aberdeen Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB.

Details are also available at: invtrusts.co.uk.

Literature Request Service

For literature and application forms for AAM's investment trust products, please go online at invtrusts.co.uk or please contact:

Telephone: 0500 00 40 00
Email: aam@lit-request.com

Or write to:-

Aberdeen Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Terms and Conditions

Terms and conditions for AAM-managed savings products can also be found under the Literature section of our website at: invtrusts.co.uk.

Suitable for Retail/NMPI Status

The Company's shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors who are seeking a high and growing income combined with capital growth through investment in a portfolio principally of UK equities, and who understand and are willing to accept the risks of exposure to equities.

Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that the securities issued by the Company can be recommended by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream pooled investments ("NMPIs") and intends to continue to do so for the foreseeable future. The Company's securities are excluded from the Financial Conduct Authority's restrictions which apply to NMPIs because they are securities issued by an investment trust.

Keeping You Informed

The Company's Ordinary share price appears under the heading 'Investment Companies' in the Financial Times and in The Daily Telegraph and The Times.

For internet users, detailed information on the Company, including the latest price and net asset value per Ordinary share as well as performance information and a monthly fact sheet, is available on the Company's website: murray-income.co.uk.

Alternatively, please call 0500 00 00 40 (Freephone) or email inv.trusts@aberdeen-asset.com or write to the address for Aberdeen Investment Trusts above.

If you have an administrative query which relates to a direct shareholding in the Company, please contact the Registrar (see page 79 for details).

Online Dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice.

Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include:

AJ Bell You Invest
Alliance Trust Savings
Barclays Stockbrokers
Charles Stanley Direct
Equiniti Selftrade
Halifax Share Dealing
Hargreave Hale
Hargreaves Lansdown
Idealing
Interactive Investor
The Share Centre
Stocktrade
TD Direct

Discretionary Private Client Stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit the Wealth Management Association at: thewma.co.uk

Financial Advisers

To find an adviser who recommends on investment trusts, visit: unbiased.co.uk

Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:
Tel: 0800 111 6768 or at fca.org.uk/firms/systems-reporting/register/search
Email: register@fca.org.uk

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

The information on pages 69 to 71 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Glossary of Terms and Definitions

Aberdeen or Aberdeen Group	Aberdeen Asset Management PLC group of companies.
AFML or AIFM or Manager	Aberdeen Fund Managers Limited ("AFML") is a wholly owned subsidiary of Aberdeen Asset Management PLC and acts as the alternative investment fund manager ("AIFM") for the Company. AFML is authorised and regulated by the Financial Conduct Authority.
AIC	The Association of Investment Companies.
AIFMD or the Directive	The Alternative Investment Fund Managers Directive - The AIFMD is European legislation which created a European-wide framework for regulating managers of 'alternative investment funds' (AIFs). It is designed to regulate any fund which is not a UCITS fund and which is managed and/or marketed in the EU. The Company has been designated as an AIF.
Asset Cover	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.
Benchmark	FTSE All-Share Index.
Call Option	An option contract which gives the buyer the right, but not the obligation, to purchase a specified amount of an asset at the strike price by a future specified date.
Closed-End Fund	A collective investment scheme which has a fixed number of shares which are not redeemable from the fund itself. Unlike open-ended funds, new shares/units are not created by managers to meet demand from investors; instead, shares are purchased (or sold) only in the market. Closed-end funds are normally listed on a recognised stock exchange, such as the London Stock Exchange, and shares can be bought and sold on that exchange.
Discount	The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.
Dividend Cover	Earnings per share divided by dividends per share expressed as a ratio.
Dividend Yield	The annual dividend expressed as a percentage of the share price.
FCA	Financial Conduct Authority
Investment Trust	A type of Closed End Fund which invests in other securities, allowing shareholders to share the risks, and returns, of collective investment.
Leverage	For the purposes of the Alternative Investment Fund Managers Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.

Net Asset Value or NAV	The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.
Net Gearing/Cash	Net gearing/cash is calculated by dividing total borrowings less cash or cash equivalents, by shareholders' funds expressed as a percentage.
Ongoing Charges	Ratio of expenses as percentage of average daily shareholders' funds calculated as per the AIC's industry standard method.
Premium	The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.
Price/Earnings Ratio	The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.
Prior Charges	The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.
Put Option	An option contract which gives the buyer the right, but not the obligation, to sell a specified amount of an asset at the strike price by a future specified date.
Total Assets	Total Assets as per the balance sheet less current liabilities (before deducting prior charges as defined above).
Total Return	Total Return involves reinvesting the net dividend in the month that the share price goes xd. The NAV Total Return involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned, eg quarter end, half year or year end date.
Voting Rights	In accordance with the Articles of Association of the Company, on a show of hands or on a poll, every member (or duly appointed proxy) present at a general meeting of the Company has one vote.

AIFMD Disclosures (Unaudited)

Aberdeen and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ("PIDD") which may be found on the Company's website:- murray-income.co.uk

There have been no material changes to the disclosures contained within the PIDD since its initial publication in July 2015 and its update in May 2016.

The periodic disclosures as required under the AIFMD to investors are made below:

- information on the investment strategy, geographic and sector investment focus and principal stock exposures is included in the Strategic Report;
- none of the Company's assets are subject to special arrangements arising from their illiquid nature;
- the Strategic Report on pages 1 to 19, Note 15 to the financial statements and the PIDD, together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by Aberdeen Fund Managers Limited ("the AIFM");
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the AIFM's remuneration policy is available from the Company Secretaries, Aberdeen Asset Management PLC, on request (see contact details on page 79) and the remuneration disclosures in respect of the AIFM's reporting period for the year ended 30 September 2015 are available on the Company's website.

Leverage

The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

	Gross Method	Commitment Method
Maximum level of leverage	2.50:1	2.00:1
Actual level at 30 June 2016	1.18:1	1.20:1

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement. Changes to the information contained either within this Annual Report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which the AIFM may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

The information on this page has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Murray Income Trust PLC will be held at 12.30 pm on Tuesday 1 November 2016 at the Mermaid Conference Centre, Puddle Dock, Blackfriars, London EC4V 3DB for the purpose of considering and if thought fit passing the following resolutions, of which Resolutions 1 to 12 inclusive will be proposed as Ordinary Resolutions and Resolutions 13 and 14 will be proposed as Special Resolutions:–

1. To receive and adopt the Directors' Report, Auditor's Report and the audited financial statements for the year ended 30 June 2016.
2. To receive and adopt the Directors' Remuneration Report for the year ended 30 June 2016 (other than the Directors' Remuneration Policy).
3. To approve a final dividend of 11.25p per Ordinary share for the year ended 30 June 2016.
4. To elect Mr M Balfour* as a Director of the Company.
5. To re-elect Mr N Honebon* as a Director of the Company.
6. To re-elect Mr D Woods* as a Director of the Company.
7. To re-elect Ms J Park* as a Director of the Company.
8. To re-elect Mr D Cameron* as a Director of the Company.
9. To re-elect Mr N Rogan* as a Director of the Company.
10. To re-appoint Ernst & Young LLP as independent auditor of the Company.
11. To authorise the Directors to fix the remuneration of Ernst & Young LLP as independent auditor of the Company.

Authority to allot shares

12. THAT, in substitution of all existing powers, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot Ordinary shares of 25p each in the capital of the Company ("shares") up to an aggregate nominal amount of £839,380 (representing 5 per cent. of the total Ordinary shares in issue as at the date of approval of this Notice (excluding treasury shares)) during the period expiring on the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution or on 31 December 2017, whichever is the earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require shares to be allotted after such expiry and the Directors shall be entitled to allot shares in pursuance of such an offer or agreement as if such authority had not expired.

Disapplication of pre-emption rights

13. THAT, subject to the passing of Resolution 12 proposed at the Annual General Meeting of the Company convened for 1 November 2016, and in substitution for all existing powers, the Directors be and are hereby empowered, pursuant to Section 570 of the Companies Act 2006 (the "Act"), to allot equity securities (as defined in Section 560(1) of the Act) for cash pursuant to the authority given in accordance with Section 551 of the Act by Resolution 12 or otherwise as if Section 561 of the Act did not apply to any such allotment and to sell or transfer equity securities if, immediately before the sale or transfer, such equity securities are held by the Company as treasury shares (as defined in Section 724(5) of the Act) as if Section 561 of the Act did not apply to any such sale or transfer, provided that this power:
    a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 31 December 2017, whichever is the earlier, but so that this power shall enable the Company to make offers or agreements which would or might require equity securities to be allotted or treasury shares to be sold or transferred after the expiry of this power and the Directors may allot equity securities or sell or transfer treasury shares in pursuance of any such offers or agreements as if this power had not expired;
    b) shall be limited to the allotment of equity securities up to an aggregate nominal amount of £1,678,761 (representing 10 per cent. of the total Ordinary shares in issue as at the date of approval of this Notice); and
    c) shall be limited in respect of the issue of shares or the sale of equity securities from treasury in the circumstances as detailed in the section headed "Authority to allot shares and disapply pre-emption rights" in the Directors' Report on page 35 of the Annual Report of the Company for the year ended 30 June 2016 and at a price not less than 0.5 per cent. above the net asset value per share (as determined by the Directors and excluding treasury shares).

Notice of Annual General Meeting continued

Authority to make market purchases of shares

14. THAT the Company be and is hereby generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 25p each in the capital of the Company ("shares"):

PROVIDED ALWAYS THAT:

a) the maximum number of shares hereby authorised to be purchased shall be an aggregate of 10,065,853 Ordinary shares or, if less, the number representing 14.99 per cent. of the total Ordinary shares in issue as at the date of passing this resolution (excluding treasury shares);
b) the minimum price which may be paid for each share shall be 25p;
c) the maximum price (exclusive of expenses) which may be paid for a share is the higher of (i) 5 per cent. above the average of the middle market quotations for a share taken from, and calculated by reference to, the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is purchased; or, in the case of a tender offer, the date the tender offer is announced; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out;
d) the authority hereby conferred shall expire on 31 December 2017 or, if earlier, at the conclusion of the next Annual General Meeting of the Company unless such authority is previously varied, revoked or renewed prior to such time;
e) the Company may enter into a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may purchase shares pursuant to any such contract notwithstanding such expiry above.

* The biographies of the Directors offering themselves for election or re-election are detailed on pages 28 and 29.

By order of the Board
Aberdeen Asset Management PLC
Secretary
7th Floor, 40 Princes Street
Edinburgh EH2 2BY

16 September 2016

Notes:

(i) A member entitled to attend and vote is entitled to appoint one or more proxies to attend, speak and vote instead of him/her at the meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy, provided that each proxy is appointed to attend, speak and vote in respect of a different share or shares. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman of the meeting) and give instructions directly to them. A reply-paid form of proxy which may be used to make such appointment and give proxy instructions is enclosed. If you do not have a proxy form and believe that you should, or you would like to appoint more than one proxy, please contact the Company's Registrar, Capita Asset Services, on 0371 664 0300 (Calls cost 12p per minute, lines are open 8.30am-5.30pm Mon-Fri). In the case of joint holders, the vote of the first named in the register of members of the Company who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.

(ii) Forms of proxy and the power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to the Registrar, Capita Asset Services, The Registry, 34 Beckenham Road, Kent BR3 4TU, so as to arrive not less than 48 hours (excluding non-working days) before the time fixed for the meeting. You may only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

(iii) The return of a completed proxy form or other instrument of proxy will not prevent you attending the meeting and voting in person if you wish. If you wish to attend the meeting in person, a register of attendees will be available for signature at the meeting.

(iv) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001 and Section 311 of the Companies Act 2006, to have the right to attend and vote at the meeting referred to above a member must first have his or her name entered in the Company's register of members by not later than 48 hours (excluding non-working days) before the time fixed for the meeting (or in the event that the meeting be adjourned on the register of members 48 hours (excluding non-working days) before the time of the adjourned meeting). Changes to entries on that register after that time (or, in the event that the meeting is adjourned, on the register of members less than 48 hours (excluding non-working days) before the time of any adjourned meeting) shall be disregarded in determining the rights of any member to attend and vote at the meeting referred to above.

(v) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the website at euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

(vi) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID RA10) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

(viii) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(ix) Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his or her proxy(ies) will need to ensure that both he or she and such proxy(ies) comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.

(x) A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in notes (i) and (ii) above do not apply to a Nominated Person. The rights described in those notes can only be exercised by registered members of the Company.

(xi) The members of the Company may require the Company, without payment, to publish, on its website, a statement (which is also to be passed to the Auditor) setting out any matter relating to the audit of the Company's financial statements, including the Auditor's Report and the conduct of the audit, which they intend to raise at the next meeting of the Company. The Company will be required to do so once it has received such requests from either (i) members representing at least 5% of the total voting rights of the Company or (ii) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address, and be sent to: The Company Secretary, Murray Income Trust PLC, 7th Floor, 40 Princes Street, Edinburgh EH2 2BY.

(xii) No Director has a service contract with the Company. Copies of the Directors' letters of appointment are available for inspection on any day (except Saturdays, Sundays and bank holidays) from the date of this notice until the date of the meeting during usual business hours at the Company's registered office and for 15 minutes prior to, and at, the meeting.

(xiii) Information regarding the Annual General Meeting, including information required by section 311A of the Companies Act 2006, is available from the Company's website, murray-income.co.uk.

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

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

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

Notice of Annual General Meeting continued

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

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

(xvi) As at 8 September 2016, the latest practicable date prior to publication of this document, the Company had 67,150,458 Ordinary shares in issue with a total of 67,150,458 voting rights.

Contact Information

Directors

N A Honebon (Chairman)
D E Woods (Senior Independent Director)
J C Park (Chairman of the Audit Committee)
D A J Cameron
N A H Rogan
M W Balfour (appointed 11 February 2016)

Secretaries and Registered Office

Aberdeen Asset Management PLC
7th Floor, 40 Princes Street
Edinburgh EH2 2BY

Registered in Scotland – Company Number SC012725

Website

murray-income.co.uk

United States Internal Revenue Service FATCA Registration Number (GIIN)

8Q8ZFE.99999.SL.826

Alternative Investment Fund Manager

Aberdeen Fund Managers Limited
Authorised and regulated by the Financial Conduct Authority

Investment Manager

Aberdeen Asset Managers Limited
Authorised and regulated by the Financial Conduct Authority

Customer Services Department

Tel. 0500 00 00 40
(Lines are open 9am-5pm from Monday to Friday)

Email: inv.trusts@aberdeen-asset.com
Website: invtrusts.co.uk

Registrar

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Tel: 0371 664 0300
(Calls cost 12p per minute, lines are open 8.30am - 5.30pm from Monday to Friday)
Tel International: (+44 208 639 3399)

E-mail: shareholderenquiries@capita.co.uk
Website: capitaregistrars.com

Depositary and Custodian

BNP Paribas Securities Services, London Branch
55 Moorgate
London EC2R 6PA

Auditor

Ernst & Young LLP
Ten George Street
Edinburgh EH2 2DZ

Solicitors

Dickson Minto W.S.
16 Charlotte Square
Edinburgh EH2 4DF

Stockbroker

Canaccord Genuity
88 Wood Street
London EC2V 7QR

Your Company's Recent Share Capital History

Issued Share Capital at 30 June 2016

67,192,458	Ordinary shares of 25p with voting rights
1,401,000	Ordinary shares held in treasury

Recent Capital History

Year ended 30 June 2017 (as at 8 September 2016)	42,000 Ordinary shares bought back into treasury by the Company
Year ended 30 June 2016	950,000 Ordinary shares bought back into treasury by the Company
Year ended 30 June 2015	125,000 new Ordinary shares issued by the Company
Year ended 30 June 2014	925,000 new Ordinary shares issued by the Company
Year ended 30 June 2013	466,000 Ordinary shares sold by the Company from treasury 1,127,000 new Ordinary shares issued by the Company
Year ended 30 June 2012	810,000 Ordinary shares sold by the Company from treasury

Mixed Sources
Product group from well-managed
forests and other controlled sources
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