Shires Income PLC

Annual Report
31 March 2016

Front cover
The Kelpies is a 30 metre sculpture in Falkirk, Scotland.
Created by sculptor Andy Scott.
Photo by Nisbet Wylie Photography Ltd.

Contents

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To find out more about Shires Income PLC, please visit:
shiresincome.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 financial advice from your stockbroker, bank manager, solicitor, accountant or other 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 Shires Income 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.

Company Overview

Financial Highlights

Shires Income PLC ("the Company") was incorporated in 1929 and is an investment company with its Ordinary shares listed on the premium segment of the London Stock Exchange. The Company is an investment trust and aims to attract long term private and institutional investors who seek a high level of income, together with growth of both income and capital from a portfolio substantially invested in UK equities.

The Company is governed by a board of directors, all of whom are independent, and has no employees. Like most other investment companies, the Company outsources its investment management and administration to an investment management group, the Aberdeen Group, and other third party providers. The Company does not have a fixed life.

Net asset total return[A]

–7.0%

2015 +9.7%

[A]Total return represents capital return plus dividends reinvested

Share price total return[A]

–15.4%

2015 +4.9%

[A]Total return represents capital return plus dividends reinvested

Benchmark total return[A]

–3.9%

2015 +6.6%

[A]Total return represents capital return plus dividends reinvested

Earnings per share (revenue)

12.06p

2015 12.92p

Dividend per Ordinary share

12.25p

2015 12.25p

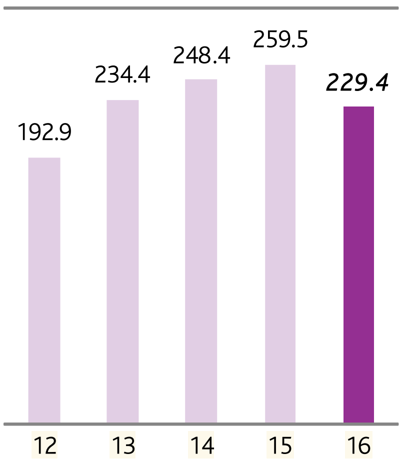
Dividend yield

6.1%

2015 4.9%

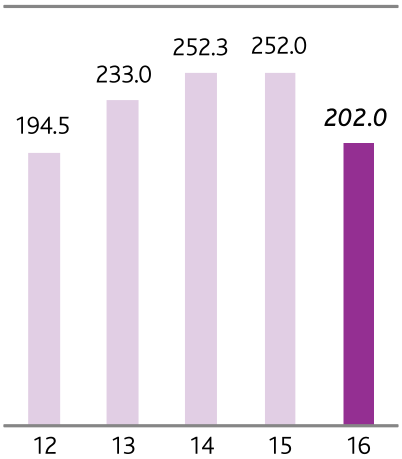
Net Asset Value per Ordinary share

At 31 March – pence



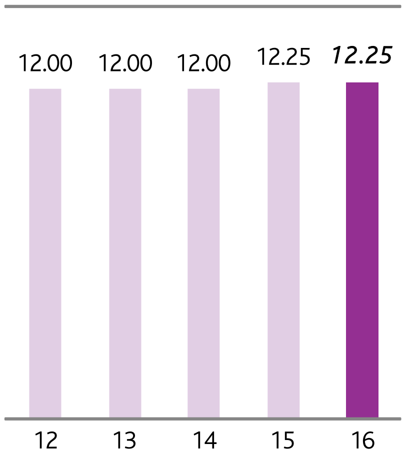
Share price per Ordinary share

At 31 March – pence



Dividends per Ordinary share

For year to 31 March - pence



Investment Objective

The Company's investment objective is to provide shareholders with a high level of income, together with growth of both income and capital from a portfolio substantially invested in UK equities.

Investment Policy

The Company's investment policy is included on page 8.

Benchmark

FTSE All-Share Index (Total Return)

Management

The investment management of the Company has been delegated by Aberdeen Fund Managers Limited ("AFML", the "AIFM" or the "Manager") to Aberdeen Asset Managers Limited ("AAML" or the "Investment Manager"). Both companies are wholly owned subsidiaries of Aberdeen Asset Management PLC (the "Aberdeen Group").

Financial Calendar

6 July 2016	Annual General Meeting in London (12 noon)
29 July 2016	Proposed Ordinary shares final dividend 2015/2016 payable
30 September 2016	3.5% Preference shares half year dividend payable
28 October 2016	Ordinary shares first interim dividend 2016/2017 payable
November 2016	Half-Yearly Financial Report announced for the period ending 30 September 2016
27 January 2017	Ordinary shares second interim dividend 2016/2017 payable
31 March 2017	3.5% Preference shares half year dividend payable
28 April 2017	Ordinary shares third interim dividend 2016/2017 payable
May 2017	Annual results announced for the year ending 31 March 2017

Chairman's Statement

Anthony B. Davidson
Chairman

Performance

In the year to 31 March 2016 the net asset value per share decreased by 7.0% on a total return basis compared to a decline in our benchmark, the FTSE All-Share Index, of 3.9%. While performance during the past year was disappointing, there were favorable returns in prior years and the Company remains ahead of its benchmark both over three and five years (net asset value, total return basis). The underperformance this year is due principally to stock specific issues which I cover in more detail below. The Board and Investment Manager remain focused on improving performance and shareholder returns.

As Shareholders will be aware, the year saw significant changes in investor sentiment, with concerns over global growth, particularly in emerging markets, interest rates in the United States and Europe, the asset repurchase programme and oil prices.

These factors masked the generally good results produced by the majority of corporates held within the Company's portfolio, although there are undoubtedly challenges ahead, particularly for those companies with exposure to the financial, commodities and oil and gas sectors. On the positive side, the volatility experienced during the year offered opportunities, notably the introduction of four new companies into the portfolio; Capita, Imperial Brands, Hansteen and Rotork.

The key reason for the underperformance during the year was the Company's exposure to the financial sector where it is overweight compared to our benchmark index, both through direct equity holdings and through the preference share portfolio. Standard Chartered was the worst performer due to disappointing trading, management change and a rights issue. Close Brothers, Schroders and Prudential also underperformed although, operationally, all three companies' results were satisfactory and their balance sheets are in good condition. Another negative area was the exposure to the mining sector, where BHP Billiton underperformed.

In terms of positive performers, most notable amongst these were British American Tobacco and Unilever, both of which continued to deliver pleasing dividend growth, and Sage, the accounting software company, delivered another year of good results.

Earnings

The Company's revenue return for the year was 12.06p per share, compared to 12.92p per share for the previous year. Although there were some good dividend increases within the Company's portfolio, there were also some notable decreases, some of which were related to the weakness in the oil and other commodity prices, including BHP Billiton and Centrica. In addition, Standard Chartered and Tesco have cancelled their dividend payments altogether. Total investment income also fell slightly due to the expected reduction in special dividends.

Dividend

The Board is proposing an unchanged final dividend of 3.25p per share, which will be paid on 29 July 2016 to Shareholders on the register on 8 July 2016. This final dividend brings total dividends for the year to 12.25p per share, the same as in 2015, representing a dividend yield of 6.1% based on the year end share price of 202.0p per share. Subject to unforeseen circumstances it is proposed to continue to pay quarterly interim dividends of 3.00p each and the Board will decide on next year's final dividend having reviewed the full year results.

Discount

The share price fell by 15.4% on a total return basis over the year, reflecting a widening of the discount at which the Company's shares traded to their net asset value. At the end of March 2016 the discount stood at 9.5% (on an ex-income basis), compared to 0.2% at the end of the previous year. This widening was not unusual within the investment trust sector, which has seen discounts widening from historically tight levels since the start of 2016.

Portfolio Profile and Gearing

The Company's gearing increased during the year, from 19.4% to 24.9%. This increase is attributable to a slight increase in borrowings by £500,000 in August 2015 and also to the fall in asset value. The Board continually monitors the level of gearing and, although the absolute level looks high, I would remind Shareholders that it is deployed notionally in fixed interest securities which also bring an element of diversification to the Company's total revenue stream but with lower volatility than would be expected from an equity portfolio. This was achieved during the year, producing a small positive return.

Annual General Meeting

The Company's Annual General Meeting will be held in London, on 6 July 2016, and I look forward to seeing as many of you there as possible. The Investment Manager will make a presentation covering both the past year and their outlook for the current year. Shareholders are invited to join the Board and the Investment Manager for lunch following the Meeting, when there will be opportunities for informal questions.

If at any other time you wish to contact the Chairman or any other member of the Board, please write c/o the Company Secretary at 40 Princes Street, 7th Floor, Edinburgh, EH2 2BY. I can assure you that all correspondence is forwarded to us accordingly.

Outlook

Economies in both the USA and UK continued to grow over the year. We have also seen a Conservative election victory which has resulted in the electorate being given an opportunity to vote on the UK's continued membership of the European Union. The prospect of the UK leaving the European Union has increased uncertainty in the markets and contributed to some companies delaying investment decisions. In the USA we are witnessing a highly divisive nomination process for the Republican and the Democratic presidential candidates. The outcomes of both these elections could have an effect on financial markets, global economic growth and diplomatic relations.

The markets continue to watch with much anticipation for the Federal Reserve's next upward move in interest rates and are also concerned about the strength of the European recovery and whether further stimulatory measures will be required. China continues to be the subject of much commentary given its economic growth is at its slowest rate in 25 years. This has resulted in the authorities allowing the Renminbi to devalue and this is already becoming a source of tension with US authorities. Additional uncertainty is also being created by the continuing weakness of oil and commodity prices.

With so much uncertainty, it is not surprising that markets remain volatile. As I have commented previously, the portfolio contains a broad spread of businesses with attractive medium and longer term prospects across many different industries. The investment strategy remains unchanged, with a focus on ownership of businesses with sustainable competitive advantages, reliable management teams and good corporate governance. Notwithstanding the underperformance of the portfolio during the past year and the uncertainties highlighted above, these factors continue to give the Board confidence about the future prospects for the Company.

Anthony B. Davidson
Chairman
26 May 2016

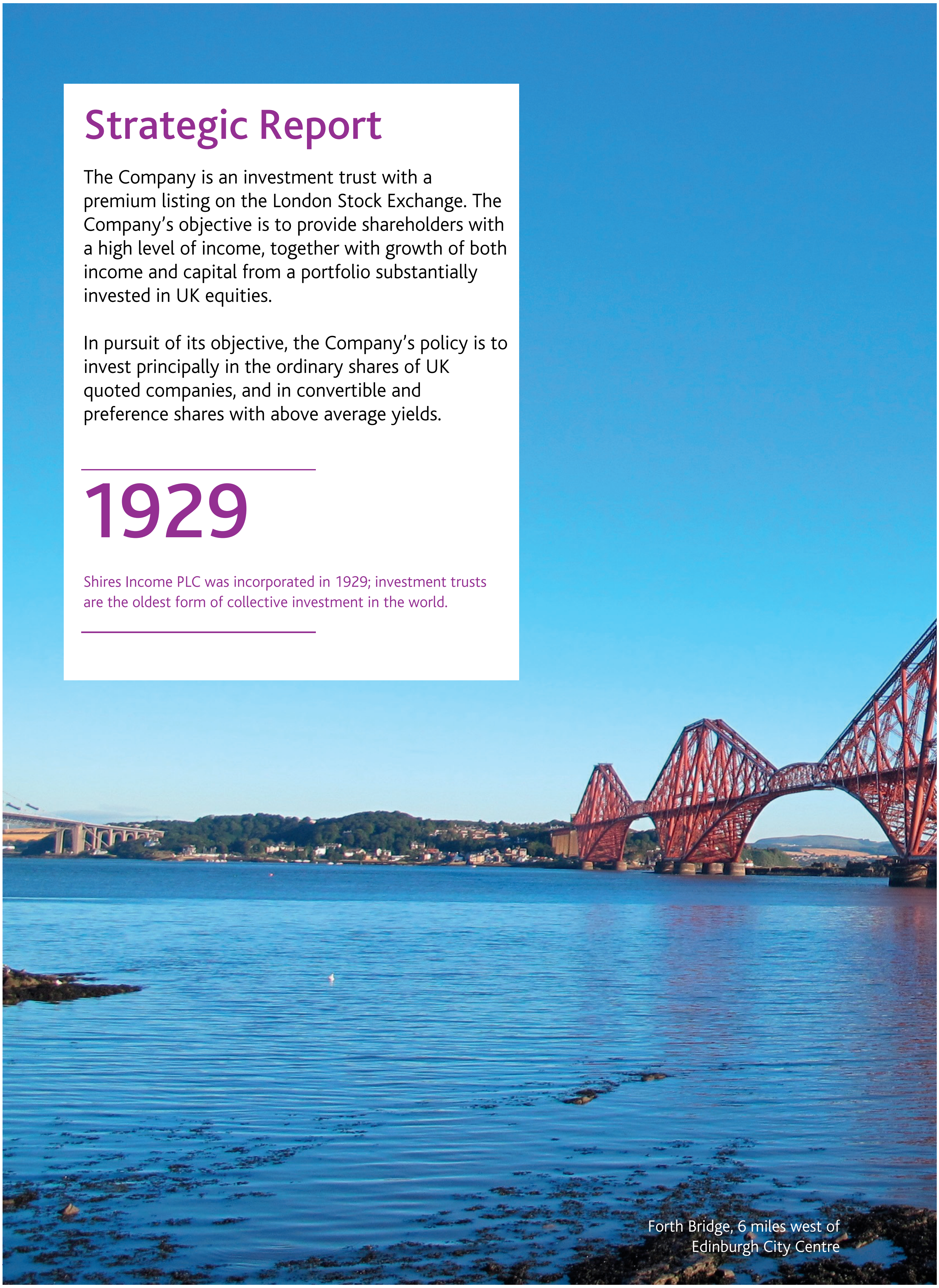
Strategic Report

The Company is an investment trust with a premium listing on the London Stock Exchange. The Company's objective is to provide shareholders with a high level of income, together with growth of both income and capital from a portfolio substantially invested in UK equities.

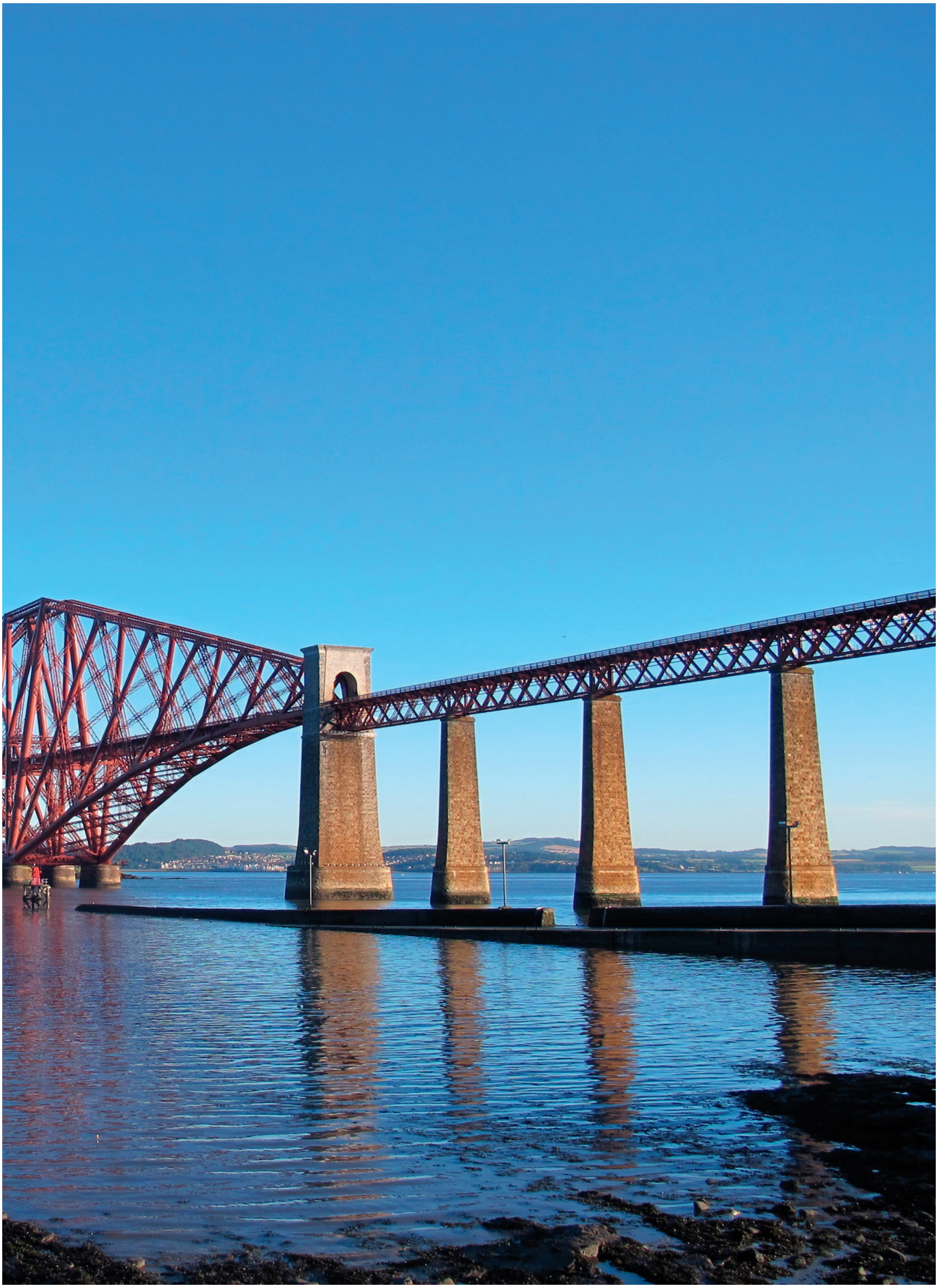
In pursuit of its objective, the Company's policy is to invest principally in the ordinary shares of UK quoted companies, and in convertible and preference shares with above average yields.

1929

Shires Income PLC was incorporated in 1929; investment trusts are the oldest form of collective investment in the world.



Forth Bridge, 6 miles west of Edinburgh City Centre



Overview of Strategy

Business Model

The business of the Company is that of an investment company which qualifies as an investment trust for tax purposes. The Directors do not envisage any change in this activity in the foreseeable future.

Investment Objective

The Company's investment objective is to provide shareholders with a high level of income, together with growth of both income and capital from a portfolio substantially invested in UK equities.

Investment Policy

In pursuit of its objective, the Company's policy is to invest principally in the ordinary shares of UK quoted companies, and in convertible and preference shares with above average yields.

The Company generates income primarily from ordinary shares, convertibles and preference shares. It also achieves income by writing call and put options on shares owned, or shares the Investment Manager would like to own. By doing so, the Company generates premium income.

Gearing

The Directors are responsible for determining the gearing strategy of the Company. Gearing is used with the intention of enhancing long-term returns. Gearing is subject to a maximum equity gearing level of 35% of net assets at the time of draw down. Any borrowing, except for short-term liquidity purposes, is used for investment purposes.

Risk Diversification

In order to ensure adequate diversification, the Board sets absolute limits on maximum holdings and exposures in the portfolio from time to time. These limits do not form part of the investment policy and can be changed or over-ridden with Board approval. The current limits are disclosed under the heading "Board Investment Limits" on page 11.

Delivering the Investment Policy

The Directors are responsible for determining the investment objective and the investment policy of the Company, although any significant changes are required to be approved by shareholders at a general meeting. Day-to-day management of the Company's assets has been delegated, via the AIFM, to the Investment Manager.

Investment Process

The Investment Manager believes that, over the long-term, share prices reflect the underlying business fundamentals of companies and hence investments are made based on research undertaken on individual companies. This is known as a "bottom up" investment process. This process involves a disciplined evaluation of potential investments through meeting investee companies. New investments are not made without the Investment Manager having first met the management of the investee company, undertaken further analysis and written detailed notes to outline the underlying investment merits. A company's value is estimated in two stages, quality then price. Quality is defined by reference to management, business focus, balance sheet and corporate governance. Price is assessed relative to key financial ratios and business prospects. 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 Investment Manager's portfolios are generally run conservatively, with an emphasis on traditional buy-and-hold and top-slicing/topping up. This approach usually results in low turnover within portfolios.

Portfolios are managed by the Investment Manager on a team basis, with individual investment managers carrying out their own research and analysis. All ideas are shared via formal committees and common databases, with desk heads ensuring consistency. Further information on the investment process and risk controls employed by the Investment Manager is contained on page 70.

Benchmark

In assessing its performance, the Company compares its returns with the returns of the FTSE All-Share Index (total return).

Key Performance Indicators ("KPIs")

The Board uses a number of financial performance measures to assess the Company's success in achieving its objective and determining the progress of the Company in pursuing its investment policy. The main KPIs identified by the Board in relation to the Company, which are considered at each Board meeting, are shown in the following table:

KPI	Description
Performance of net asset value ("NAV")	The Board considers the Company's NAV total return figures to be the best indicator of performance over time and this is therefore the main indicator of performance used by the Board. The figures for each of the past 10 years are set out on page 17.
Performance against benchmark index	The Board measures performance against the benchmark index – the FTSE All-Share Index. The figures for the past five years are set out on pages 15 and 16.
Revenue return per Ordinary share	The Board monitors the Company's net revenue return. The revenue returns per Ordinary share for each of the past 10 years are set out on page 17.
Dividend per share	The Board also monitors the Company's annual dividends per Ordinary share. The dividends per share for each of the past 10 years are set out on page 17.
Share price performance	The Board monitors the performance of the Company's share price on a total return basis. A graph showing the share price total return performance against the benchmark index over the past five years is included on page 16.
Discount/premium to NAV	The discount/premium relative to the NAV per share represented by the share price is closely monitored by the Board. A graph showing the history of the premium/discount for the past five years is included on page 16.
Ongoing charges	The Board monitors the Company's operating costs carefully. Ongoing charges for the year and the previous year are disclosed on page 14.

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 condition, performance and prospects. The principal risks and uncertainties facing the Company at the current time, together with a description of the mitigating actions the Board has taken, are set out in the table below. The Board has carried out a robust assessment of these risks, which include those that would threaten its business model, future performance, solvency or liquidity. The principal risks associated with an investment in the Company's shares are published monthly on the Company's factsheet and they can be found in the pre-investment disclosure document ("PIDD") published by the Manager, both of which are available on the Company's website. The risks and uncertainties faced by the Company are reviewed by the Audit Committee in the form of a risk matrix and a summary of the principal risks is set out below.

Description	Mitigating Action
Investment management – underperformance of the portfolio when measured against the benchmark.	The Board meets the Manager on a regular basis and keeps investment performance under close review. Representatives of the Investment Manager attend all Board meetings and a detailed formal appraisal of the Aberdeen Group is carried out annually by the Management Engagement Committee. The Board sets, and monitors, the investment restrictions and guidelines, and receives regular reports which include performance reporting on the implementation of the investment policy, the investment process, risk management and application of the guidelines. The Board also monitors the Company's share price relative to the net asset value per share.

Overview of Strategy continued

	Investment risk within the portfolio is managed in three ways: • Adherence by the Investment Manager to the investment process in order to minimise investments in poor quality companies and/or overpaying. • Diversification of investment - seeking to invest in a wide variety of companies with strong balance sheets and the earnings power to pay increasing dividends. In addition, investments are diversified by sector in order to reduce the risk of a single large exposure. The Company invests mainly in equities, preference shares and convertibles. • Adherence by the Investment Manager to the investment limits set by the Board (see page 11). **Investment in smaller companies** Rather than holding a number of smaller companies' shares, the Company invests indirectly in this part of the equity market through one holding in Aberdeen Smaller Companies Income Trust PLC*, which is also managed by the Manager. The Directors regularly review this holding (currently 6.9% of the Company's portfolio). All of the directors of Aberdeen Smaller Companies Income Trust PLC are independent of Shires Income PLC. The Manager does not charge any management fee in respect of the amount of the Company's assets attributable to this holding. (*formerly Aberdeen Smaller Companies High Income Trust PLC)
Failure to meet the dividend growth objective – the level of the Company's dividends and future dividend growth will depend on the performance of the underlying portfolio.	The Directors review detailed income forecasts at each Board meeting. The Company has built up significant revenue reserves which can be drawn upon should there be a shortfall in revenue returns.
Widening of discount – a number of factors including the setting of an unattractive strategic proposition, changing investor demand and investment underperformance may lead to a decrease in demand for the Company's shares and a widening of the difference between the share price and the net asset value.	The Board keeps the level of discount at which the Company's shares trade as well as the investment objective and policy under review and holds an annual strategy meeting where it reviews investor relations reports and updates from the Investment Manager and the Company's Broker. The Directors are updated at each Board meeting on the composition of, and any movements in, the shareholder register.
Financial – the financial risks associated with the portfolio could result in losses to the Company.	The financial risks associated with the Company include market risk, liquidity risk and credit risk, all of which are mitigated by the Investment Manager. Further details of the steps taken to mitigate the financial risks associated with the portfolio are set out in note 16 to the financial statements.

Gearing – a fall in the value of the Company's investment portfolio could be exacerbated by the impact of gearing. It could also result in a breach of loan covenants.	The Board sets the gearing limits within which the Investment Manager can operate. Gearing levels and compliance with loan covenants are monitored on an ongoing basis by the Manager and at regular Board meetings. In the event of a possible impending covenant breach, appropriate action would be taken to reduce borrowing levels. The financial covenants attached to the Company's borrowings currently provide for significant headroom. The maximum equity gearing level is 35% of net assets at the time of draw down, which constrains the amount of gearing that can be invested in equities which are more volatile than the fixed interest part of the portfolio. The Board and the Investment Manager keep under review options available to protect a portion of the portfolio from a sudden decline in markets.
Regulatory – failure to comply with relevant laws and regulations could result in fines, loss of reputation and potentially loss of an advantageous tax regime.	The Board and Manager monitor changes in government policy and legislation which may have an impact on the Company and the Audit Committee monitors compliance with regulations by reviewing internal control reports from the Manager. From time to time the Board employs external advisers to advise on specific matters.
Operational – the Company is dependent on third parties for the provision of all systems and services (in particular, those of the Aberdeen Group) and any control failures and gaps in their systems and services could result in a loss or damage to the Company.	The Board receives reports from the Manager on its internal controls and risk management throughout the year and receives assurances from all its other significant service providers on at least an annual basis. Written agreements are in place with all third party service providers. The Manager monitors closely the control environments and quality of services provided by third parties, including those of the Depositary and Custodian, through service level agreements, regular meetings and key performance indicators. Further details of the internal controls which are in place are set out in the Audit Committee's Report on pages 42 and 43.

Board Investment Limits

In order to ensure adequate diversification, the Board has set absolute limits on maximum holdings and exposures in the portfolio at the time of acquisition. These can only be over-ridden with Board approval. The current limits include the following:

- Maximum 7.5% of total assets invested in the securities of one company (excluding Aberdeen Smaller Companies Income Trust PLC);
- Maximum 5% of quoted investee company's ordinary shares (excluding Aberdeen Smaller Companies Income Trust PLC).

Preference shares

The Company also invests in preference shares, primarily to enhance the income generation of the Company. The majority of these investments is in large financial institutions. Issue sizes are normally relatively small and associated low volumes of trading could give rise to a lack of liquidity. The maximum holding in preference shares is managed by the first guideline referred to above. In addition, the Company cannot hold more than 10% of any investee company's preference shares.

Traded options contracts

The Company enters into traded option contracts, also primarily to enhance the income generation of the Company. The risks associated with these option contracts are managed through the principal guidelines below, which operated in the year under review:

- Call options written to be covered by stock;
- Put options written to be covered by net current assets/borrowing facilities;
- Call options not to be written on more than 100% of a holding of stock;
- Call options not to be written on more than 30% of the UK equity portfolio;
- Put options not to be written on more than 30% of the UK equity portfolio.

Overview of Strategy continued

External Agencies
In addition to the services provided to the Company by the Aberdeen Group, the Board has contractually delegated to external agencies certain services, including: depositary services (which include the safekeeping of the Company's assets) (BNP Paribas Securities Services, London Branch) and share registration services (Equiniti Limited). Each of these services was entered into after full and proper consideration by the Board of the quality and cost of services offered. In addition, day-to-day accounting and administration services are provided, through delegation by the Manager, by BNP Paribas Securities Services.

Promoting the Company
The Board recognises the importance of promoting the Company to prospective investors both for improving liquidity and enhancing the value and rating of the Company's shares. The Board believes an effective way to achieve this is through subscription to and participation in the promotional programme run by the Aberdeen Group on behalf of a number of investment trusts under its management. The Company's financial contribution to the programme is matched by the Aberdeen Group. The Aberdeen Group Head of Brand reports to the Board giving analysis of the promotional activities as well as updates on the shareholder register and any changes in the make up of that register.

The purpose of the programme is both to communicate effectively with existing shareholders and to gain new shareholders with the aim of improving liquidity and enhancing the value and rating of the Company's shares. Communicating the long-term attractions of the Company is key and therefore the Company also supports the Aberdeen Group's investor relations programme which involves regional roadshows, promotional and public relations campaigns.

Board Diversity
The Board recognises the importance of having a range of skilled, experienced individuals with relevant knowledge in order to allow it to fulfill its obligations. The Board also recognises the benefits, and is supportive, of the principle of diversity in its recruitment of new Board members. However, in making new appointments, the Board's overriding priority is to appoint the most appropriate candidates, regardless of gender or other forms of diversity. The Board has not therefore set any measurable objectives in relation to its diversity. At 31 March 2016, there were three male Directors and one female Director.

Employee and Socially Responsible Policies
The Company has no employees as the Board has delegated the day-to-day management and administrative functions to the Manager. There are therefore no disclosures to be made in respect of employees. The Company's socially responsible investment policy is set out below.

Socially Responsible Investment Policy
The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner and has noted the Aberdeen Group's policy on social responsibility. The Investment Manager considers social, environmental and ethical factors which may affect the performance or value of the Company's investments as part of its investment process. In particular, the Investment Manager encourages companies in which investments are made to adhere to best practice in the area of corporate governance. It believes that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in this area. The Company's ultimate objective, however, is to deliver long term growth on its investments for its shareholders. Accordingly, whilst the Investment Manager will seek to favour companies which pursue best practice in the above areas, this must not be to the detriment of the return on the investment portfolio.

Modern Slavery Act
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. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

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.

Viability Statement
The Board considers the Company, with no fixed life, to be a long term investment vehicle but, for the purposes of this viability statement, has decided that three years is an appropriate period over which to report. The Board considers that this period reflects a balance between a longer term investment horizon and the inherent uncertainties within equity markets.

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

- The principal risks and uncertainties detailed on pages 9 to 11 and the steps taken to mitigate these risks.
- The ongoing relevance of the Company's investment objective.
- The majority of the Company's portfolio is invested in readily realisable listed securities.
- The level of gearing is closely monitored and the financial covenants attached to the Company's borrowings provide for significant headroom.
- The ability of the Company to refinance or repay its £20 million loan facility on, or before, its maturity in December 2017.

In making its assessment, the Board has considered that there are other matters that could have an impact on the Company's prospects or viability in the future, including a large economic shock, significant stock market volatility, and changes in regulation or investor sentiment.

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 approval of this Report.

Future

Many of the non-performance related trends likely to affect the Company in the future are common across all closed ended investment companies, such as the attractiveness of investment companies as investment vehicles, the impact of regulatory changes (including MiFID II and the Packaged Retail Investment and Insurance Products regulations) and the recent changes to the pensions and savings market in the UK. These factors need to be viewed alongside the outlook for the Company, both generally and specifically, in relation to the portfolio. The Board's view on the general outlook for the Company can be found in the Chairman's Statement on page 5 whilst the Investment Manager's views on the outlook for the portfolio are included on page 23.

Anthony B. Davidson
Chairman
26 May 2016

Results

Financial Summary

	31 March 2016	31 March 2015	% change
Total investments	£85,149,000	£92,181,000	–7.6
Shareholders' funds	£68,802,000	£77,832,000	–11.6
Market capitalisation	£60,595,000	£75,594,000	–19.8
Net asset value per share	229.36p	259.46p	–11.6
Share price (mid-market)	202.00p	252.00p	–19.8
Discount to NAV	(11.9%)	(2.9%)	
Discount to NAV (ex-income)[A]	(9.5%)	(0.2%)	
Gearing (see page 74 for definitions)			
Net gearing	24.9%	19.4%	
Dividend and earnings			
Revenue return per share[B]	12.06p	12.92p	–6.7
Dividend per share[C]	12.25p	12.25p	
Dividend cover	0.98	1.06	
Revenue reserves[D]	£6,253,000	£6,313,000	
Operating costs			
Ongoing charges ratio[E]	0.97%	1.01%	

[A] Based on capital only NAV, calculated in accordance with AIC guidelines.
[B] Measures the revenue earnings for the year divided by the weighted average number of Ordinary shares in issue (see Statement of Comprehensive Income).
[C] The figures for dividend per share reflect the years in which they were earned (see note 8 on pages 57 and 58).
[D] The revenue reserve figure does not take account of the third interim or final dividends amounting to £1,874,849 (2015 – £1,874,849) combined.
[E] Ongoing charges ratio calculated in accordance with guidance issued by the AIC as the total of the management fee and administrative expenses divided by the average cum income net asset value throughout the year.

Performance (total return)

	1 year % return	3 year % return	5 year % return
Net asset value	–7.0	+13.8	+53.0
Share price (based on mid-market)	–15.4	+1.1	+40.6
FTSE All-Share Index	–3.9	+11.4	+31.9

All figures are for total return and assume re-investment of net dividends excluding transaction costs.

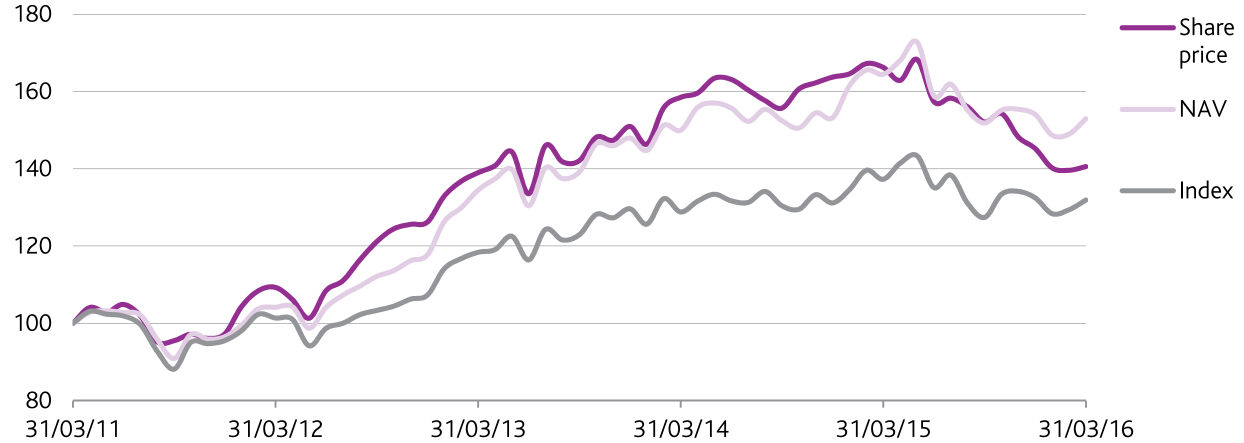
Dividends

	Rate per share	xd date	Record date	Payment date
First interim dividend	3.00p	1 October 2015	2 October 2015	30 October 2015
Second interim dividend	3.00p	7 January 2016	8 January 2016	29 January 2016
Third interim dividend	3.00p	7 April 2016	8 April 2016	29 April 2016
Proposed final dividend	3.25p	7 July 2016	8 July 2016	29 July 2016
2015/16	**12.25p**			
First interim dividend	3.00p	1 October 2014	3 October 2014	31 October 2014
Second interim dividend	3.00p	2 January 2015	5 January 2015	30 January 2015
Third interim dividend	3.00p	2 April 2015	7 April 2015	30 April 2015
Final dividend	3.25p	2 July 2015	3 July 2015	31 July 2015
2014/15	**12.25p**			

Performance

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

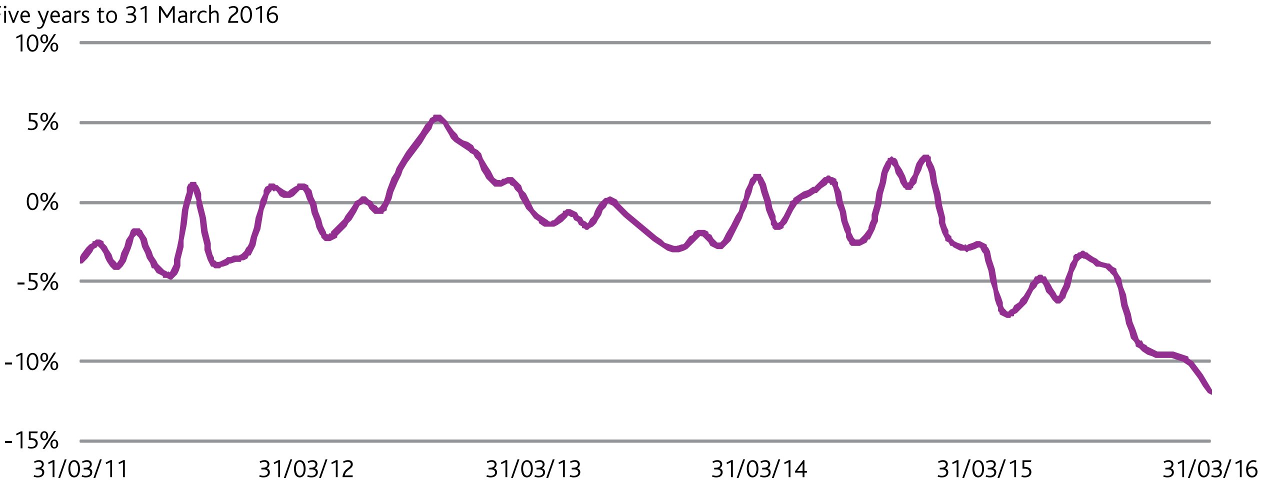
Figures are total return and have been rebased to 100 at 31 March 2011



Source: Aberdeen Asset Management, Morningstar & Lipper

Ordinary Share Price Premium/(Discount) to NAV

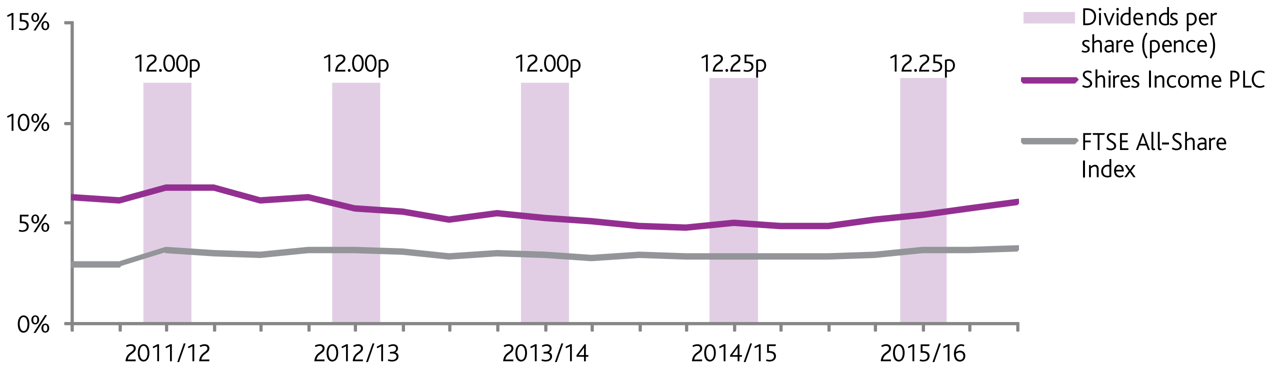
Five years to 31 March 2016



Source: Morningstar & Lipper

Net Dividend Yield

Five years to 31 March 2016



Ten Year Financial Record

Year to 31 March	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenue available for ordinary dividends (£'000)	5,987	6,026	5,536	3,512	3,292	3,615	3,556	3,789	3,877	3,617
Per share (p)										
Net revenue return	19.3	22.2	18.8	11.8	11.1	12.2	11.9	12.6	12.9	12.1
Net dividends paid/proposed	19.25	19.75	19.75	12.00	12.00	12.00	12.00	12.00	12.25	12.25
Total return	25.9	(63.4)	(112.9)	85.3	22.6	7.4	53.5	26.0	23.1	(17.8)
Net asset value	334.0	251.1	118.5	186.8	197.5	192.9	234.4	248.4	259.5	229.4
Share price (mid-market)	310.75	220.00	109.00	184.00	190.00	194.50	233.00	252.25	252.00	202.00
Shareholders' funds (£m)	99.1	74.6	35.2	55.5	58.6	57.3	70.3	78.7	77.8	68.8

The figures for 2011 to 2016 are for the Company only, following the dissolution of the subsidiaries in May 2011.

Cumulative Performance

Rebased to 100 at 31 March 2006

As at 31 March	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
NAV	100.0	102.3	76.6	36.2	56.9	60.1	58.7	71.4	75.6	79.0	69.8
NAV total return[A]	100.0	108.8	86.6	45.2	80.0	90.2	93.9	121.4	135.2	148.3	137.9
Share price performance	100.0	99.1	70.2	34.8	58.7	60.6	62.0	74.3	80.5	80.4	64.4
Share price total return[A]	100.0	105.4	79.7	44.0	84.1	92.6	101.2	128.6	146.7	153.9	130.1
Benchmark performance	100.0	107.7	96.0	65.1	95.5	100.6	98.5	110.9	116.7	120.2	111.4
Benchmark total return[A]	100.0	111.1	102.5	72.5	110.4	120.0	121.7	142.1	154.6	164.7	158.3

NAV figures are based on Company only values following the dissolution of the subsidiaries in May 2011.

[A] Total return figures are based on reinvestment of net income.

Investment Manager's Review

Highlights

- Underperformance against the benchmark, reflects the difficulties experienced by emerging market and commodity orientated holdings.
- Three and five year performance remains ahead of the benchmark.
- Significant dividend cuts negatively impact earnings per share. Diversified portfolio and fixed interest holdings provide resilience.
- Volatility again creates opportunities for new introductions.
- Portfolio well positioned for the longer term and any recovery in sentiment towards emerging markets.

Portfolio Strategy

We take a long term approach to investing, believing that whilst there might be volatility in the short and even medium term, share prices will ultimately reflect the fundamental value of a company. Consequently there has been no change to our approach to the construction of the portfolio during the year under review.

The Company's assets are invested in equities, preference shares and convertible shares. At the year end, 69.0% of the assets were invested in equities, 26.2% in preference shares and the remainder in convertible shares and cash.

Gearing

Gearing increased during the year from 19.4% to 24.9%. There are two factors that have affected this, firstly shareholders' funds have declined during the year and secondly net debt has increased as we have sought to take advantage of the volatility in some share prices that was present at certain times during the year. The gearing is notionally invested in the preference share portfolio. At the year-end these securities had a value of £24.4 million, materially in excess of net indebtedness which stood at £17.1 million. This part of the portfolio provides a core level of high income and would, in normal conditions, be expected to be more resilient than equities in the event of a fall in the market. This has indeed proven to be the case this year. Whilst there were periods of volatility, in particular during the early part of 2016 when investors again focussed on the risks posed by some elements of the banking sector, this part of the portfolio demonstrated its more defensive characteristics over the full year. An attractive income stream was received and total returns were ahead of those produced by the Company's benchmark.

Revenue Account

The following table details the Company's main sources of income over the last five years.

	2016 %	2015 %	2014 %	2013 %	2012 %
Ordinary dividends	53.0	54.6	52.5	49.8	48.5
Preference dividends	37.7	35.0	36.1	38.2	39.6
Aberdeen Smaller Companies	4.8	4.3	4.9	5.7	5.5
Fixed interest and bank interest	0.2	0.2	0.2	0.3	0.3
Traded option premiums	4.3	5.9	6.3	6.0	6.1
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Total income (£'000s)	**4,361**	**4,665**	**4,534**	**4,275**	**4,352**

Earnings per share have decreased by 6.7% over the year to 12.06p. There were a number of factors that caused this. As shareholders will be aware there have been a number of high profile dividend cuts during the period. Several of these were related to the weakness in oil and other commodity prices. BHP Billiton cut their distribution by 75% and Centrica reduced their dividend by 30%. Meanwhile, Standard Chartered conducted a rights issue and passed their dividend altogether, whilst Tesco have also moved to a zero level of payout. Timing means that the full impact of these changes will, in some cases, not be felt until the current financial year. This is particularly the case for BHP Billiton, where all things being equal, the 2016 financial year will see a further reduction in dividends received from this investment.

Two additional sources of pressure were the non-recurrence of the special dividend previously paid by Compass Group, though they did raise their core dividend by almost 11%. Also there was a change in the timing but not quantum of dividend paid by Weir Group.

Lastly, there was a reduction in the amount of premium we generated from the option writing programme. We take a fundamental approach to this activity, selling both puts and calls, with strike prices that we believe represent attractive levels to top up or top slice a holding. We are resolute in our endeavour to avoid implicitly exchanging capital for income. Periods of higher volatility akin to that experienced at times during the financial year can lead to higher prices being available for the options we seek to sell. However, there is also a higher, sometimes significantly higher, risk that the share price will move sufficiently that capital losses exceed the income produced. We do not believe that this is in shareholders' best interests. Consequently, although it may initially appear counterintuitive, we often reduce our option writing activity during periods when volatility is pushing their prices upwards.

Several holdings delivered pleasing levels of growth in their dividends. Three of the companies we introduced in the prior financial year; Aveva, Elementis and Inchcape increased their dividends by more than 10%. GlaxoSmithKline and Prudential both announced special dividends. Wood Group, a company we highlighted in last year's report increased its dividend by 19%. Schroders and Provident Financial also registered double digit increases. It is also worth remembering that just over one third of the Company's revenues come from fixed interest instruments, which deliver no growth in dividends but help support a higher level of earnings.

Equities

The financial year started well with markets rising and economic recovery continuing on both sides of the Atlantic. There was a surprise victory for the Conservative Party in the General Election and investors responded positively to this. The oil price was still declining, impacted by excess supply and economic weakness particularly in China. The effects of this were feeding through to underlying prices such that deflation was present in the domestic economy for the first time since 1960. Consumers were enjoying the higher disposable incomes that resulted from reduced food and fuel prices. However, oil price weakness did little to diminish the enthusiasm of many management teams for the product's long term prospects. This was perhaps most clearly illustrated with Royal Dutch Shell's £47 billion recommended offer for BG Group. Corporate confidence was still positive and this was not the only example of large scale merger and acquisition activity with Vodafone and Liberty International engaging in discussions about bringing the two companies together. Later in the year Pfizer attempted to form the largest pharmaceutical company in the world when it bid for Allergan. It is notable that the latter two deals eventually floundered.

As had been the case for some time, investors believed that interest rates would rise in both the UK and US over the course of the year. By mid-summer the Governor of the Bank of England, Mark Carney, was suggesting that the timing of a rise was moving closer. This seemed plausible given the on-going recovery, wage growth, shrinking output gap and the impending annualisation of the fall-off in the oil price and hence the likely return of some inflationary pressure.

The declines in commodity prices were putting pressure on many emerging market economies. Although there were, unsurprisingly, differences between countries there was a general slowing of growth and indeed some were experiencing recessions. This was relevant for the portfolio because the UK market as a whole is more exposed than many investors appreciate to emerging market demand. We are attracted by the positive long term prospects enjoyed by many of these countries. Exposure to the growth opportunities available in emerging markets is a feature that we typically regard as a positive for the companies we invest in. Therefore the portfolio also has a higher than average level of exposure to such companies and this has had an impact in the short term. What had until recently been regarded as a positive was now viewed negatively. Where this created opportunities we sought to capitalise on them and at a minimum we endeavoured to trust our long term approach and to retain our positions even if they were impacting current performance.

In China the transition to a more consumer led stage of development was never likely to be easy and as such growth was slowing and the authorities responded with a series of interest rate cuts. Indeed by October they would have engaged in six reductions in less than one year. This at least served to remind investors that there were still conventional policy levers that could be pulled to support the economy. By the summer the Chinese stock market was under intense scrutiny. Having registered such strong gains that many commentators had spoken of a "bubble", it was now experiencing very significant declines that caused the Government to utilise a range of unconventional measures to try and mitigate further losses. Weakness was evident in UK equity markets as well, with June the worst month for three years and August recording the worst single day's decline since March 2009. The genesis for the sell-off in August was the surprise decision by the Peoples' Bank of China to allow the yuan to devalue against the dollar.

There was some commentary during the first half reporting season about the number of companies that beat the market's earnings expectations. This needed to be taken with a pinch of salt given many of these businesses had seen their profits expectations downgraded in the prior weeks. With one or two notable exceptions, that included a Rolls Royce profit warning and Standard Chartered dividend cut the companies in the portfolio traded in line with our expectations, though the negative impact of foreign exchange on reported earnings was a recurrent theme.

By the autumn the central banks of the US, UK and Eurozone were taking divergent paths. In the US the Federal Reserve was getting closer to raising rates though they were obviously concerned about the impact emerging market travails might have on global growth. In the UK, although conditions suggested an increase in interest rates was possible any such move was continuously pushed into the future. Meanwhile, in Europe, Mario Draghi and the European Central Bank were talking about the possibility of increasing the size and duration of their Quantitative Easing programme. The differences in these economies' prospects were highlighted more clearly at the end of 2015 when the US raised interest rates by 0.25%, the first upward move for nine years. The ECB reduced rates and expanded their stimulatory activities, both lengthening them and increasing the quantum from €60 billion to €80 billion per month. They also made an important change to allow them to purchase debt from companies other than banks. This was despite the region delivering growth of 1.6% for the year.

Towards the end of 2015 the oil price accelerated its declines such that by January 2016 it had fallen below $30 a barrel, a level not seen since the early part of the prior decade. Equity markets had a similarly disappointing start to the new year, weighed down by concerns about slowing Chinese growth, which at 6.9% for 2015 was the slowest rate for 25 years. February brought a reversal of fortunes for equity markets and the oil price and there was an increase in investor appetite for risk, though there was a marked volatility during the month as investors sought to understand the implications of a negative interest rate policy for the banking sector. The financial year ended with markets in a more upbeat mood and almost all of 2016's losses were recouped. There was also something of an about turn in terms of the styles of investing that were in favour. Value orientated propositions performed rather better than the more highly rated momentum shares, which was helpful to our performance.

Portfolio Positioning

The portfolio is constructed in a bottom-up manner based on the fundamental analysis of the companies in question. Sectoral overweight and underweight positions are therefore an output of the portfolio construction process rather than a determinant of which businesses we invest in.

We continue to have less direct commodity exposure than the benchmark. Although the quality of the businesses in the Oil & Gas and Mining sectors varies considerably they all share the characteristic of having a lack of pricing power. Therefore we have tended to limit our investments in these companies, particularly because we also have secondary exposure to commodity prices. This arises through an obvious source such as the overweighting towards the more capital light service companies. It also includes companies such as Aveva, part of whose business sells software for the design of complex ships such as oil tankers and can extend right through to the likes of Standard Chartered, a bank that has significant commodity based lending and even Compass Group which is seeing reduced demand for catering services in Australian mining camps.

We are underweight the Household Goods sector because we have no holdings in the house builders. Our thesis is a simple one, namely that we find it difficult to see how conditions can become any more favourable for these companies and yet valuations seem to us to suggest an expectation that such a scenario will materialise. Although we have no insight as to when this cycle will turn we feel that we are closer to its end than its beginning.

We are overweight Financial Services but we would note the very different business models and drivers employed by our investments. Conversely, we are underweight the domestic banks where a combination of low growth, complexity and continuing increases in the regulatory burden leave us underwhelmed by their prospects. The portfolio is also underweight the Real Estate sector on account of valuations that in the case of London based assets in particular, leave almost no scope to absorb any future increase in domestic interest rates.

We have retained the holding in the re-named Aberdeen Smaller Companies Income Trust because we believe that our approach to investing is suited to identifying opportunities in the less researched areas of the market. The utilisation of a collective vehicle allows us to achieve a more appropriate level of diversification relative to investing directly in what can be a more volatile area of the market.

Portfolio Activity

We introduced four new holdings during the year. Rotork is a global leader in the design and manufacture of actuators. Actuators are required for the control of any kind of automated valve. Their business model is one based on assembly rather than conventional manufacturing, hence the company can be thought of as having low capital intensity. This combined with the more consolidated nature of this aspect of the overall flow control supply chain allows them to make attractive margins and returns. They sell into a wide array of end markets and benefit from selling a critical component but one which represents a very small proportion of a project's total costs. Typically they are a late cycle business and this has historically smoothed their navigation of difficult markets as conditions have often picked up before the impact of weakening demand has manifested itself. The impact of the current downturn in commodity prices has been more marked creating an opportunity for us to introduce an initial holding.

Capita is a leading provider of Business Process Outsourcing. They typically provide white collar services, often with an IT orientation. The market is very sizable with perhaps just 10% currently covered by third party providers. Drivers for adoption are the cost savings that accrue for both public and private sector buyers. These are often allied to a better quality of service for the end user. The company secures long term contracts of seven to eight years with high levels of retention. Whilst organic growth will be a key driver of their fortunes there is ample scope for them to engage in merger and acquisition activity as they buy new capabilities or broaden into new geographies.

Hansteen own and manage industrial parks in the UK, Germany and Belgium. These sites can be purchased with low levels of occupancy and rent, on high single digit yields. Hence the management team have attractive opportunities to add value. Therefore capital values can be increased significantly without the need for yield compression, though the potential for that remains, providing a further underpinning to valuations. The management duo is very experienced and has significant equity stakes in the company thus providing comfort that they will maintain a balance sheet that is appropriate for a business that is inevitably exposed to the economic cycle.

Imperial Brands is a leading international tobacco company with brands and products available in 160 countries worldwide. The company has maintained sound underlying earnings progress aided by cost savings and price increases which in turn have been helped by their brand migrations. In June 2015 they completed the acquisition of a number of US cigarette and e-cigarette assets that were released to the market following the acquisition of Lorillard by Reynolds American. These new assets will increase Imperial's US market share to 10% and US revenues to 25% which is attractive in the medium term given the scope for price increases and the relatively benign regulatory environment in the region. The group has a successful track record of cash generation which bodes well for both future debt reduction and continued dividend growth.

Three holdings were exited. Land Securities was sold as we felt that valuations of London prime real estate were becoming increasingly stretched, especially given a belief that interest rates would eventually begin to rise. In addition the proceeds partially funded the introduction of Hansteen and Imperial Brands. We inherited a small holding in South 32 when it was spun out of BHP Billiton. Although we understood the rationale for the deal from the parent's perspective, namely that it would allow them to focus all their efforts on a more concentrated portfolio of tier one assets, the flip side of the equation was that the assets being spun out were of a more diverse nature and quality. Accordingly, we sold this holding and re-invested the proceeds into BHP. BG group was bid for by Royal Dutch Shell. We believe that the transaction made sense for Shell, bringing them significant additional exposure to deep water and integrated gas, two areas they were seeking to grow. BG brought a production profile, portfolio of LNG assets and exploration capabilities that could be regarded as first class. Two thirds of the price was funded with equity which allowed the company to maintain a suitably strong balance sheet. There were also opportunities to leverage their scale to drive cost savings, and indeed the expected cost synergies rose markedly as the deal progressed. For BG it allowed a crystallisation of value at a time of very high levels of uncertainty about the oil price. This was a pressing matter for the company given the amount of capital they had recently invested.

We participated in the placing conducted by GKN to help finance their purchase of Fokker Technologies. The business will fit into their aerospace division and with a conservative estimation of the potential synergies the returns should exceed their cost of capital by next year. We also supported Standard Chartered with their £3.3 billion rights issue conducted at the end of 2015. The purpose was to get the bank's capital ratios to a position of strength to provide protection in the face of regulatory uncertainty. The company also further restructuring with significant headcount reductions and an aim to decrease risk weighted assets by £100 billion.

In more general portfolio activity we continued to build two of the holdings we introduced last year; Ultra Electronics and Elementis. We took profits in Associated British Foods after it had performed strongly. We also top sliced the holding in Tesco which saw some recovery in in its share price as the restructuring implemented by Dave Lewis began to show signs of gaining traction. We are cognisant of the lack of income produced by this investment and have therefore limited the size of the holding. We also top sliced the holding in Cobham where we increasingly came to the view that whilst their acquisition of Aeroflex made strategic sense the company was now overly indebted. Indeed since the year end we have exited this position.

Investment Performance Analysis

In the year to the end of March 2016, the total return on net assets was -7.0% compared to our benchmark, the FTSE All-Share Index which returned -3.9%.

Investment Manager's Review continued

Two related themes were evident in the portfolio over the year. As commodity prices and in particular the oil price declined precipitously, so the share prices of many companies with both direct and indirect exposure fell. A large number of emerging markets have economies that have significant reliance on commodities and this allied to fears about rising US interest rates caused weakness in stocks that have exposure to them.

We highlighted the difficulties faced by Standard Chartered in last year's Investment Manager's Review and these have continued this year. The company is having to transition from a strategy that prioritised growth to one that focusses on cost control and profitability at a time when credit conditions are deteriorating and the regulatory burden is increasing. The share price fell markedly over the year and they also conducted a rights issue to give them flexibility to make the changes that are required. We believe the valuation to be cheap for a business that is expected to deliver growth over the long term. Exposure to commodity prices led to disappointing share price performances from BHP Billiton and Weir Group. In both cases we see potential for a recovery in earnings as these companies focus on adjusting their cost bases at a time when demand is broadly stable. Any such improvement would be expected to feed through into the share prices. Although troublesome for the companies concerned, the declines in commodity prices were not universally a negative for the portfolio. For instance our relative performance was boosted by our underweight exposure to the oil majors. A similar dynamic was evident amongst the mining companies in aggregate.

Rolls Royce issued a number of profit warnings during the year as the company struggled with weak demand in its marine business coupled with a problematic switch between engine programmes in its civil aerospace operations. The latter issue caused a decline in profits from the well established existing engine the Trent 700. Meanwhile the ramp up of sales for the Trent 7000, the replacement engine, is taking longer than anticipated. Exacerbating the issue is a change to accounting that will see a slower rate of recognition of profits on the new engines when compared to the old model. Over time this will lead to a better quality of earnings but it is causing short term pain. As the installed base of the Trent 7000 grows so the company will build a very large annuity like stream of aftermarket revenues and cashflows that we believe offer some attractive long term prospects.

After a good year in the prior period, education provider Pearson had a much more turbulent 2015 as it struggled with weaker than expected demand in the United States. The business has announced a sizeable restructuring which has been well received by the market and offers some underpinning to the declining share price, though we won't see the full benefits till 2018.

Other companies that experienced a tough year were Prudential, Schroders and Close Brothers. Although trading was in line with expectations, Prudential's share price fell as investors worried about the prospects for its Asian growth engine. Schroders share price mirrored but also magnified the declines in equity markets, whilst Close Brothers indicated a slowing of loan growth in their countercyclical SME focussed bank. We interpret that as evidence that the business is being run as we expect with management showing restraint when returns start to weaken.

There were positives in the portfolio as well. Sage is a provider of accountancy software. They have a relatively new management team who have been driving margin progression whilst also moving the business to one that is more cloud based. Both actions position the company well for the future and the share price has responded strongly. Unilever has bucked the trend that saw emerging market exposure move out of favour. Their long term growth prospects, driven by a portfolio of powerful brands and strong distribution boosted by opportunities to continually drive margins forward have been increasingly recognised by investors. British American Tobacco is a good example of the kind of steady almost bond like proxy that has found favour with many investors during the year. With oligopolistic positions that confer pricing power, a focus on value over volume, emerging market exposures, and good cash flows that deliver above market levels of dividend, the business looks well set for the future.

Croda the speciality chemicals company has had a good year as their strategy of expanding the portfolio of faster growing new and protected products whilst also focussing on the more rapidly growing smaller customers in developing markets. The business has a strong balance sheet and was able to announce a special dividend during the year.

Whilst it is dangerous to generalise, small companies as a group typically have a greater orientation to the domestic economy and a lower level of commodity exposure than their larger counterparts. These features were viewed positively over the year and small companies outperformed the benchmark. Consequently the portfolio benefitted from its investment in Aberdeen Smaller Companies Income Trust.

The portfolio is constructed to deliver growth in both capital and earnings over the long term. Whilst we accept that performance was behind that of the benchmark last year we take heart from the fact that it is ahead of the benchmark over both three and five years. Capital and earnings growth are unlikely to progress either smoothly or in line with each other. We are however very aware of the desirability of growth in the portfolio's earnings.

Prospects

Prospects for the global economy appear to be just the right side of the 3% growth long held to be the level required to stave off a global recession. China will be central to the achievement or otherwise of this target. The key question is whether China can avoid a hard landing. With an expectation of growth of 6.2% in 2016 this looks achievable but it is worth remembering that these forecasts have been steadily trending downwards for some time. The Chinese authorities have tilted policy away from reform and towards fiscal stimulus and for the time being this looks set to support growth. However, in the event that this is unsuccessful there is the potential that the authorities will seek to boost the economy with a further devaluation of the renminbi, this in turn would add to deflationary pressures in developed markets. Positively they do retain conventional policy levers that can be used to address further economic weakness.

The US delivered disappointing growth in early 2016. However, the fundamentals still look sound, despite the impact of a strong currency, sluggish global demand and subdued oil and gas spending. The Federal Reserve is indicating that the interest rate cycle is likely to be shallower than originally anticipated, with no further increases in interest rates expected until late this year. Investors still have no real idea how markets will respond to a tightening interest rate cycle.

In the UK the recovery is continuing and forecasts have recently been revised marginally upwards. However the economy is regarded as sufficiently fragile that the timing of interest rate increases keeps being pushed further out. Sterling has weakened in response to the announcement of the referendum on membership of the European Union. That has in conjunction with an upturn in commodity prices, wage growth and a decline in spare capacity resulted in a pick-up in inflation expectations for 2016. However, these still remain very low for this year it seems likely that any increase in interest rates is still some way away. Indeed some commentators are now suggesting that there will be no change until 2019. The uncertainty caused by the referendum is also unhelpful in the context of both investor and corporate sentiment. However, companies are reporting that though life is difficult they are coping. Although the oil price has bounced from its lows, profits from commodity producers are still under pressure. This has led to a further downgrade to forecast earnings for the domestic economy, such that despite expectations for Gross Domestic Product growth holding steady at near 2% we face a fifth consecutive year of negative aggregate earnings growth.

The European recovery remains on track, though it needs to be remembered just how much stimulus is being required to deliver expansion that is still far from inspiring. Indeed, with the risks seemingly weighted to the downside there remains the possibility that additional stimulus will be required.

Emerging markets have shown some recovery aided by improving commodity prices and the belief that developed market interest rates will rise even more slowly than previously thought.

With so much uncertainty it is not surprising that markets are volatile, though the extent of some share price moves has been greater than might have been anticipated.

Equity valuations appear quite full, multiples are towards the upper end of a normal range whilst expectations for profit growth are more muted. Yields do though provide some support especially when equities are compared to other asset classes. As we have said previously we believe that our portfolio of high quality businesses will prosper over the long term though the short term direction of the markets is as ever difficult to divine.

Aberdeen Asset Managers Limited
26 May 2016

Portfolio

We take a long term approach to investing, believing that whilst there might be volatility in the short and even medium term, share prices will ultimately reflect the fundamental value of a company. Consequently there has been no change to our approach to the construction of the portfolio during the year under review.

The Company's assets are invested in equities, preference shares and convertible shares.

Several holdings delivered pleasing levels of growth in their dividends but there have been a number of high profile dividend cuts during the period. Several of these were related to the weakness in oil and other commodity prices. Just over one third of the Company's revenues come from fixed interest instruments, which deliver no growth in dividends but help support a higher level of earnings.


St Paul's Cathedral, near Aberdeen's London office

Investment Portfolio – Ordinary Shares

As at 31 March 2016

Company	Valuation 2016 £'000	Total portfolio %	Valuation 2015 £'000
Aberdeen Smaller Companies Income Trust	5,866	6.9	6,124
British American Tobacco	3,395	4.0	2,896
Unilever	2,869	3.4	2,702
Royal Dutch Shell 'B'	2,839	3.3	3,063
AstraZeneca	2,556	3.0	3,030
GlaxoSmithKline	2,485	2.9	2,721
Vodafone	2,170	2.6	2,163
Chesnara	2,152	2.5	2,238
HSBC Holdings	2,129	2.5	2,589
Prudential	2,043	2.4	2,625
Ten largest investments	**28,504**	**33.5**	
Centrica	2,008	2.4	2,452
Sage Group	1,912	2.2	1,675
National Grid	1,757	2.1	1,928
Pearson	1,662	2.0	2,351
Close Brothers	1,628	1.9	2,011
Compass	1,537	1.8	1,467
BP	1,520	1.8	1,895
BHP Billiton	1,487	1.7	2,328
Schroders	1,436	1.7	2,150
Inmarsat	1,349	1.6	1,268
Twenty largest investments	**44,800**	**52.7**	
Standard Chartered	1,210	1.4	2,095
Wood Group (John)	1,175	1.4	972
Imperial Brands	1,043	1.2	–
Croda International	1,003	1.2	986
Provident Financial	993	1.2	1,118
Experian	971	1.1	726
Tesco	961	1.1	1,451
Rolls Royce	941	1.1	1,058
Inchcape	919	1.1	413
GKN	904	1.1	1,112
Thirty largest investments	**54,920**	**64.6**	
Cobham	829	1.0	1,883
Elementis	783	0.9	155
Rotork	749	0.9	–
Ultra Electronic Holdings	704	0.8	405
Weir Group	643	0.8	987
Associated British Foods	636	0.7	676
Aveva	583	0.7	548
Capita	531	0.6	–
Hansteen	292	0.3	–
Royal Dutch Shell 'A'	47	0.1	–
Total Ordinary shares	**60,717**	**71.4**	

Investment Portfolio - Other Investments

As at 31 March 2016

Company	Valuation 2016 £'000	Total portfolio %	Valuation 2015 £'000
Convertibles			
Premier Farnell 89.2p Cum Conv	778	0.9	774
Balfour Beatty Cum Conv 10.75%	552	0.7	572
Total Convertibles	**1,330**	**1.6**	
Preference shares			
Ecclesiastical Insurance Office 8 5/8%	5,661	6.6	5,851
Royal & Sun Alliance 7 3/8%	5,003	5.9	5,340
General Accident 7.875%	4,364	5.1	4,683
Santander 10.375%	4,123	4.8	4,039
Standard Chartered 8.25%	3,099	3.6	3,583
R.E.A. Holdings 9%	852	1.0	1,206
Total Preference shares	**23,102**	**27.0**	
Total other investments	**24,432**	**28.6**	
Total investments	**85,149**	**100.0**	

Purchases and/or sales effected during the year result in 2015 and 2016 values not being directly comparable.

Distribution of Assets and Liabilities

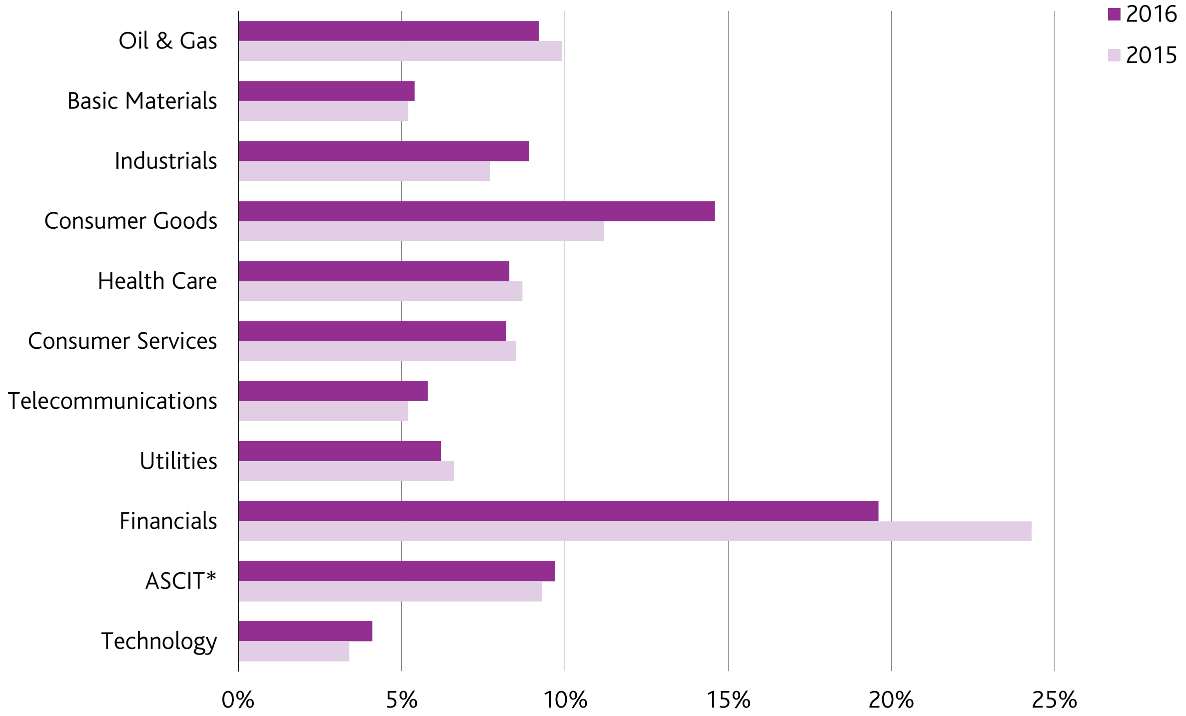
As at 31 March 2016

	Valuation at 31 March 2015 £'000	%	Movement during the year Purchases £'000	Sales £'000	Other £'000	Gains/ (losses) £'000	Valuation at 31 March 2016 £'000	%
Listed investments								
Ordinary shares	66,133	85.0	6,465	(4,879)	–	(7,002)	60,717	88.2
Convertibles	1,346	1.7	–	–	(10)	(6)	1,330	1.9
Preference shares	24,702	31.7	–	–	(83)	(1,517)	23,102	33.6
Total investments	92,181	118.4	6,465	(4,879)	(93)	(8,525)	85,149	123.7
Current assets	4,418	5.7					2,877	4.2
Current liabilities	(8,767)	(11.3)					(9,224)	(13.4)
Non current liabilities	(10,000)	(12.8)					(10,000)	(14.5)
Net assets	**77,832**	**100.0**					**68,802**	**100.0**
NAV per Ordinary share	**259.5p**						**229.4p**	

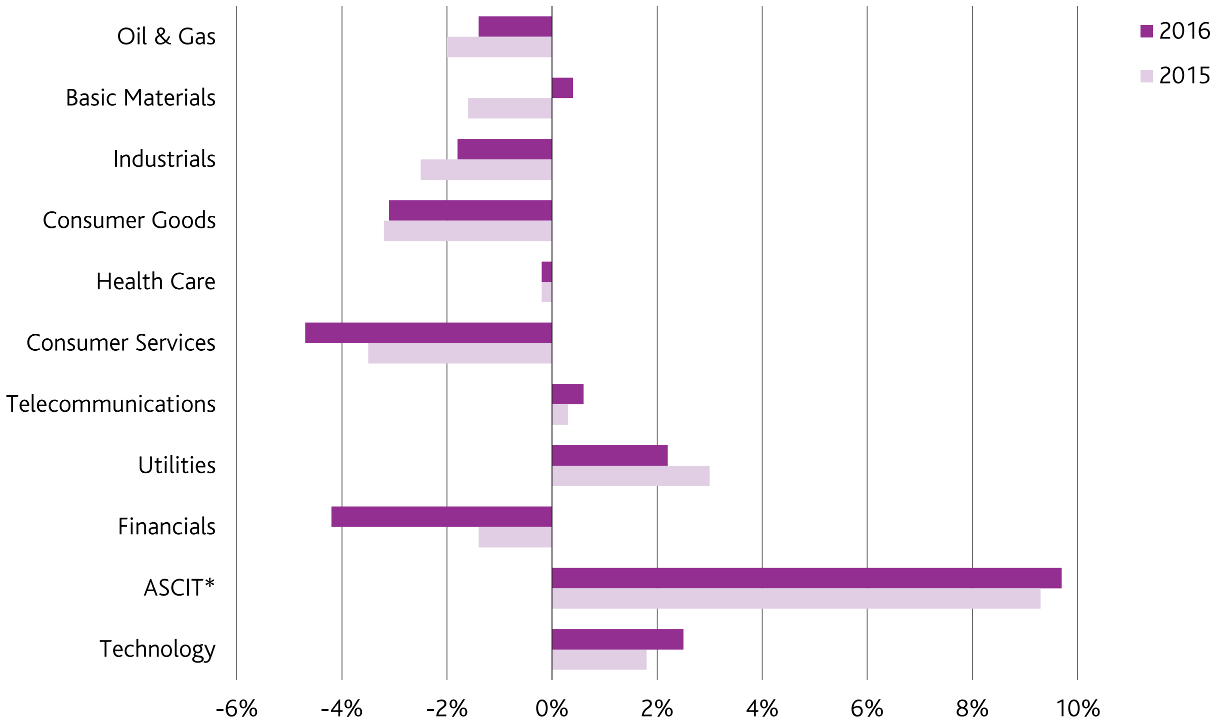
Sector Analysis

As at 31 March 2016

Analysis of Listed Equity Portfolio

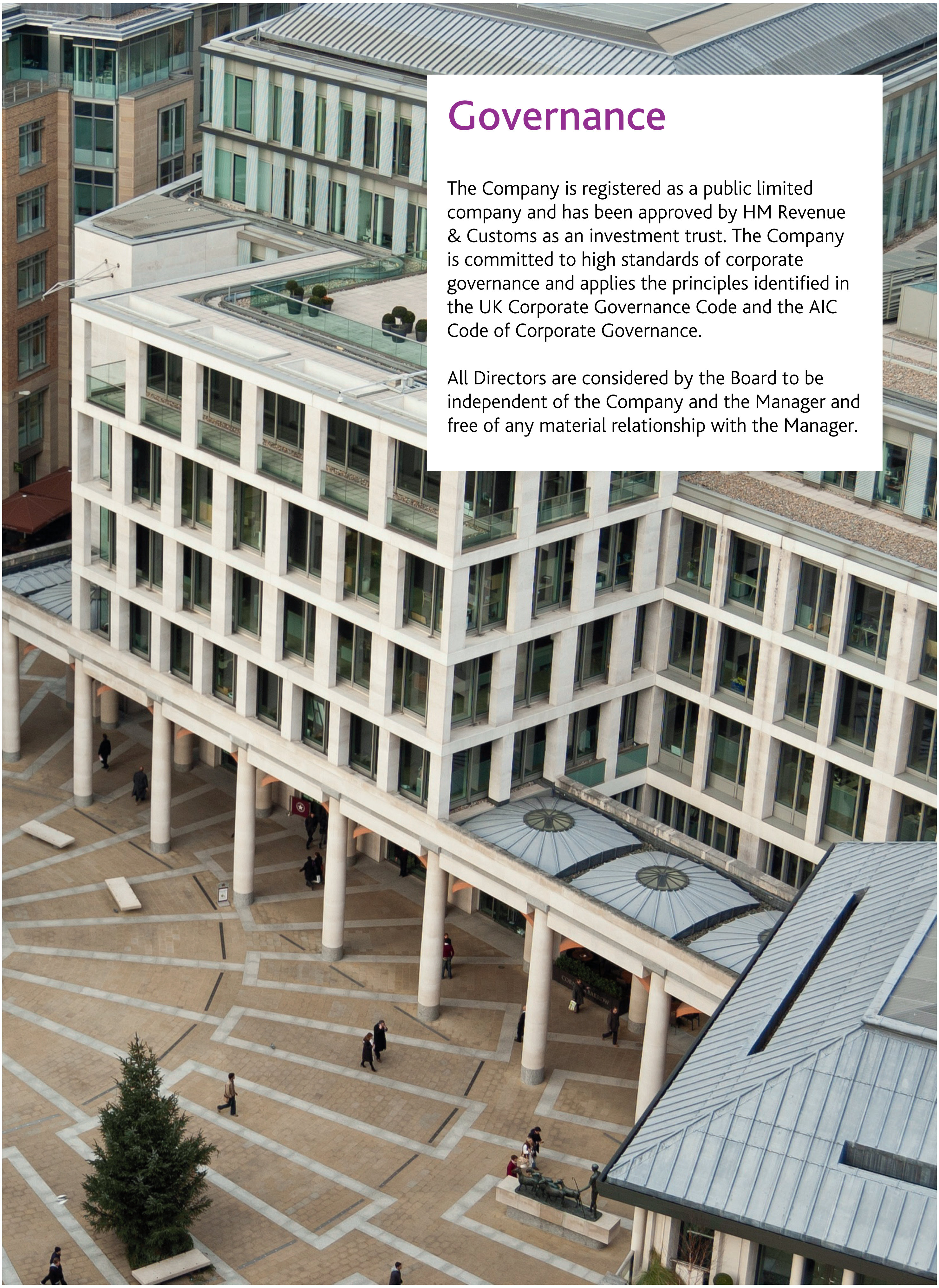


Shires Income PLC relative to the FTSE All-Share Index



*The Company's investment in Aberdeen Smaller Companies Income Trust PLC ("ASCIT") is classified under "Financials" for FTSE classification purposes.


Paternoster Square,
City of London



Governance

The Company is registered as a public limited company and has been approved by HM Revenue & Customs as an investment trust. 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.

All Directors are considered by the Board to be independent of the Company and the Manager and free of any material relationship with the Manager.

Your Board of Directors

The Directors details, all of whom are non-executive and independent of the Manager, are set out below. The Directors supervise the management of Shires Income PLC and represent the interests of shareholders.

Anthony B. Davidson C.A.

Status: Independent non-executive Chairman and Chairman of the Management Engagement Committee and Nomination Committee.

Length of Service: 9 years, appointed a Director in February 2007 and Chairman in December 2008.

Experience: Until October 2015 he was a non-executive director of a number of life companies within the Phoenix Group. He was previously Chief Executive of Provincial Insurance plc and a senior executive director of TSB Scotland plc.

Last re-appointed to the Board: 11 July 2013.

Committee membership: Audit Committee, Management Engagement Committee (Chairman), Nomination Committee (Chairman).

Marian Glen

Status: Independent non-executive Director.

Length of Service: 3 years, appointed a Director in January 2013.

Experience: Currently a member of the audit committee of the Water Industry Commission for Scotland and a non-executive director of Financial Services Compensation Scheme Limited. She was a non-executive director of Murray Income Trust PLC, Friends Life Group Limited and certain other companies in the Friends Life group of companies. She was formerly the General Counsel of AEGON UK and prior to that was a corporate partner and head of funds and financial services at Shepherd+ Wedderburn.

Last appointed to the Board: 11 July 2013.

Committee membership: Audit Committee, Management Engagement Committee, Nomination Committee.

Andrew S. Robson C.A.

Status: Independent non-executive Director and Chairman of the Audit Committee.

Length of Service: 8 years, appointed a Director in May 2008.

Experience: He is a Chartered Accountant, with many years of experience in investment banking and as a finance director. He was a director of Robert Fleming & Co Limited and SG Hambros and Finance Director of eFinancialGroup Limited and the National Gallery. He has over 15 years of experience as a director of a number of quoted investment trusts and is currently a business adviser, working with smaller UK companies. He is a non-executive director of British Empire Trust plc, JPMorgan Smaller Companies Investment Trust plc, Mobeus Income & Growth 4 PLC and Witan Pacific Investment Trust PLC.

Last re-appointed to the Board: 3 July 2014.

Committee membership: Audit Committee (Chairman), Management Engagement Committee, Nomination Committee.

Robert Talbut

Status: Independent non-executive Director.

Length of Service: 1 year, appointed a Director on 1 April 2015.

Experience: He was formerly Chief Investment Officer of Royal London Asset Management and has over 30 years of financial services experience. He has represented the asset management industry through the chairmanship of both the ABI Investment Committee and the Asset Management Committee of the Investment Association. He has also been a member of the Audit & Assurance Council of the FRC and the Financial Conduct Authority's Listing Authority Advisory Panel. He is a non-executive director of Schroder UK Mid Cap Fund plc.

Last appointed to the Board: 8 July 2015.

Committee membership: Audit Committee, Management Engagement Committee, Nomination Committee.

Directors' Report

The Directors present their report and audited financial statements for the year ended 31 March 2016.

Results and Dividends

The financial statements for the year ended 31 March 2016 are contained on pages 49 to 68. Dividends paid and proposed for the year amounted to 12.25p per Ordinary share.

First, second and third interim dividends for the year, each of 3.0p per Ordinary share, were paid on 30 October 2015, 29 January 2016 and 29 April 2016 respectively. The Directors recommend a final dividend of 3.25p per Ordinary share, payable on 29 July 2016 to shareholders on the register on 8 July 2016. The ex-dividend date is 7 July 2016. Under International Financial Reporting Standards ("IFRS") the third interim and final dividends will be accounted for in the financial year ended 31 March 2017. A resolution in respect of the final dividend will be proposed at the forthcoming Annual General Meeting.

Investment Trust Status

The Company is registered as a public limited company (registered in England and Wales No. 00386561) and is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company is approved by HM Revenue & Customs as an investment trust within the meaning 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 April 2012. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 March 2016 so as to enable it to comply with the ongoing requirements for investment trust status.

Individual Savings Accounts

The Company has conducted its affairs in such a way 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

The issued Ordinary share capital at 31 March 2016 consisted of 29,997,580 Ordinary shares of 50p each and 50,000 3.5% Cumulative Preference Shares of £1 each. There have been no changes in the Company's issued share capital subsequent to the year end and up to the date of this Report.

Each Ordinary and Cumulative Preference share carries one vote at general meetings of the Company.

The Cumulative Preference Shares carry a right to receive a fixed rate of dividend and, on a winding up of the Company, to the payment of such fixed cumulative preferential dividends to the date of such winding up and to the repayment of the capital paid up on such shares in priority to any payment to the holders of the Ordinary shares.

The Ordinary shares, excluding any treasury shares, carry a right to receive dividends and, on a winding up or other return of capital, 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 or Cumulative Preference shares in the Company other than certain restrictions which may from time to time be imposed by law.

Management Agreement

The Company has appointed Aberdeen Fund Managers Limited ("AFML"), a wholly owned subsidiary of Aberdeen Asset Management PLC, as its alternative investment fund manager. AFML has been appointed to provide investment management, risk management, administration and company secretarial services to the Company as well as to carry out promotional activities. The Company's portfolio is managed by Aberdeen Asset Managers Limited ("AAML") by way of a group delegation agreement in place between AFML and AAML. In addition, AFML has delegated the provision of promotional activities to AAML and administrative and secretarial services to Aberdeen Asset Management PLC. Fees payable in relation to promotional activities carried out by Aberdeen are shown in note 4 to the financial statements.

The management fee, details of which are shown in note 3 to the financial statements, is calculated on a monthly basis at 0.45% per annum up to £100 million and 0.40% per annum over £100 million, by reference to the net assets of the Company and any borrowings with a maturity of one year or more, and excluding commonly managed funds. The management agreement is terminable on not less than six months' notice. In the event of termination by the Company on less than the agreed notice period, compensation is payable to the Manager in lieu of the unexpired notice period.

The terms and conditions of the Manager's appointment and its performance are reviewed by the Management Engagement Committee on an annual basis (see page 36).

Substantial Interests

As at 31 March 2016, the following interests in the issued Ordinary share capital of the Company had been disclosed in accordance with the requirements of the FCA's Disclosure and Transparency Rules:

Shareholder	Number of Ordinary shares held	% of Ordinary shares held
Aberdeen Asset Managers Limited Retail Plans[A]	4,542,133	15.1

[A] Non-beneficial interest

There have been no changes notified to the Company since the year end as at the date of approval of this Report.

Directors

The names and biographies of the Directors who held office at the year-end are shown on pages 32 and 33, and indicate their range of skills and experience as well as length of service. Mr D. P. Kidd retired as a Director on 8 July 2015.

All Directors are considered by the Board to be independent of the Company and the Manager and free of any material relationship with the Manager. 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 governance of the Company.

Mr A. S. Robson is a non-executive director of Witan Pacific Investment Trust PLC ("WPC"). WPC's executive manager is Witan Investment Services Limited. WPC operates a multi-manager structure, and Aberdeen Asset Management Asia Limited, part of the Aberdeen Group, manages a part of WPC's assets. Despite his consequent involvement in two investment trusts (including this one) where Aberdeen has an investment management relationship, the remainder of the Board is unanimous in its opinion that Mr Robson remains independent in his role as a Director of the Company.

Directors attended scheduled Board and Committee meetings during the year ended 31 March 2016 as shown in the following table (with their eligibility to attend the relevant meetings in brackets).

Director	Board Meetings	Audit Committee Meetings	Management Engagement Committee Meetings	Nomination Committee Meetings
A. B. Davidson	5 (5)	3 (3)	1 (1)	1(1)
M. Glen	5 (5)	3 (3)	1 (1)	1(1)
D. P. Kidd[A]	2 (2)	1 (1)	-	-
A. S. Robson	5 (5)	3 (3)	1 (1)	1(1)
R. Talbut	5 (5)	3 (3)	1 (1)	1(1)

[A] Retired 8 July 2015

The Board meets more frequently when business needs require.

Ms M. Glen retires by rotation at the Annual General Meeting and, having served for more than nine years, Mr A. B. Davidson will also retire at the Annual General Meeting. Being eligible, both Ms Glen and Mr Davidson offer themselves for re-appointment.

The Board believes that Mr Davidson and Ms Glen remain independent of the Manager and free from any relationship which could materially interfere with the exercise of their judgement on issues of strategy, performance, resources and standards of conduct and confirms that, following a formal performance evaluation, their performance continues to be effective and demonstrates commitment to the role. The Board therefore recommends the re-appointment of Mr Davidson and Ms Glen at the Annual General Meeting.

Directors' and Officers' Liability Insurance

The Company maintains insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Company. In addition, the Company has entered into a separate deed of indemnity with each of the Directors reflecting the scope of the indemnity in the Articles of Association. Under the Articles of Association, each Director is entitled to be indemnified out of the assets of the Company to the extent permitted by law against any loss or liability incurred by him or her in the execution of his or her duties in relation to the affairs of the Company.

Management of Conflicts of Interest

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, each Director prepares 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 or 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 or her wider duties is affected. Each Director is required to notify the Company Secretary of any potential, or actual, conflict situations that 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 all Directors are issued with letters of appointment. There were no contracts 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 Manager also takes a zero-tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption.

Directors' Report continued

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 this statement describes how the Company has applied the principles identified in the UK Corporate Governance Code (the "UK Code"), as published in September 2014 and effective for financial years commencing on or after 1 October 2014, which is available on the Financial Reporting Council's website: frc.org.uk

The Board has also considered the principles and recommendations of the AIC Code of Corporate Governance (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 in accordance with 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);
- the need for an internal audit function (C.3.6).

For the reasons set out in the AIC Guide, and as explained in the 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 Company is also non-compliant with Provision A.4.1 of the UK Code which states that the Board should appoint a Senior Independent Director. The Board has considered whether a Senior Independent Director should be appointed and has concluded that, given the size of the Board and the fact that it is comprised entirely of non-executive Directors, this is unnecessary at the present time. However the Chairman of the Audit Committee leads the evaluation of the Chairman and may be contacted by shareholders if they have any concerns that cannot be resolved through discussions with the Chairman.

The full text of the Company's Corporate Governance Statement can be found on its website.

Board Committees

The Board has appointed three committees to cover specific operations, as set out below. Copies of the terms of reference of each committee are available on the Company's website, or upon request from the Company.

Audit Committee

The Audit Committee's Report is contained on pages 42 to 44.

Management Engagement Committee

The Management Engagement Committee comprises all Directors of the Company and is chaired by Mr A. B. Davidson. The Committee met once during the year. The purpose of the Committee is to review the terms of the agreements with the Manager including, but not limited to, the management fee, and also to review the performance of the Manager in relation to the achievement of the Company's objectives. These reviews were conducted during the year and the outcomes are noted below. In addition, the Committee conducts an annual review of the performance, terms and conditions of the Company's other main third party suppliers.

The key terms of the management agreement are set out on page 34 and details of the fees payable to the Manager are set out in note 3 to the financial statements. The Board believes the fee arrangements are competitive with reference to other investment trusts with a similar investment mandate and are priced appropriately given the level of service provided by the Aberdeen Group. As stated above, the Committee reviews the performance of the Manager annually. The Board is satisfied with the Company's performance since the appointment of the Aberdeen Group as Manager in 2008 and believes the Investment Manager has positioned the portfolio well in order to seek to achieve good medium-term and long-term performance in line with the Company's objectives. It therefore considers the continuing appointment of the Manager on the terms agreed to be in the best interests of shareholders at this time.

Nomination Committee

The Nomination Committee comprises all Directors and is chaired by Mr A. B. Davidson. The Committee's duties include conducting Board evaluations, formulating plans for succession planning and identifying candidates to fill Board vacancies.

Going Concern

The Company's assets comprise mainly readily realisable securities which can be sold to meet funding commitments if necessary. The Board has set limits for borrowing and regularly reviews actual exposures, cash flow projections and compliance with banking covenants. Borrowings of £20 million are committed to the Company until 19 December 2017. The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of this Report. For these reasons, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Accountability and Audit

The respective responsibilities of the Directors and the auditor in connection with the financial statements appear on page 46, and pages 47 to 48.

Each Director confirms that, so far as he or she is aware, there is no relevant audit information of which the Company's auditor is unaware, and they have taken all the steps that they could reasonably be expected to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor

As explained in the Audit Committee's Report on page 44, following a formal tender process conducted during the year, the Board has decided to appoint Ernst & Young LLP as the Company's auditor, in place of KPMG LLP, for the audit of the financial statements for the year ending 31 March 2017. The Board will therefore place resolutions before the Annual General Meeting to appoint Ernst & Young LLP as auditor for the ensuing year and to authorise the Directors to determine its remuneration.

Stewardship and Proxy Voting

The purpose of the FRC's UK Stewardship Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and assist institutional investors with the efficient exercise of their governance responsibilities. The FRC is encouraging institutional investors to make a statement of their commitment to the Stewardship Code.

The Board has delegated responsibility for actively monitoring the activities of portfolio companies to the Manager who has in turn delegated this responsibility to the Investment Manager. The Board has reviewed and accepts the Investment Manager's corporate governance principles, which may be found on its website, at: aberdeen-asset.com/doc.nsf/Lit/LegalDocumentationGroupCorporateGovernancePrinciples. These principles set out the Investment Manager's framework on corporate governance, proxy voting and shareholder engagement in relation to the companies in which the Investment Manager has invested or is considering investing. The Board has also reviewed the Investment Manager's Disclosure Response to the UK Stewardship Code, which appears on its website at the web-address given above.

The Investment Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by portfolio companies and for attending company meetings. The Investment Manager, in the absence of explicit instruction from the Board, is empowered to use discretion in the exercise of the Company's voting rights.

The Board recognises and supports the Aberdeen Group's policy of active engagement with investee companies and the voting of all of the shares held by the Company. The Board receives regular reports on the exercise of the Company's voting rights and discusses any issues arising with the Investment Manager. It is the Board's view that having an active voting policy and a process for monitoring the Investment Manager's exercise of those votes, especially in relation to controversial issues, aids the efficient exercise of the Company's governance responsibilities.

Stewardship and ESG

The Board is aware of its duty to act in the interests of the Company. The Board supports the Aberdeen Group, a signatory to the UNPRI (United Nations Principles for Responsible Investment), in considering holistically the material risks posed by each investment, both from a financial and an ESG (environmental, social and corporate governance) perspective. The Investment Manager takes into account all the risks and opportunities presented by potential and current holdings as part of its determination of the quality of each investment. The Investment Manager also considers the extent to which investments consider risks and opportunities when setting its targets, remuneration and company strategy. The Investment Manager engages with investee companies on their material risks and opportunities and actively encourages them to adhere to best practice in managing their material issues. The Company's ultimate objective is to deliver superior investment returns for its shareholders and the consideration of the key risks and opportunities of the holdings in the portfolio is a vital part of the Investment Manager's due diligence and stewardship practice.

Directors' Report continued

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. Shareholders and investors may obtain up to date information on the Company through its website and the Manager's information service. The Annual Report is widely distributed to other parties who have an interest in the Company's performance.

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (including the Company Secretary or the Manager) in situations where direct communication is required and representatives from the Board meet with major shareholders on an annual basis in order to gauge their views.

In addition, 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 personally as appropriate.

It is the Company's aim is to give at least 20 working days' notice to shareholders of the Annual General Meeting. As recommended by the AIC Code, the Company makes available the proxy votes cast at general meetings.

All shareholders have the opportunity to put questions to the Board at the Annual General Meeting and a presentation from the Investment Manager will cover the investment performance and strategy during the financial year and the outlook for the year ahead. The Board hopes that as many shareholders as possible will be able to attend the meeting.

Annual General Meeting

The Annual General Meeting will be held at the offices of Aberdeen Asset Management PLC, Bow Bells House, 1 Bread Street, London EC4M 9HH on Wednesday 6 July 2016 at 12 noon. The Notice of Annual General Meeting is included on pages 76 to 79. Resolutions including the following business will be proposed:

Allotment of Shares

Resolution 8, which is an ordinary resolution, will, if approved, give the Directors a general authority to allot new securities up to one third of the issued Ordinary share capital of the Company as at the date of the passing of the resolution (up to a maximum aggregate nominal amount of £4,999,596 based on the number of Ordinary shares in issue as at the date of this Report), such authority to expire on 30 September 2017 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting).

The Directors consider that this authority is necessary to retain flexibility although they do not have any intention of exercising the authority at the current time.

Disapplication of Pre-emption Provisions

Resolution 9, which is a special resolution, will, if approved, give the Directors power to allot Ordinary shares (including Ordinary shares held in treasury) for cash, otherwise than pro-rata to existing shareholders, up to a maximum aggregate nominal amount representing 10% of the Company's issued Ordinary share capital as at the date of the passing of the resolution (up to an aggregate nominal amount of £1,499,879 based on the number of Ordinary shares in issue as at the date of this Report). Ordinary shares would only be issued for cash at a premium to the net asset value per share. This authority will expire on 30 September 2017 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting). As noted, this disapplication of pre-emption rights also applies in respect of treasury shares which the Company may sell. The Company has no shares held in treasury as at the date of this Report.

Purchase of the Company's own Ordinary Shares

Resolution 10, which is a special resolution, will be proposed to renew the Company's authority to make market purchases of its own shares. The maximum number of Ordinary shares which may be purchased pursuant to the authority is 14.99% of the issued share capital of the Company as at the date of the passing of the resolution (approximately 4.5 million Ordinary shares). The minimum price which may be paid for an Ordinary share (exclusive of expenses) is 50p. The maximum price which may be paid (exclusive of expenses) is an amount being not more than the higher of (i) 105% of the average of the middle market quotations for the Company's Ordinary shares for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid relating to an Ordinary share on the trading venue where the purchase is carried out.

This authority, if conferred, will only be exercised if to do so would enhance the net asset value per share and is in the best interests of shareholders generally. Shares so repurchased may be held in treasury or cancelled. Any purchase of shares will be made within guidelines established from time to time by the Board. This authority will expire on 30 September 2017 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting).

The Company did not purchase any of its own shares during the year.

Notice Period for General Meetings

The Company's Articles of Association enable the Company to call general meetings (other than an Annual General Meeting) on 14 clear days' notice. In order for this to be effective, the shareholders must also annually approve the calling of meetings on 14 days' notice by separate resolution. Resolution 11, which is a special resolution, seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Companies Act 2006 (as amended by the Shareholders' Rights Regulations) before it can call a general meeting on 14 days' notice. It is the Board's intention to only use this authority where it is merited by the purpose of the meeting.

Recommendation

The Directors believe that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders and recommend that shareholders vote in favour of the resolutions, as the Directors intend to do in respect of their own beneficial shareholdings totalling 26,500 Ordinary shares.

By order of the Board

Aberdeen Asset Management PLC
Company Secretary
40 Princes Street
Edinburgh EH2 2BY
26 May 2016

Directors' Remuneration Report

This Directors' Remuneration Report comprises three parts:

1. a Remuneration Policy which is subject to a binding shareholder vote every three years (or sooner if varied during this interval) – most recently voted on at the Annual General Meeting on 3 July 2014;
2. an Implementation Report which is subject to an advisory vote on the level of remuneration paid during the year; and
3. an Annual Statement.

The law requires the Company's auditor to audit certain of the disclosures provided in the Directors' Remuneration Report. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included on pages 47 and 48.

As the Company has no employees and the Board is comprised wholly of non-executive Directors and given the size and nature of the Company, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the whole Board on an annual basis.

Remuneration Policy

This Directors' Remuneration Policy takes into consideration the principles of UK Corporate Governance and the AIC's recommendations regarding the application of those principles to investment companies. There were no changes to the Directors' Remuneration Policy during the year nor are there any proposals for changes in the foreseeable future.

No shareholder views were sought in setting the remuneration policy although any comments received from shareholders are considered.

Directors' fees are set within the limits of the Company's Articles of Association which limit the aggregate fees payable to the Board of Directors per annum. The current limit is £140,000 per annum and may only be increased by shareholder resolution. The Board's policy is that the remuneration of non-executive Directors should be sufficient to attract Directors of the quality required to run the Company successfully. The remuneration should also reflect the nature of their duties, responsibilities, the value of their time spent and be fair and comparable to that of other investment trusts that are similar in size, and have similar capital structures and investment objectives.

The current levels of fees are set out in the table below.

	31 March 2016 £	31 March 2015 £
Chairman	29,000	29,000
Chairman of Audit Committee	24,000	23,000
Director	21,000	20,500

Appointment

- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive and are appointed under the terms of Letters of Appointment.
- Directors must retire and be subject to appointment at the first Annual General Meeting after their appointment by the Board, and be subject to re-appointment every three years thereafter. Directors with more than nine years' service are subject to annual re-appointment.
- Any Director newly appointed to the Board will receive the fee applicable to each of the other Directors at the time of appointment together with any other fee then currently payable in respect of a specific role which the new Director is to undertake for the Company.
- No incentive or introductory fees will be paid to encourage a person to become a Director.
- The Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- Directors are entitled to re-imbursement of out-of-pocket expenses incurred in connection with the performance of their duties, including travel expenses.
- The Company indemnifies its Directors for 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 without notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or any assets of the Company.

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

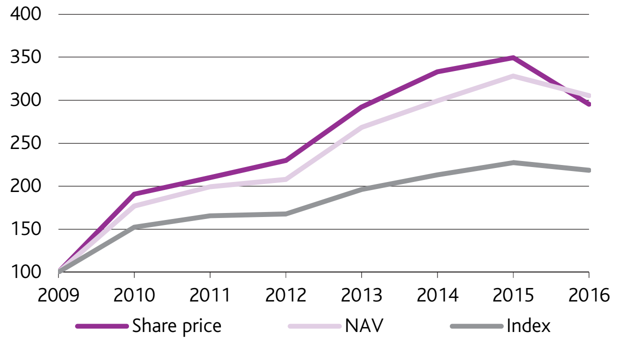
Implementation Report

Review of Directors' Fees

The Board carried out a review of the level of Directors' fees during the year and concluded that there would be no increases in fees at the current time.

Company Performance

The graph below shows the share price and NAV 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 31 March 2016 (rebased to 100 at 31 March 2009). This Index was chosen for comparison purposes, as it is the benchmark used for investment performance measurement purposes.



Statement of Voting at General Meeting

At the Company's last Annual General Meeting, held on 8 July 2015, shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 31 March 2015. 95.9% of proxy votes were in favour of the resolution, 2.0% were against and 2.1% abstained.

Spend on Pay

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

Fees Payable (Audited)

The Directors who served in the year received the following fees, which exclude employers' National Insurance Contributions:

Director	2016 £	2015 £
A. B. Davidson	29,000	29,000
M. Glen	21,000	20,500
D. P. Kidd[A]	5,702	20,500
A. S. Robson	24,000	23,000
R. Talbut[B]	21,000	-
Total	**100,702**	**93,000**

[A] Retired 8 July 2015
[B] Appointed 1 April 2015

Fees are pro-rated where a change takes place during a financial year. There were no payments to third parties included in 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 connected persons) at 31 March 2016 and 31 March 2015 had no interest in the share capital of the Company other than those interests, all of which are beneficial interests, shown in the table below.

	31 March 2016 Ordinary shares	31 March 2015 Ordinary shares
A. B. Davidson	10,000	10,000
M. Glen	3,000	3,000
A. S. Robson	8,500	5,500
R. Talbut	5,000	5,000

No Director had an interest in the 3.5% Cumulative Preference shares at any time during the year.

Since the end of the year, Mr A. B. Davidson has acquired a beneficial interest in a further 10,262 Ordinary shares. There have been no other changes to the Directors' interests in the share capital of the Company since the end of the year.

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 Remuneration Report summarises, as applicable, for the year to 31 March 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 decisions have been taken.

Anthony B. Davidson
Chairman
26 May 2016

Audit Committee's Report

The Audit Committee presents its Report for the year ended 31 March 2016.

Committee Composition

The Audit Committee comprises all of the Directors of the Company with Mr A. S. Robson acting as Chairman. The Board has satisfied itself that at least one of the Committee's members has recent and relevant financial experience – Mr Robson is a fellow of the Institute of Chartered Accountants in England and Wales. The Audit Committee meets at least twice a year to coincide with the annual and half-yearly reporting and audit cycle.

Functions of the Audit Committee

The principal role of the Audit Committee is to assist the Board in relation to the reporting of financial information, the review of financial controls and the management of risk. The Committee has defined terms of reference which are reviewed and re-assessed for their adequacy on at least an annual basis. Copies of the terms of reference are published on the Company's website.

The Committee's main functions are listed below:

- 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 below);
- to consider 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 financial reports, announcements and related formal statements;
- to review the content of the Annual Report 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 position and performance, business model and strategy;
- to meet with the auditor to review the proposed audit programme of work and the findings of the auditor. The Committee also uses 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. There were no non-audit fees paid to the auditor during the year. The Committee will review any future fees in the light of the requirement to maintain the auditor's independence;
- to review a statement from the Aberdeen Group detailing the arrangements in place within AAM whereby AAM staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- to make recommendations in relation to the appointment of the auditor and to approve the remuneration and terms of engagement of the auditor; and
- to monitor and review the auditor's independence, objectivity, effectiveness, resources and qualification.

Activities During the Year

The Audit Committee met three times during the year when it considered the Annual Report and the Half-Yearly Financial Report in detail, and conducted an audit tender process as explained in more detail below. Representatives of the Aberdeen Group's internal audit, risk and compliance departments reported to the Committee at these meetings on matters such as internal control systems, risk and the conduct of the business in the context of its regulatory environment.

Internal Control

The Board confirms that 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 31 March 2016 and up to the date of approval of the Annual Report, that it is regularly reviewed by the Board and accords with the FRC's guidance on internal controls.

The Board has overall responsibility for ensuring that there is a system of internal controls in place and a process for reviewing its effectiveness. Any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

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 Board has prepared its own risk register which identifies potential risks relating to strategy; investment management; shareholders; promotional activities; gearing; regulatory and financial obligations; third party service providers and the Board. The Board considers the potential cause and possible impact of these risks as well as reviewing the controls in place to mitigate these potential risks. A risk is rated by having a likelihood and an impact rating and is plotted on a "heat map".

Clear lines of accountability have been established between the Board and the Manager. The Board receives regular reports covering key performance and risk indicators and considers control and compliance issues brought to its attention. In carrying out its review, the Board has had regard to the activities of the Aberdeen Group, the Aberdeen Group's internal audit and compliance functions and the auditor.

The Board has reviewed the effectiveness of the Aberdeen Group's system of internal control including its annual internal controls report prepared in accordance with the International Auditing and Assurance Standards Board's International Standard on Assurances Engagements ("ISAE") 3402, "Assurance Reports on Controls at a Service Organization". The Board has also reviewed Aberdeen's process for identifying and evaluating the significant risks faced by the Company and the policies and procedures by which these risks are managed.

Risks are identified and documented through a risk management framework by each function within the Aberdeen Group's activities. Risk is considered in the context of the FRC 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 Company 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 key components designed to provide effective internal control are outlined below:

- 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;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers;
- 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;
- as a matter of course the Aberdeen Group's compliance department continually reviews the Aberdeen Group's operations; and
- at its meeting in May 2016, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 March 2016 by considering documentation from the Aberdeen Group including the internal audit and compliance functions and taking account of events since 31 March 2016.

The Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place within the Aberdeen Group, has decided to place reliance on the Aberdeen Group's systems and internal audit procedures.

Financial Statements and Significant Issues

During its review of the Company's financial statements for the year ended 31 March 2016, the Audit Committee considered the following significant issues, in particular those communicated by the auditor during its planning and reporting of the year end audit:

Valuation and Existence of Investments

How the issue was addressed - The Company's investments have been valued in accordance with the stated accounting policies as disclosed in note 1 to the financial statements. All of the investments are in quoted securities in active markets, are considered to be liquid and have been categorised as Level 1 within the IFRS 7 fair value hierarchy. The portfolio holdings and their pricing is reviewed and verified by the Manager on a regular basis and management accounts, including a full portfolio listing, are prepared for each Board meeting. The Company uses the services of an independent Depositary (BNP Paribas Securities Services, London Branch) to hold the assets of the Company. The Depositary checks the consistency of its records with those of the Manager on a monthly basis.

Recognition of Investment Income

How the issue was addressed - The recognition of investment income is undertaken in accordance with the stated accounting policies. In addition, the Directors review the Company's income, including income received, revenue forecasts and dividend comparisons at each Board meeting.

Maintenance of Investment Trust Status

How the issue was addressed - Approval of the Company as an investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010 for financial years commencing on 1 April 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis by the Manager and reported at each Board meeting.

Review of Auditor

The Audit Committee has reviewed the effectiveness of the auditor, KPMG LLP ("KPMG"), including:

- Independence - the auditor discusses with the Audit Committee, at least annually, the steps it takes to ensure its independence and objectivity 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, its communications and presentation of outputs, and its working relationship with management.
- Quality of people and service - including continuity and succession plans.

There were no non-audit services provided by KPMG during the year. The Audit Committee remains satisfied that KPMG's objectivity and independence are being safeguarded.

Tenure of Auditor and Appointment of New Auditor

KPMG, or various KPMG entities, have held office as auditor for more than 20 years. In accordance with present professional guidelines the audit director is rotated after no more than five years and the year ended 31 March 2016 is the fifth year for which the present director has served.

Under EU legislation, listed companies are required to rotate their auditor every 10 years. Under the transitional arrangements for firms that had been audited by the same auditor for over 20 years there will be a grace period of six years after the enactment of the EU legislation. Accordingly, based upon the new legislation, KPMG will not be able to audit the Company after the 31 March 2020 year end. However, as disclosed in last year's Annual Report, with the present audit director having served for five years, the Board decided that the audit should be put out to tender. During the year, the Audit Committee therefore invited a number of audit firms to submit written proposals and, following a thorough process which involved a presentation to the Audit Committee by each of the firms, it was agreed to recommend to the Board the appointment of Ernst & Young LLP as the Company's auditor for the year ending 31 March 2017. In reaching its decision, the Audit Committee took into account a number of factors, including the independence, skills and experience of the different audit firms, as well as the proposed levels of audit fees.

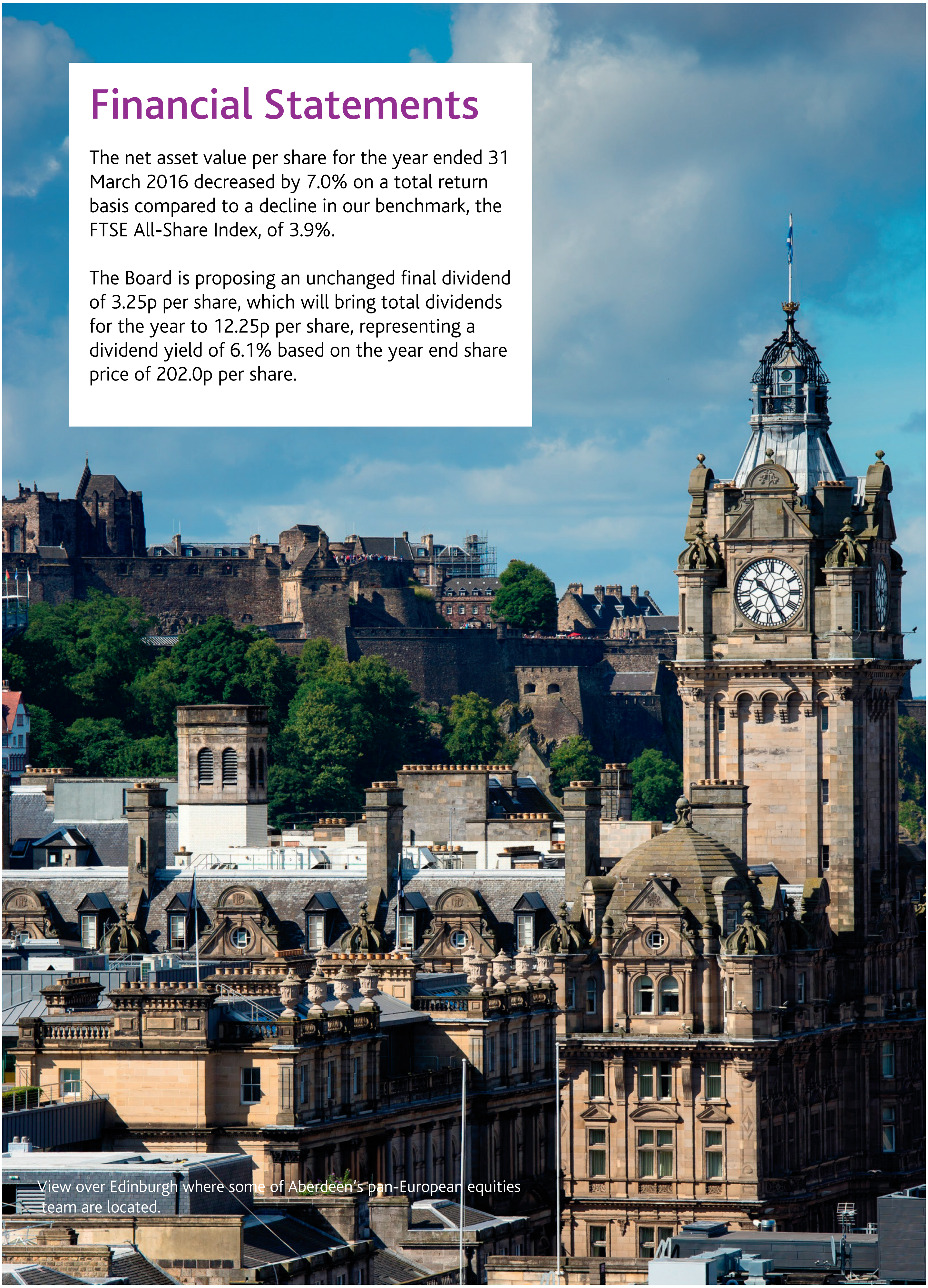
As a result, KPMG will not be seeking re-appointment as auditor for the financial year commencing 1 April 2016, and the Board will place resolutions before the Annual General Meeting to appoint Ernst & Young LLP as auditor for the year ending 31 March 2017 and to authorise the Directors to determine its remuneration.

Andrew S. Robson
Chairman of the Audit Committee
26 May 2016

Financial Statements

The net asset value per share for the year ended 31 March 2016 decreased by 7.0% on a total return basis compared to a decline in our benchmark, the FTSE All-Share Index, of 3.9%.

The Board is proposing an unchanged final dividend of 3.25p per share, which will bring total dividends for the year to 12.25p per share, representing a dividend yield of 6.1% based on the year end share price of 202.0p per share.



View over Edinburgh where some of Aberdeen's pan-European equities team are located.

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 that law they are required to prepare the financial statements in accordance with IFRS as adopted by the EU and applicable law.

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;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU subject to any material departures disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping 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 Statement of Corporate Governance 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; and
- that in the opinion of the Directors, the Annual Report taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's position and 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 Shires Income PLC

Anthony B. Davidson
Chairman
26 May 2016

Independent Auditor's Report to the Members of Shires Income PLC Only

Opinions and Conclusions Arising From Our Audit

Our opinion on the financial statements is unmodified

We have audited the financial statements of Shires Income PLC for the year ended 31 March 2016 set out on pages 49 to 68. In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements, the risk of material misstatement that had the greatest effect on our audit was as follows (unchanged from 2015):

Carrying amount of quoted equity, fixed interest and derivative instruments (£85.1m (2015: £92.2 m))
Refer to page 43 (Audit Committee's Report), page 53 (accounting policy) and pages 58 and 59 (financial disclosures).

The risk: The Company's portfolio of quoted equity, fixed interest and derivative instruments makes up 96.7% of the Company's total assets (by value) and is considered to be the key driver of operations and performance results. We do not consider these investments to be at high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

Our response: Our procedures over the completeness, valuation and existence of the Company's quoted investment portfolio included, but were not limited to:

- documenting and assessing the processes in place to record investment transactions and to value the portfolio;
- agreeing the valuation of 100% of investments in the portfolio to externally quoted prices; and
- agreeing 100% of investment holdings in the portfolio to independently received third party confirmations.

Our application of materiality and an overview of the scope of our audit

The materiality for the financial statements as a whole was set at £880,000 (2015: £966,000), determined with reference to a benchmark of Total Assets (of which it represents 1% (2015: 1%)).

In addition, we applied materiality of £181,000 (2015: £196,000) to income for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could be reasonably expected to influence the Company's members' assessment of the financial performance of the Company.

We report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £44,000 (2015: £48,300), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed at the offices of the administrator, BNP Paribas, in Dundee.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:
Independent Auditor's Report to the Members of

- the Directors' Viability Statement on pages 12 and 13, concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the Company's continuing in operation over the three years from the date of the Strategic Report; or
- the disclosures in Note 1 of the financial statements concerning the use of the going concern basis of accounting.

Independent Auditor's Report to the Members of Shires Income PLC Only continued

We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; or
- the Audit Committee's Report does not appropriately address matters communicated by us to the Audit Committee.

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

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

Under the Listing Rules we are required to review:

- the Directors' statements, set out on page 37 and pages 12 and 13, in relation to going concern and viability; and
- the part of the Corporate Governance Statement on page 36 relating to the Company's compliance with the ten provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and Responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 46, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG
26 May 2016

Statement of Comprehensive Income

		Year ended 31 March 2016			Year ended 31 March 2015		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments at fair value	10	–	(8,533)	(8,533)	–	3,470	3,470
Income							
Dividend income		3,422	–	3,422	3,737	–	3,737
Interest income/(expense)		588	(93)	495	578	(93)	485
Stock dividends		153	–	153	65	–	65
Traded option premiums		186	–	186	275	–	275
Money market interest		7	–	7	10	–	10
Underwriting commission		5	–	5	–	–	–
	2	4,361	(8,626)	(4,265)	4,665	3,377	8,042
Expenses							
Management fee	3	(190)	(190)	(380)	(198)	(198)	(396)
Other administrative expenses	4	(370)	–	(370)	(384)	–	(384)
Finance costs of borrowings	6	(169)	(169)	(338)	(164)	(163)	(327)
		(729)	(359)	(1,088)	(746)	(361)	(1,107)
Profit before taxation		3,632	(8,985)	(5,353)	3,919	3,016	6,935
Taxation	7	(15)	15	–	(42)	32	(10)
Profit/(loss) attributable to equity holders of the Company		**3,617**	**(8,970)**	**(5,353)**	**3,877**	**3,048**	**6,925**
Earnings per Ordinary share (pence)	9	**12.06**	**(29.90)**	**(17.84)**	**12.92**	**10.16**	**23.08**

The Company does not have any income or expense that is not included in profit for the year, and therefore the "Profit for the year" is also the "Total comprehensive income for the year", as defined in IAS 1 (revised).

The total column of this statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with IFRS. The revenue and capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations.

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

Balance Sheet

	Notes	As at 31 March 2016 £'000	As at 31 March 2015 £'000
Non-current assets			
Ordinary shares		60,717	66,133
Convertibles		1,330	1,346
Other fixed interest		23,102	24,702
Securities at fair value	10	85,149	92,181
Current assets			
Other receivables	11	1,004	1,016
Cash and cash equivalents		1,873	3,402
		2,877	4,418
Creditors: amounts falling due within one year			
Trade and other payables		(224)	(267)
Short-term borrowings		(9,000)	(8,500)
	12	(9,224)	(8,767)
Net current liabilities		(6,347)	(4,349)
Total assets less current liabilities		78,802	87,832
Non-current liabilities			
Long-term borrowings	12	(10,000)	(10,000)
Net assets		**68,802**	**77,832**
Issued capital and reserves attributable to equity holders			
Called-up share capital	13	15,049	15,049
Share premium account	14	19,308	19,308
Capital reserve	15	28,192	37,162
Revenue reserve	15	6,253	6,313
Equity shareholders' funds		**68,802**	**77,832**
Net asset value per Ordinary share (pence)	9	**229.36**	**259.46**

The financial statements were approved by the Board of Directors and authorised for issue on 26 May 2016 and were signed on its behalf by:

Anthony B. Davidson
Chairman

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

Statement of Changes in Equity

Year ended 31 March 2016

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Retained revenue reserve £'000	Total £'000
As at 31 March 2015	15,049	19,308	37,162	6,313	77,832
Revenue profit for the year	–	–	–	3,617	3,617
Capital loss for the year	–	–	(8,970)	–	(8,970)
Equity dividends (see note 8)	–	–	–	(3,677)	(3,677)
As at 31 March 2016	**15,049**	**19,308**	**28,192**	**6,253**	**68,802**

Year ended 31 March 2015

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Retained revenue reserve £'000	Total £'000
As at 31 March 2014	15,049	19,308	34,114	6,031	74,502
Revenue profit for the year	–	–	–	3,877	3,877
Capital profit for the year	–	–	3,048	–	3,048
Equity dividends (see note 8)	–	–	–	(3,595)	(3,595)
As at 31 March 2015	**15,049**	**19,308**	**37,162**	**6,313**	**77,832**

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

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

Cash Flow Statement

	Year ended 31 March 2016 £'000	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000	Year ended 31 March 2015 £'000
Net cash inflow from operating activities				
Investment income received		3,907		4,201
Stock dividends		153		65
Traded option premiums		194		259
Money market interest received		7		11
Underwriting commission		5		–
Management fee paid		(390)		(391)
Other cash expenses		(391)		(399)
Cash generated from operations		3,485		3,746
Interest paid		(342)		(318)
Overseas tax recoverable		(1)		(5)
Net cash inflows from operating activities		3,142		3,423
Cash flows from investing activities				
Purchases of investments	(6,526)		(8,461)	
Sales of investments	5,032		7,630	
Net cash outflow from investing activities		(1,494)		(831)
Cash flows from financing activities				
Equity dividends paid	(3,677)		(3,595)	
Net cash outflow from financing activities		(3,677)		(3,595)
Decrease in cash and cash equivalents		**(2,029)**		**(1,003)**
Reconciliation of net cash flow to movements in cash and cash equivalents				
Decrease in cash and cash equivalents as above		(2,029)		(1,003)
Net cash and cash equivalents at start of year		(5,098)		(4,095)
Net cash and cash equivalents at end of year		**(7,127)**		**(5,098)**
Net cash and cash equivalents comprise:				
Cash and cash equivalents		1,873		3,402
Short-term borrowings		(9,000)		(8,500)
		(7,127)		**(5,098)**

Notes to the Financial Statements

1. **Accounting policies**

(a) **Basis of accounting**

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

The financial statements have been prepared under the historical cost convention, as modified to include the revaluation of investments and in line with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. The Directors have sought to prepare the financial statements on a basis consistent with the recommendations of the SORP except as referred to in paragraph (c) below. The financial statements have also been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements have been prepared on a going concern basis. The Directors believe this is appropriate for the reasons outlined in the Directors' Report on page 37.

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. Additionally, the net revenue of the Company is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Sections 1158-1159 of the Corporation Tax Act 2010.

At the date of authorisation of these financial statements, various Standards, amendments to Standards and Interpretations which have not been applied to these financial statements, were in issue but were not yet effective (and in some cases, had not yet been adopted by the EU). These have not been applied to these financial statements.

Standards issued but not yet effective

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

- IFRS 9 – Financial Instruments (effective 1 January 2018)
- IAS 7 - Amendments to Statement of Cash Flows for the disclosure initiative (effective 1 January 2017)
- Investment Entities – Amendments to IFRS 10, IFRS 12 & IAS 28 (effective 1 January 2016, however, this has not yet been endorsed for use in the European Union)
- IFRS 15 – Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 16 – Leases (effective 1 January 2018)

(b) **Investments**

All investments have been designated upon initial recognition at fair value through profit or loss. This is because all investments are considered to form part of a group of financial assets which is evaluated on a fair value basis. Investments are recognised or derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned. Proceeds are measured at fair value which is regarded as the proceeds of sales less any transaction costs.

The fair value of the financial instruments is based on their quoted bid price at the Balance Sheet date, without deduction for any estimated future selling costs.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as "Gains/(losses) on investments". Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase.

(c) Income

Dividend income from equity investments which includes all ordinary shares and also preference shares classified as equity instruments is accounted for when the shareholders' rights to receive payment have been established, normally the ex-dividend date.

Interest from debt securities, which include preference shares classified as debt instruments, is accounted for on an effective interest rate basis. Any write-off of the premium or discount on acquisition as a result of using this basis is allocated against capital reserve. The SORP recommends that such a write-off should be allocated against revenue. The Directors believe this treatment is not appropriate for a high yielding investment trust which frequently buys and sells debt securities, and believe any premium or discount included in the price of such an investment is a capital item.

Traded option contracts are restricted to writing out-of-the-money options with a view to generating income. Premiums received on traded option contracts are recognised as income evenly over the period from the date they are written to the date when they expire or are exercised or assigned. Gains and losses on the underlying shares acquired or disposed of as a result of options exercised are included in the capital account. Unexpired traded option contracts at the year end are accounted for at their fair value.

Interest from deposits is dealt with on an effective interest basis.

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

(d) Expenses

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

(e) Borrowings

Short-term borrowings, which comprise interest bearing bank loans and overdrafts, are initially recognised at cost, being the fair value of the consideration received, net of any issue expenses. 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.

Long-term borrowings of the Company are stated at the amount of the net proceeds immediately after issue plus cumulative finance costs less cumulative payments made in respect of the debt. The finance costs of such borrowings are accounted for on an accruals basis using the effective interest rate method

The finance costs borrowings are accounted for on an accruals basis and are charged 50% to revenue and 50% to capital in the Income Statement to reflect the Company's investment policy and prospective income and capital growth.

(f) Taxation

The tax payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expenditure that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company has no liability for current tax.

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

(g) Foreign currencies

Transactions involving foreign currencies are converted at the rate ruling at the time of the transaction. Assets and liabilities in foreign currencies are translated at the closing rates of exchange at the Balance Sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in capital reserve or the revenue account as appropriate.

2. Income	2016 £'000	2015 £'000
Income from listed investments		
Dividend income	3,422	3,737
Interest income from investments	587	577
Money market interest	7	10
Stock dividend	153	65
	4,169	4,389
Other income from investment activity		
Deposit interest	1	1
Traded option premiums	186	275
Underwriting commission	5	–
	192	276
Total income	**4,361**	**4,665**

Total income comprises:	2016 £'000	2015 £'000
Dividends and interest from investments	4,169	4,389
Deposit interest	1	1
Other income from investment activity	191	275
Total income	**4,361**	**4,665**

All dividend income was received from UK companies. The amount of £(93,000) (2015 – £(93,000)) included in the capital column of Investment Income represents the write off of the premium or discount on acquisition of debt securities referred to in note 1(c).

	2016			2015		
	Revenue	Capital	Total	Revenue	Capital	Total
3. Management fees	£'000	£'000	£'000	£'000	£'000	£'000
Management fees	190	190	380	198	198	396

Management and secretarial services are provided by Aberdeen Fund Managers Limited ("AFML").

The management fee is based on 0.45% per annum up to £100 million and 0.40% per annum over £100 million, by reference to the net assets of the Company and any borrowings with a maturity of one year or more, and excluding commonly managed funds, calculated monthly and paid quarterly. The fee is allocated 50% to revenue and 50% to capital. The agreement is terminable on not less than six month's notice. The total of the fees paid and payable during the year to 31 March 2016 was £380,000 (2015 – £396,000) and the balance due to AFML at the year end was £91,000 (2015 – £101,000). The Company held an interest in a commonly managed investment trust Aberdeen Smaller Companies Income Trust PLC in the portfolio during the year to 31 March 2016 (2015 – same). The value attributable to this holding is excluded from the calculation of management fee payable by the Company.

4. Administrative expenses	2016 £'000	2015 £'000
Directors' remuneration	101	93
Audit fees (net of VAT)	19	18
Promotional activities	89	84
Professional fees	–	53
Directors' & Officers' liability insurance	10	10
Trade subscriptions	26	25
Share Plan costs	21	16
Registrars fees	43	32
Printing, postage and stationery	24	26
Other administrative expenses	37	27
	370	**384**

The management agreement with AFML also provides for the provision of promotional activities, which AFML has delegated to Aberdeen Asset Managers Limited. The total fees paid and payable under the management agreement in relation to promotional activities were £89,000 (2015 – £84,000). The Company's management agreement with AFML also provides for the provision of company secretarial and administration services to the Company; no separate fee is charged to the Company in respect of these services, which have been delegated to Aberdeen Asset Management PLC.

5. Directors' remuneration

The Company had no employees during the year (2015 – nil). No pension contributions were paid for Directors (2015 – £nil). Further details on Directors' Remuneration can be found in the Directors' Remuneration Report on page 41.

	2016			2015		
6. Finance costs and borrowings	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank loans and overdrafts repayable within five years	**169**	**169**	**338**	**164**	**163**	**327**

	2016			2015		
7. Taxation	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of the charge for the year						
UK corporation tax	15	(15)	–	32	(32)	–
Overseas tax	–	–	–	10	–	10
Total current tax	**15**	**(15)**	**–**	**42**	**(32)**	**10**

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

The tax assessed for the year is lower than the effective rate of corporation tax in the UK. The differences are explained in the reconciliation below:

	2016			2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit before taxation	3,632	(8,985)	(5,353)	3,919	3,016	6,935
Corporation tax at an effective rate of 20% (2015 – 21%)	726	(1,797)	(1,071)	823	633	1,456
Effects of:						
UK dividend income not liable to further tax	(676)	–	(676)	(755)	–	(755)
Non-taxable stock dividends	(31)	–	(31)	(13)	–	(13)
Expenses not utilised	–	56	56	–	43	43
Overseas withholding tax	–	–	–	10	–	10
Non-taxable overseas dividends	(4)	–	(4)	(23)	–	(23)
Gains on investments not taxable	–	1,707	1,707	–	(729)	(729)
Disallowed expenses	–	19	19	–	21	21
	15	**(15)**	**–**	**42**	**(32)**	**10**

At 31 March 2016 the Company had surplus management expenses and loan relationship debits with a tax value of £4,713,000 (2015 – £4,652,000) in respect of which a deferred tax asset has not been recognised. This is because the Company is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of existing surplus expenses.

8. **Dividends**	2016 £'000	2015 £'000
Amounts recognised as distributions to equity holders in the period:		
Third interim dividend for the year ended 31 March 2015 of 3.00p (2014 – 3.00p) per share	900	900
Final dividend for the year ended 31 March 2015 of 3.25p (2014 – 3.00p) per share	975	900
First two interim dividends for the year ended 31 March 2016 totalling 6.00p (2015 – 6.00p) per share	1,800	1,800
Refund of unclaimed dividends from previous periods	–	(7)
	3,675	3,593
3.5% Cumulative Preference shares	2	2
Total	**3,677**	**3,595**

The third interim dividend of 3.0p for the year to 31 March 2016 paid on 29 April 2016 and the proposed final dividend of 3.25p for the year to 31 March 2016 payable on 29 July 2016 have not been included as liabilities in these financial statements.

Set out below are the total Ordinary dividends payable in respect of the financial year, which is the basis on which the requirements of Sections 1158-1159 of the Corporation Tax Act 2010 are considered:

Notes to the Financial Statements continued

	2016 £'000	2015 £'000
Three interim dividends for the year ended 31 March 2016 totalling 9.00p (2015 – 9.00p) per share	2,700	2,700
Proposed final dividend for the year ended 31 March 2016 of 3.25p (2015 – 3.25p) per share	975	975
	3,675	**3,675**

9. Return and net asset value per share

The gains per share are based on the following figures:

	2016 £'000	2015 £'000
Revenue return	3,617	3,877
Capital return	(8,970)	3,048
Net return	**(5,353)**	**6,925**
Weighted average number of Ordinary shares	**29,997,580**	**29,997,580**

Net asset value per Ordinary share is based on net assets attributable to Ordinary shareholders of £68,802,000 (2015 – £77,832,000) and on the 29,997,580 (2015 – 29,997,580) Ordinary shares in issue at 31 March 2016.

10. Non–current assets – Securities at fair value	2016 £'000	2015 £'000
Listed on recognised stock exchanges:		
United Kingdom	**85,149**	**92,181**

	2016 Listed investments £'000	2015 Listed investments £'000	Restricted investments £'000	Total £'000
Cost at 31 March 2015	74,095	71,547	139	71,686
Investment holdings gains/(losses)	18,086	16,288	(139)	16,149
Fair value at 31 March 2015	92,181	87,835	–	87,835
Purchases	6,465	8,587	–	8,587
Sales – proceeds	(4,879)	(7,630)	–	(7,630)
Sales – net realised gains/(losses)	1,060	1,683	(139)	1,544
Amortised cost adjustments to debt securities[A]	(93)	(93)	–	(93)
Fair value movement in the year	(9,585)	1,799	139	1,938
Fair value at 31 March 2016	**85,149**	**92,181**	–	**92,181**

[A] Charged to capital.

	2016 £'000	2015 £'000
Cost at 31 March 2016	76,648	74,094
Investment holdings gains	8,501	18,087
Fair value at 31 March 2016	**85,149**	**92,181**

(Losses)/gains on investments	2016 £'000	2015 £'000
Net realised gains on sales of investments	1,225	1,685
Call options exercised	(165)	(141)
Net realised gains on sales	1,060	1,544
Movement in fair value of investments	(9,501)	2,043
Put options assigned	(84)	(105)
Movement in appreciation of traded options held	(8)	(12)
	(8,533)	**3,470**

The cost of the exercising of call options and the assigning of put options is the difference between the market price of the underlying shares and the strike price of the options. The premiums earned on options expired, exercised or assigned of £186,000 (2015 – £275,000) have been dealt with in the revenue account.

The movement in the fair value of traded option contracts has been calculated in accordance with the accounting policy stated in note 1(c) and has been charged to the capital reserve.

As at 31 March 2016, the Company had pledged collateral equal to nil% (2015 – nil%) of the market value of the traded options in accordance with standard commercial practice. The carrying amount of financial assets pledged equated to £nil (2015 – £nil) all in the form of securities. The collateral position is monitored on a daily basis.

During the year expenses were incurred in acquiring or disposing of investments classified as 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 on the purchases and sales of investments in the year was £30,000 (2015 – £53,000).

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

At 31 March 2016 the Company held the following investments comprising more than 3% of the class of share capital held:

Company	Country of incorporation	Number of shares held	Class of shares held	Class held %
Aberdeen Smaller Companies Income Trust PLC	Scotland	3,120,476	ordinary	14.1
Ecclesiastical Insurance Office	England	4,240,000	8 5/8% cum pref	4.0
Royal & Sun Alliance	England	4,350,000	7 3/8% cum pref	3.5
General Accident	Scotland	3,548,000	7.875% cum pref	3.2

11. Other receivables	2016 £'000	2015 £'000
Accrued income and prepayments	985	1,005
Option contract premium	19	11
	1,004	**1,016**

None of the above amounts are overdue.

12. Current liabilities	2016 £'000	2015 £'000
Short-term bank loan	9,000	8,500
Option contracts	36	11
Other creditors	188	256
	9,224	**8,767**

Included above are the following amounts owed to AFML for management and secretarial services and for the promotion of the Company.

	2016 £'000	2015 £'000
Other creditors	113	123

Non-current liabilities	2016 £'000	2015 £'000
Long-term bank loan	**10,000**	**10,000**

The Company currently has an agreement with Scotiabank Europe PLC to provide a loan facility to 19 December 2017 for up to £20,000,000. Of this amount, a £10,000,000 fixed rate loan facility was drawn down on 19 December 2014 at a rate of 2.103% per annum. This rate is fixed until 19 December 2017. In addition, at the year end £9,000,000 had been drawn down at an all-in interest rate of 1.41931% per annum, maturing on 29 April 2016. At the date of signing this Report the amount drawn down was unchanged at £9,000,000 with an all-in interest rate of 1.41342%, maturing on 31 May 2016.

The terms of the Scotiabank Europe PLC facility contain a covenant that gross borrowings may not exceed one-third of adjusted net assets and that the adjusted net asset value must not be less than £37 million. The Company has met this covenant since inception of the agreement until the date of this Report.

13. Called up share capital	2016 Number	2016 £'000	2015 Number	2015 £'000
Allotted, called up and fully paid				
Ordinary shares of 50 pence each	29,997,580	14,999	29,997,580	14,999
3.5% Cumulative Preference shares of £1 each	50,000	50	50,000	50
		15,049		**15,049**

14. Share premium account

	2016 £'000	2015 £'000
At 31 March 2016 and 2015	**19,308**	**19,308**

15. Retained earnings

	2016 £'000	2015 £'000
Capital reserve		
At 31 March 2015	37,162	34,114
Net gains on sales of investments during year	1,060	1,544
Movement in fair value gains on investments	(9,585)	1,938
Amortised cost adjustment charged to capital	(93)	(93)
Management fees	(190)	(198)
Interest on bank loans and overdrafts repayable within five years	(169)	(163)
Tax relief obtained by expenses capitalised	15	32
Traded options	(8)	(12)
At 31 March 2016	**28,192**	**37,162**

Revenue reserve	2016 £'000	2015 £'000
At 31 March 2015	6,313	6,031
Revenue	3,617	3,877
Dividends paid	(3,677)	(3,595)
At 31 March 2016	**6,253**	**6,313**

16. 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 comprise securities and other investments, cash balances, 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 may from time to time use FTSE options for protection of the loss of value to the portfolio at modest cost.

Subject to Board approval, the Company also has the ability to enter into derivative transactions, in the form of traded options, for the purpose of enhancing income returns and portfolio management. During the year, the Company entered into certain derivative contracts. As disclosed in note 2, the premium received and fair value changes in respect of options written in the year were £186,000. Positions closed during the year realised a loss of £249,000. The largest position in derivative contracts held during the year at any given time was £85,000 (2015 – £108,000). The Company had open positions in derivative contracts at 31 March 2016 valued at a liability of £36,000 as disclosed in note 12.

The Board has delegated the risk management function to AFML under the terms of its management agreement with AFML (further details of which are included under note 3). 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 Aberdeen 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 Aberdeen Group's control environment.

The Manager conducts its risk oversight function through the operation of the Aberdeen Group's risk management processes and systems which are embedded within the Group's operations. The Aberdeen 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 Aberdeen Group's operational risk management system ("SWORD").

The Aberdeen 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 Aberdeen 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 on the committees' terms of reference.

Risk management

The main risks the Company faces from its financial instruments are (i) market risk (comprising interest rate risk, currency risk and price risk), (ii) liquidity risk and (iii) credit risk. The Company has minimal exposure to foreign currency risk as it holds only a small amount of foreign currency assets and has no exposure to any foreign currency liabilities.

(i) Market risk

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

Interest rate risk

Interest rate movements may affect:

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

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. Borrowings comprise fixed rate, revolving, and uncommitted facilities. The fixed rate facilities are used to finance opportunities at low rates and, the revolving and uncommitted facilities to provide flexibility in the short-term. Current bank covenant guidelines state that the gross borrowings will not exceed one-third of adjusted net assets.

The Board reviews on a regular basis the values of the fixed interest rate securities.

Interest rate profile

The interest rate risk profile of the portfolio of financial assets and liabilities (excluding ordinary shares and convertibles) at the Balance Sheet date was as follows:

As at 31 March 2016	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000	Non–interest bearing £'000
Assets					
UK irredeemable preference shares	–	8.49	23,102	–	–
Cash and cash equivalents	–	0.32	–	1,873	–
Total assets	–	–	**23,102**	**1,873**	–
Liabilities					
Short-term bank loan	0.08	1.42	(9,000)	–	–
Long-term bank loan	1.72	2.10	(10,000)	–	–
Total liabilities	–	–	**(19,000)**	–	–

As at 31 March 2015	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000	Non–interest bearing £'000
Assets					
UK irredeemable preference shares	–	8.46	24,702	–	–
Cash and cash equivalents	–	0.25	–	3,402	–
Total assets	–	–	**24,702**	**3,402**	–
Liabilities					
Short-term bank loan	0.08	1.41	(8,500)	–	–
Long-term bank loan	2.72	2.10	(10,000)	–	–
Total liabilities	–	–	**(18,500)**	–	–

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on bank loans is based on the interest rate payable, weighted by the total value of the loans.

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

The UK irredeemable preference shares assets have no maturity date.

Short-term debtors and creditors (with the exception of bank loans) have been excluded from the above tables.

Maturity profile

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

Notes to the Financial Statements continued

At 31 March 2016	Within 1 year £'000	Within 1-5 years £'000	More than 5 years £'000
Fixed rate			
UK irredeemable preference shares	–	–	23,102
Short-term bank loan	(9,000)	–	–
Long-term bank loan	–	(10,000)	–
	(9,000)	(10,000)	23,102
Floating rate			
Cash and cash equivalents	1,873	–	–
Total	**(7,127)**	**(10,000)**	**23,102**

At 31 March 2015	Within 1 year £'000	Within 1-5 years £'000	More than 5 years £'000
Fixed rate			
UK irredeemable preference shares	–	–	24,702
Short-term bank loan	8,500	–	–
Long-term bank loan	–	(10,000)	–
	8,500	(10,000)	24,702
Floating rate			
Cash and cash equivalents	3,402	–	–
Total	**(5,098)**	**(10,000)**	**24,702**

Interest rate sensitivity

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

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's:

- profit before tax for the year ended 31 March 2016 would increase/decrease by £19,000 (2015 – £34,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances. These figures have been calculated based on cash positions at each year end.
- profit before tax for the year ended 31 March 2016 would increase/decrease by £1,547,000 (2015 – increase/decrease by £469,000). This is mainly attributable to the Company's exposure to interest rates on its fixed interest securities. This is based on a Value at Risk ('VaR') calculated at a 99% confidence level.

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

Price risk

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 specific sectors and the stock selection process both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on the London Stock Exchange.

Price sensitivity

If market prices at the Balance Sheet date had been 10% higher or lower while all other variables remained constant, the profit before tax attributable to Ordinary shareholders for the year ended 31 March 2016 would have increased/decreased by £6,072,000 (2015 – increase/decrease of £6,613,000). This is based on the Company's equity portfolio held at each year end.

(ii) Liquidity risk

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

Management of the risk

Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary.

Short-term flexibility is achieved through the use of loan facilities, details of which can be found in note 12. Under the terms of the loan facility, the Manager provides the lender with loan covenant reports on a monthly basis, to provide the lender with assurance that the terms of the facility are not being breached. The Manager will also review the credit rating of a lender on a regular basis.

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise a revolving loan facility and a fixed term loan facility. The Board has imposed a maximum equity gearing of 35% of net assets at the time of draw down which constrains the amount of gearing that can be invested in equities which are more volatile than the fixed interest part of the portfolio. Details of borrowings at 31 March 2016 are shown in note 12.

Liquidity risk exposure

At 31 March 2016 the Company's bank loans amounted to £19,000,000 (2015 – £18,500,000).

(iii) Credit risk

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

Management of the risk

- where the Investment Manager makes an investment in a bond, corporate or otherwise, the credit rating of the issuer is taken into account so as to minimise the risk to the Company of default;
- investments in quoted bonds are made across a variety of industry sectors so as to avoid concentrations of credit risk;
- transactions involving derivatives are entered into only with investment banks, the credit rating of which is taken into account so as to minimise the risk to the Company of default;
- investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one

broker;

- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a daily basis. In addition, both stock and cash reconciliations to Custodian's records are performed on a daily basis to ensure discrepancies are investigated on a timely basis. The Aberdeen Group's Compliance department carries out periodic reviews of the Custodian's operations and reports its finding to the Aberdeen Group's Risk Management Committee and to the Board of the Company. This review will also include checks on the maintenance and security of investments held;
- transactions involving derivatives, structured notes and other arrangements wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of sustained interest are subject to rigorous assessment by the Investment Manager of the credit worthiness of that counterparty. The Company's aggregate exposure to each such counterparty is monitored regularly by the Board; and
- cash is held only with reputable banks with high quality external credit enhancements.

It is the Investment Manager's policy to trade only with A- and above (Long Term rated) and A-1/P-1 (Short Term rated) counterparties.

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

Credit risk exposure

In summary, compared to the amounts in the Balance Sheet, the maximum exposure to credit risk at 31 March 2016 was as follows:

	2016		2015	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Securities at fair value through profit or loss	85,149	85,149	92,181	92,181
Current assets				
Trade and other receivables	19	19	11	11
Accrued income	985	985	1,005	1,005
Cash and cash equivalents	1,873	1,873	3,402	3,402
	88,026	**88,026**	**96,599**	**96,599**

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

Fair value of financial assets and liabilities

The book value of cash at bank and bank loans and overdrafts included in these financial statements approximates to fair value because of their short-term maturity. Investments held as dealing investments are valued at fair value. The carrying values of fixed asset investments are stated at their fair values, which have been determined with reference to quoted market prices. For details of bond maturities and interest rates, see page 27. Traded options contracts are valued at fair value which have been determined with reference to quoted market values of the contracts. The contracts are tradeable on a recognised exchange. For all other short-term debtors and creditors, their book values approximates to fair values because of their short-term maturity.

17. Fair value hierarchy

IFRS 7 'Financial Instruments: Disclosures' require 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 fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (ie as prices) or indirectly (ie derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy at 31 March 2016 as follows:

	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted investments	a)	85,149	–	–	85,149
Financial liabilities at fair value through profit or loss					
Derivatives	b)	(35)	(1)	–	(36)
Net fair value		**85,114**	**(1)**	**–**	**85,113**

As at 31 March 2015	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted investments	a)	92,181	–	–	92,181
Financial liabilities at fair value through profit or loss					
Derivatives	b)	(9)	(2)	–	(11)
Net fair value		**92,172**	**(2)**	**–**	**92,170**

a) Quoted investments

The fair value of the Company's quoted investments has been determined by reference to their quoted bid prices at the reporting date. Quoted investments 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 observable market inputs on an exchange traded basis and therefore has been classed as Level 1.

The fair value of the Company's investments in Over the Counter Options has been determined using observable market inputs other than quoted prices included within Level 2.

18. Capital management policies and procedures

The Company's capital management objectives are:

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

The capital of the Company consists of equity, comprising issued capital, reserves and retained earnings.

The Board monitors and reviews the broad structure of the Company's capital. This review includes the nature and planned level of gearing, which takes account of the Investment Manager's views on the market and the extent to which revenue in excess of that which is required to be distributed should be retained. The Company is not subject to any externally imposed capital requirements.

19. Related party transactions

Fees payable during the year to the Directors and their interests in shares of the Company are disclosed within the Directors' Remuneration Report on page 41.

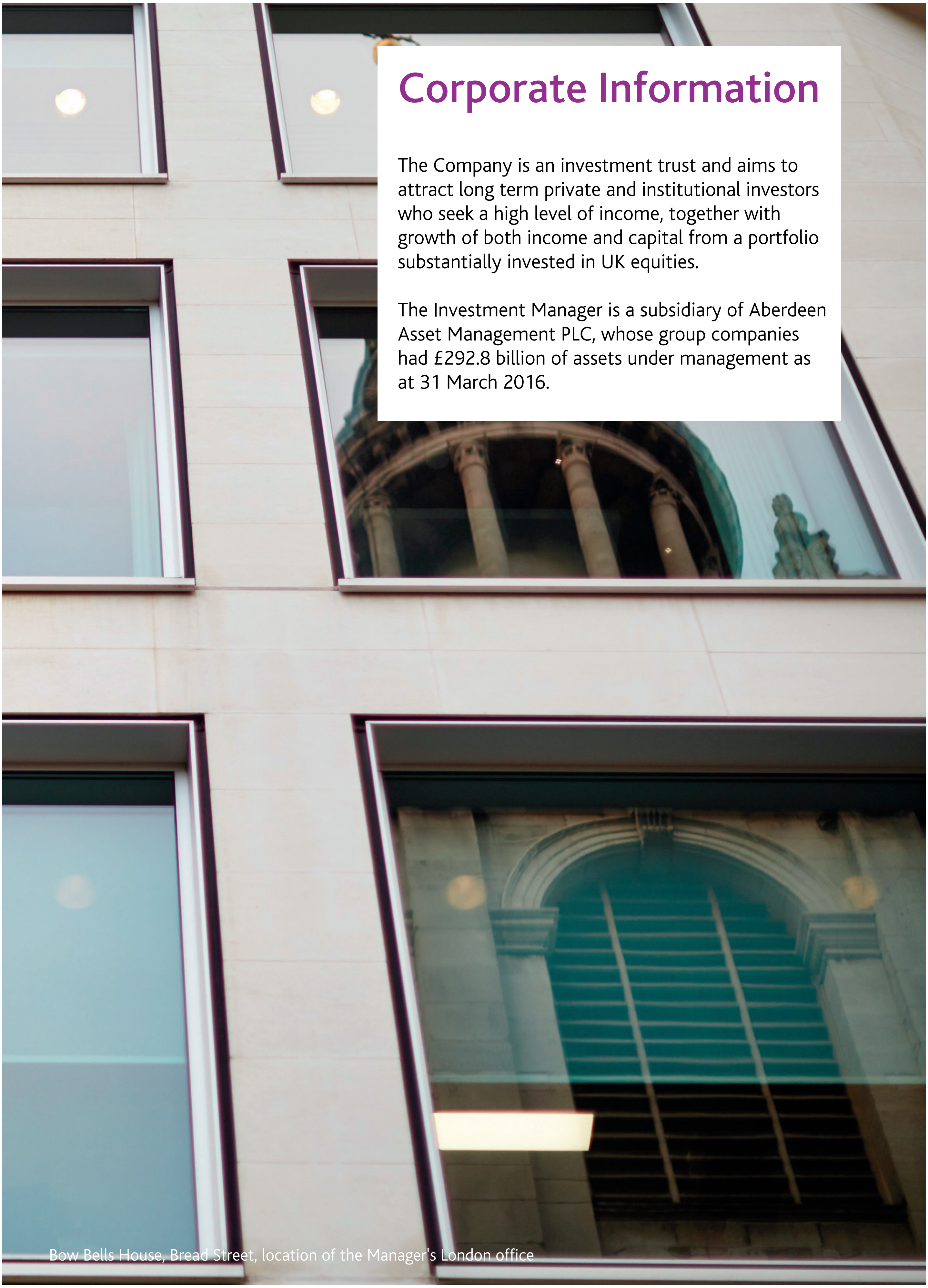
20. Transactions with the Manager

The Company has an agreement with Aberdeen Fund Managers Limited for the provision of management, secretarial, accounting and administration services and for the carrying out of promotional activities in relation to the Company. Details of transactions during the year and balances outstanding at the year end disclosed in notes 3 and 4.

Corporate Information

The Company is an investment trust and aims to attract long term private and institutional investors who seek a high level of income, together with growth of both income and capital from a portfolio substantially invested in UK equities.

The Investment Manager is a subsidiary of Aberdeen Asset Management PLC, whose group companies had £292.8 billion of assets under management as at 31 March 2016.



Bow Bells House, Bread Street, location of the Manager's London office

Corporate Information

Information about the Investment Manager

Aberdeen Asset Managers Limited

The Company's Investment Manager is Aberdeen Asset Managers Limited, a subsidiary of Aberdeen Asset Management PLC, whose group companies had £292.8 billion of assets under management as at 31 March 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 £15.6 billion.

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

The Senior Investment Manager

Ed Beal

Ed is an investment manager on the Pan European equities team. Ed manages the Company. Ed joined Edinburgh Fund Managers plc (which was subsequently acquired by Aberdeen Asset Management PLC) in 2000.

Ed graduated with a BSc (Hons) in Biochemistry from the University of Dundee and is a CFA Charterholder.

The Investment Process

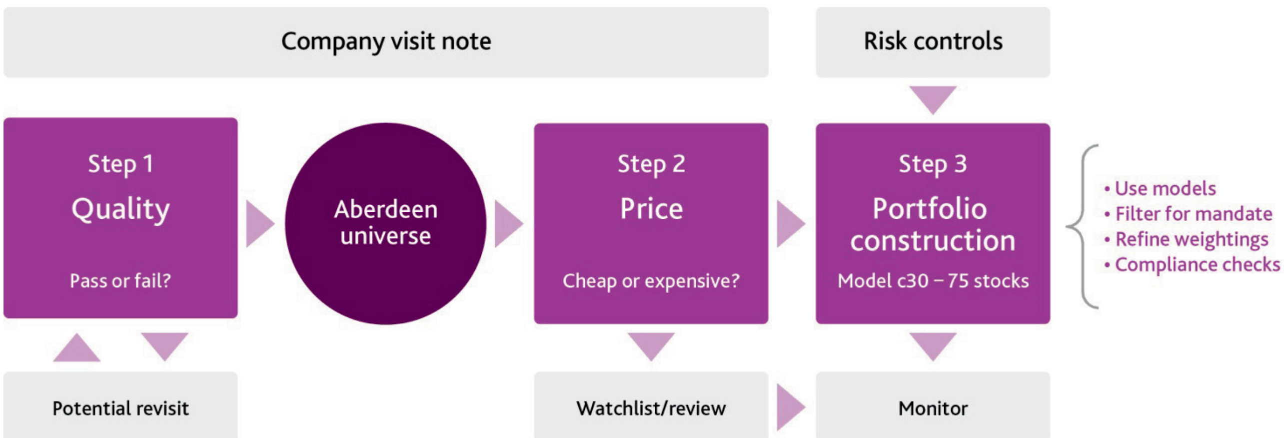
Philosophy and Style

The Investment 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 that are trading 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.

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 Investment Manager primarily to check the portfolio is behaving as expected, not as a predictive tool.



Investor Information

AIFMD

The Company has appointed Aberdeen Fund Managers Limited as its alternative investment fund manager and BNP Paribas Securities Services, London Branch as its depositary under the AIFMD. Details of the leverage and risk policies which the Company is required to have in place under AIFMD are published in the Company's PIDD which can be found on its website: shiresincome.co.uk. The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 75.

Pre-investment Disclosure Document ("PIDD")

The AIFMD requires Aberdeen Fund Managers Limited, as the alternative investment fund manager of Shires Income PLC, to make available to investors certain information prior to such investors' investment in the Company. The Company's PIDD is available for viewing on its website.

Website

Further information on the Company can be found on its own dedicated website: shiresincome.co.uk. This allows web users to access information on the Company's share price performance, capital structure, stock exchange announcements and monthly reports.

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

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 trust shares, purporting to work for Aberdeen Asset Management or for third party firms. 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 Aberdeen Group and any third party making such offers/claims has no link with 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.

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

Keeping You Informed

For internet users, detailed data on the Company, including price, performance information and a monthly fact sheet is available from the Company's website and the TrustNet website (trustnet.com). Alternatively you can call 0500 00 00 40 (free when dialing from a UK landline) for trust information.

If you have any questions about your Company, the Manager or performance, please telephone the AAM Customer Services Department (direct private investors) on 0500 00 00 40. Alternatively, internet users may email AAM at inv.trusts@aberdeen-asset.com or write to Aberdeen Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

Shareholder Enquiries

In the event of queries regarding their holdings of shares, lost certificates dividend payments, registered details, etc shareholders holding their shares in the Company directly should contact the registrars, Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by telephoning on 0371 384 2508. Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday. Calls may be recorded and monitored randomly for security and training purposes.

Changes of address must be notified to the registrars in writing. Any general enquiries about the Company should be directed to the Company Secretary, Shires Income PLC, 40 Princes Street, Edinburgh EH2 2BY or by emailing company.secretary@aberdeen-asset.com

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, Aberdeen's Investment Trust Share Plan and Investment Trust ISA.

Aberdeen's Investment Plan for Children

Aberdeen runs 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, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). 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%). 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. Investors have full voting and other rights of share ownership.

Aberdeen's Investment Trust Share Plan

AAM runs a 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%). Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a 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. Investors have full voting and other rights of share ownership.

Stocks and Shares ISA

An investment of up to £15,240 can be made in the 2016/2017 tax year.

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 Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Investors have full voting and other rights of share ownership. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

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

Dividend Tax Allowance

From 6 April 2016, dividend tax credits have been replaced by an annual £5,000 tax-free allowance on dividend income. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

Literature Request Service

For literature and application forms for the Company and the Aberdeen Group's investment trust products, please contact:

Telephone: 0500 00 40 00
Website: invtrusts.co.uk/en/investmenttrusts/literature-library

For information on the Investment Plan for Children, Share Plan, ISA or ISA Transfer please contact:

Aberdeen Investment Trust Administration
PO Box 11020
Chelmsford
Essex CM99 2DB
Telephone: 0500 00 00 40
(free when dialing from a UK landline)

Terms and conditions for the AAM managed savings products can also be found under the literature section of invtrusts.co.uk

Online Dealing details

Investor information

There are a number of other ways in which you can buy and hold shares in this investment trust.

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
- Halifax Share Dealing
- Hargreave Hale
- Hargreaves Lansdown
- Idealing
- Interactive Investor
- Selftrade Equiniti
- 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 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

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 level of income, together with growth of both income and capital from a portfolio substantially invested in 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, and intends to continue to do so for the foreseeable future, in order that its shares can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments ("NMPIs").

The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in an investment trust.

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 71 to 73 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.

Glossary of Terms and Definitions

Aberdeen, Aberdeen Group or AAM	Aberdeen Asset Management PLC group of companies.
AIC	The Association of Investment Companies.
AIFMD	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.
Benchmark	This is a measure against which an Investment Trust's performance is compared. The Company's benchmark is the FTSE All-Share Index. The index averages the performance of a defined selection of listed companies over specific time periods.
Call Option	An option contract which gives the buyer the right, but not the obligation, to purchase a specified amount of an asset at an agreed 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.
Convertibles	Fixed income securities, which can be converted into equity shares at a future date.
Discount	The amount by which the market price per share of an Investment Trust is lower than the Net Asset Value per share. The discount is normally expressed as a percentage of the Net Asset Value per share.
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 Manager or AAML	Aberdeen Asset Managers Limited is a wholly owned subsidiary of Aberdeen Asset Management PLC and acts as the Company's investment manager. It is authorised and regulated by the 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 AIFMD, 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.
Manager or AIFM or AFML	Aberdeen Fund Managers Limited is a wholly owned subsidiary of Aberdeen Asset Management PLC and acts as the Alternative Investment Fund Manager for the Company. It is authorised and regulated by the Financial Conduct Authority.
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, and Equity Gearing	This is calculated by dividing total borrowings less cash or cash equivalents, by shareholders' funds expressed as a percentage. Equity gearing is the sum of the investments in ordinary shares, both listed and unlisted, and convertibles, expressed as a proportion of shareholders' funds.
Ongoing Charges	Ratio of expenses as percentage of average daily shareholders' funds calculated as per the AIC's industry standard method.
Preference Shares	These entitle the holder to a fixed rate of dividend out of the profits of a company, to be paid in priority to other classes of shareholder.
Premium	The amount by which the market price per share of an Investment Trust exceeds the Net Asset Value per share. The premium is normally expressed as a percentage of the Net Asset Value per share.
Price/Earnings Ratio	The ratio is calculated by dividing the 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, 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 seller the right, but not the obligation, to sell a specified amount of an asset at an agreed 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 ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the date to which that dividend was earned.

AIFMD Disclosures (unaudited)

Aberdeen Fund Managers Limited and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive. Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document which can be found on the Company's website.

There have been no material changes to the disclosures contained within the PIDD since its most recent update in June 2015.

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

- information on the investment strategy and sector investment focus and principal stock exposures are included in the Strategic Report;
- none of the Company's assets are subject to special arrangements arising from their illiquid nature;
- the Strategic Report, note 16 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 AFML; and
- 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 Secretary, Aberdeen Asset Management PLC, on request (see contact details on page 81) 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 31 March 2016	1.53:1	1.56:1

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 have been no changes to the circumstances in which the Company may be required to post assets as collateral and no 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 AFML 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 eighty-eighth Annual General Meeting of the Members of Shires Income PLC ("the Company") will be held at the offices of Aberdeen Asset Management PLC, Bow Bells House, 1 Bread Street, London, EC4M 9HH on Wednesday 6 July 2016 at 12 noon to transact the following business:

To consider and, if thought fit, pass the following as Ordinary Resolutions:

1. To receive and adopt the Directors' Report and audited financial statements of the Company for the year ended 31 March 2016 together with the auditor's Report thereon.
2. To receive and adopt the Directors' Remuneration Report (excluding the Directors' Remuneration Policy).
3. To approve a final dividend of 3.25p per Ordinary share in respect of the year ended 31 March 2016.
4. To re-appoint Mr A. B. Davidson as a Director of the Company.
5. To re-appoint Ms M. Glen as a Director of the Company.
6. To appoint Ernst & Young LLP as auditor of the Company.
7. To authorise the Directors to determine the remuneration of the auditor for the year to 31 March 2017.
8. That, in substitution for any pre-existing power to allot or grant rights to subscribe for or to convert any security into shares in the Company, but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company ("relevant securities") up to an aggregate nominal amount of £4,999,596 or, if less, the number representing 33.33% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution provided that such authorisation expires on 30 September 2017 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority, and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired.

To consider and, if thought fit, pass the following as Special Resolutions:

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

   (i) expires on 30 September 2017 or, if earlier, at the conclusion of the next Annual General Meeting of the Company, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if that power had not expired; and

   (ii) shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £1,499,879 or, if less, the number representing 10% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution.

   This power applies in relation to the sale of shares which is an allotment of equity securities that immediately before the allotment are held by the Company as treasury shares as if in the opening paragraph of this resolution the words "subject to the passing of resolution 8 in the notice convening the meeting at which this resolution is to be proposed ("the Notice of Meeting") and" and "pursuant to the authority under Section 551 of the Act conferred by resolution 8 in the Notice of Meeting" were omitted.

10. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be generally and unconditionally authorised, in accordance with Section 701 of the Companies Act 2006 (the "Act"), to make market purchases (within the meaning of Section 693(4) of the Act) of fully paid Ordinary shares of 50p each in the capital of the Company ("shares") provided that:

    (i) the maximum aggregate nominal value of the Ordinary shares hereby authorised to be purchased shall be limited to £2,248,318 or, if less, the number representing 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;

    (ii) the minimum price which may be paid for a share shall be 50p (exclusive of expenses);

    (iii) the maximum price (exclusive of expenses) which may be paid for a share shall be an amount being not more than the higher of:

a) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase; or

b) the higher of the price of the last independent trade and the highest current independent bid relating to a share on the trading venue where the purchase is carried out.

(iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 30 September 2017 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase shares under such authority which would or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.

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

By order of the Board
Aberdeen Asset Management PLC
Company Secretary
26 May 2016

Registered Office
Bow Bells House
1 Bread Street
London EC4M 9HH

Notes:

(i.) A member is entitled to appoint a proxy or proxies to exercise all or any of their rights to attend, speak and vote on their behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. If a member wishes to appoint more than one proxy, they should contact the Company's Registrars, Equiniti Limited, on 0371 384 2508 (charges for calling this number are determined by the caller's service provider. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday). The Equiniti overseas helpline number is +44 (0)121 415 7047.

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

(iii.) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to have the right to attend and vote at the Meeting a member must first have his or her name entered in the Company's register of members at 6.30 p.m. on 4 July 2016 (or, in the event that the Meeting is adjourned, at 6.30 p.m. on the day which is two business days before the time of the adjourned meeting). Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the Meeting.

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

(v.) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID RA19) not less 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

Notice of Annual General Meeting continued

CREST should be communicated to the appointee through other means.

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

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

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

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

(x.) As at close of business on 26 May 2016 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 29,997,580 Ordinary shares of 50p each and 50,000 Cummulative Preference shares of £1 each. Accordingly, the total number of voting rights in the Company as at 26 May 2016 is 30,047,580.

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

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

(xiii.) The members of the Company may require the Company to publish, on its website, a statement setting out any matter relating to the audit of the Company's accounts, including the Auditor's Report and the conduct of the audit, which they intend to raise at the next meeting of the Company. The Company will be required to do so once it has received such requests from either (i) members representing at least 5% of the total voting rights of the Company or (ii) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address, and be sent to: the Company Secretary, Shires Income PLC, 40 Princes Street, Edinburgh EH2 2BY.

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

(xv.) Under Section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the Meeting put by a member attending the Meeting unless:
  a) answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information;
  b) the answer has already been given on a website in the form of an answer to a question; or
  c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

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

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

Contact Addresses

Directors
Anthony B. Davidson
Marian Glen
Andrew S. Robson
Robert Talbut

Registered Office
Bow Bells House
1 Bread Street
London EC4M 9HH

Company Secretary
Aberdeen Asset Management PLC
40 Princes Street
Edinburgh EH2 2BY

Alternative Investment Fund Manager
Aberdeen Fund Managers Limited
Bow Bells House
1 Bread Street
London EC4M 9HH

Investment Manager
Aberdeen Asset Managers Limited
40 Princes Street
Edinburgh EH2 2BY

Customer Services Department and Aberdeen Children's Plan, Share Plan and ISA Enquiries
Aberdeen Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Freephone: 0500 00 00 40
(open Monday – Friday, 9am – 5pm)
Email: inv.trusts@aberdeen-asset.com

Company Registration Number
00386561 (England & Wales)

Website
shiresincome.co.uk

Registrars
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Shareholder Helpline: 0371 384 2508*

(*Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday excluding bank holidays. Charges for calling telephone numbers starting with '03' are determined by the caller's service provider.)

Overseas helpline number: +44 (0)121 415 7047

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

Stockbroker
JPMorgan Cazenove
25 Bank Street
London E14 5JP

Auditor
KPMG LLP
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Solicitors
Maclay Murray & Spens LLP

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