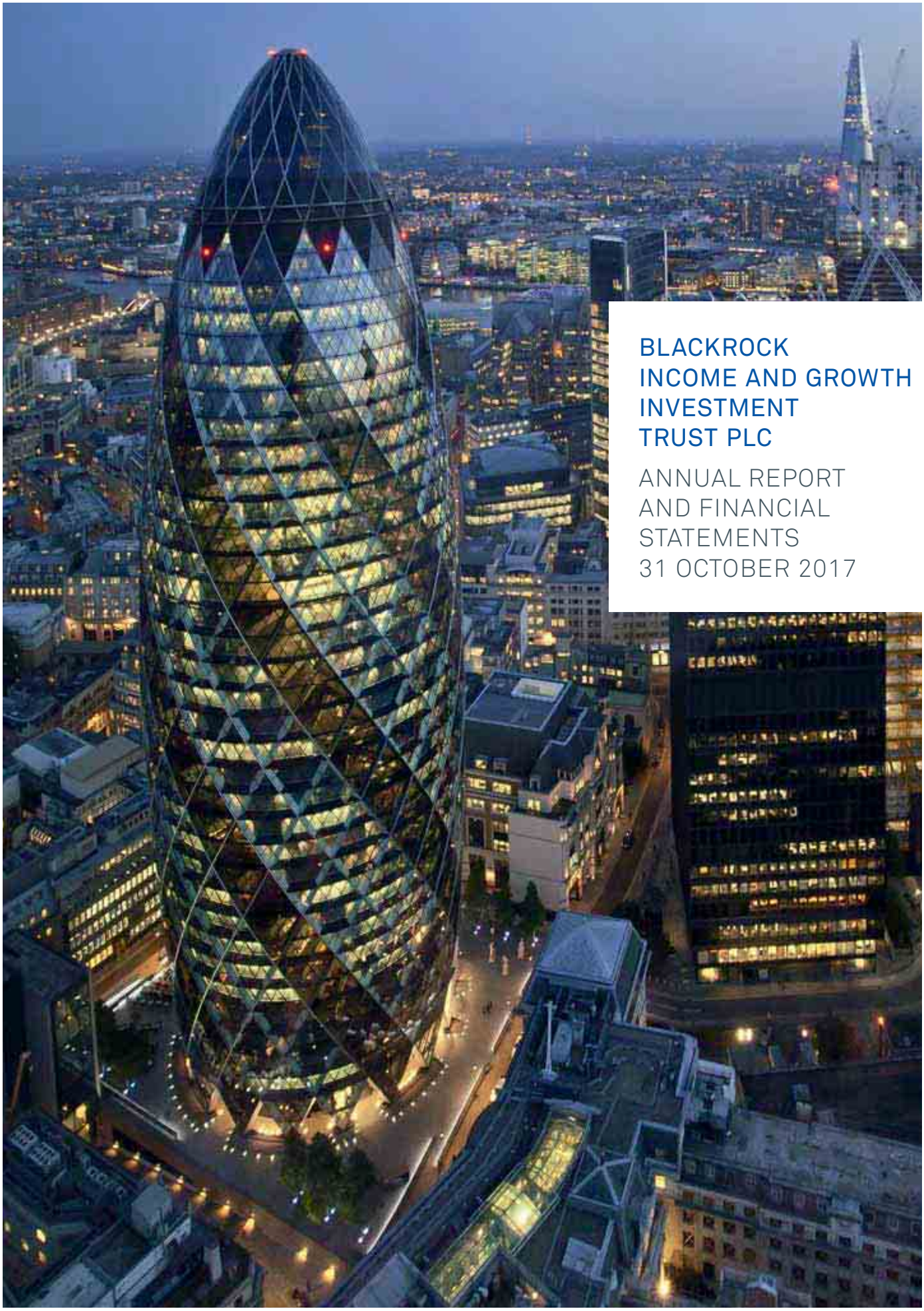
Contents



BLACKROCK INCOME AND GROWTH INVESTMENT TRUST PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 31 OCTOBER 2017

BLACKROCK®

Contents

BlackRock Income and Growth Investment Trust plc

Investment Objective

The Company's objective is to provide growth in capital and income over the long term through investment in a diversified portfolio of principally UK listed equities.

aic
The Association of Investment Companies

A MEMBER OF THE ASSOCIATION OF INVESTMENT COMPANIES

Details about the Company are available on the BlackRock website blackrock.co.uk/brig

Contents

Overview

Performance record

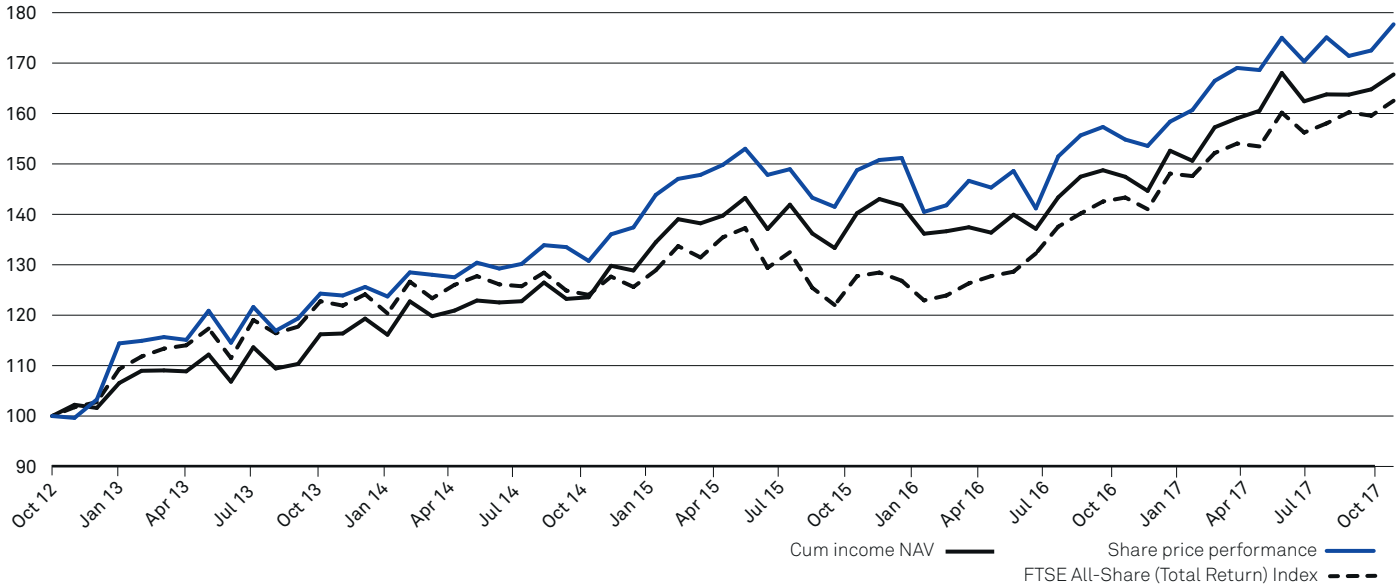
FINANCIAL HIGHLIGHTS

Attributable to ordinary shareholders	As at 31 October 2017	As at 31 October 2016	Change %
Assets			
Net asset value per ordinary share	209.96p	190.53p	+10.2
- with income reinvested*			+13.8
Ordinary share price (mid-market)	205.50p	185.00p	+11.1
- with income reinvested*			+14.8
FTSE All-Share Index (total return)**	7,051.23	6,218.71	+13.4
Net assets (£'000)***	51,680	48,307	+7.0
Discount to net asset value	2.1%	2.9%	

* Net asset value and share price performance include the dividend reinvestments.
** The benchmark index.
*** The change in net assets reflects the market movements during the year and the purchase of the Company's own shares.
Further information in relation to the calculations in the table above can be found in the Glossary on page 75.

	Year ended 31 October 2017	Year ended 31 October 2016	Change %
Revenue			
Revenue profit per ordinary share	6.63p	6.93p	-4.3
Net profit after taxation (£'000)	1,668	1,803	-7.5
Dividends per ordinary share			
Interim	2.50p	2.40p	+4.2
Final	4.10p	3.90p	+5.1
Total dividends paid and payable	6.60p	6.30p	+4.8

PERFORMANCE FROM 1 NOVEMBER 2012 TO 31 OCTOBER 2017



Sources: BlackRock Investment Management (UK) Limited and DataStream.
Share price, NAV and FTSE All-Share Index (Total Return) at 1 November 2012, rebased to 100.
Performance figures are calculated in sterling terms, with income reinvested.

Overview

Chairman's statement

Dear Shareholder,

I am pleased to present the annual report and financial statements of BlackRock Income and Growth Investment Trust plc for the year ended 31 October 2017.

PERFORMANCE

During the year the Company's Net Asset Value per share (NAV) returned 13.8% and the share price returned 14.8%. By comparison, the Company's benchmark, the FTSE All-Share Index, returned 13.4% (all percentages are in sterling with income reinvested). It is encouraging that the portfolio managers outperformed the benchmark in a rising market and generated a strong absolute return for shareholders over the period.

The portfolio's overweight exposure to consumer services and industrial stocks contributed to overall performance. These sectors performed strongly during the year although these gains were offset by disappointing returns from BT and Provident Financial, whose shares fell sharply this year and the portfolio's underweight exposure to the mining sector, where our managers remain cautious about the medium term outlook. A more detailed commentary on the portfolio's performance, its positioning, and the outlook for the coming year can be found in the Investment Managers' report on page 13.

With an investment objective to provide growth in capital and income over the longer term, it is important to consider the Company's NAV and share price performance against its benchmark over a period of more than one year. Taking the three year period to 31 October 2017, NAV and share price returns have been 35.8% and 35.9% respectively against the FTSE All-Share Index return of 31.0%.

REVENUE RETURN AND DIVIDENDS

The Company's revenue return per share for the year to 31 October 2017 amounted to 6.63 pence compared with 6.93 pence for the previous year.

An interim dividend of 2.50 pence per share (2016: 2.40 pence) was distributed to shareholders on 1 September 2017. The Directors are mindful of shareholders' desire for income in addition to capital growth and are proposing a final dividend per share of 4.10 pence (2016: 3.90 pence) giving total dividends for the year of 6.60 pence per share. This represents a 4.8% increase over the prior year (2016: 6.30 pence per share). Subject to approval at the Annual General Meeting, the final dividend will be paid on 9 March 2018 to shareholders on the Company's register at the close of business on 2 February 2018 (ex-dividend date is 1 February 2018).

INVESTMENT MANAGEMENT ARRANGEMENT

On 5 July 2017 the Company announced that the portfolio's Co-Manager, Mark Wharrier, had left BlackRock to pursue other opportunities. The Board would like to take this opportunity to express their thanks to Mark for his contribution to the Company since his appointment in 2013. Mr Wharrier was replaced by David Goldman – an experienced, senior director within the BlackRock UK equity team – who was appointed Co-Manager alongside the existing Co-Manager, Adam Avigdori, with effect from 5 July 2017. The Board welcomes David's appointment and looks forward to a continuation of its strategy.

POLICY ON SHARE PRICE DISCOUNT

The Directors recognise the importance to investors that the Company's share price should not trade at a significant discount to NAV, and therefore, in normal market conditions, may use the Company's share buy back, sale of shares from treasury and share issue powers to ensure that the share price is broadly in line with the underlying NAV.

The existing authority to buy back up to 14.99% of the Company's issued share capital (excluding treasury shares) will expire at the conclusion of the 2018 Annual General Meeting and a resolution will be put to shareholders to renew the authority at that meeting. Currently, ordinary shares representing up to 35% of the Company's issued ordinary share capital can be allotted as new ordinary shares or sold from treasury. It is proposed to renew this authority at the forthcoming Annual General Meeting.

During the year, a total of 740,000 ordinary shares were purchased at an average price of 201.30 pence per share, for a total consideration of £1,488,000. These shares were placed in treasury for potential reissue, thereby saving the associated costs of an issue of new shares if demand arises. No shares were issued or sold from treasury this year. Subsequent to the year end, a further 220,000 ordinary shares have been purchased.

GEARING

The Company operates a flexible gearing policy which depends on prevailing market conditions and is subject to a maximum level of 20% of net assets at the time of investment. The maximum gearing used during the year was 3.3% and at 31 October 2017 net gearing was 2.9%. The Company has in place a borrowing facility of up to £4 million, provided by ING Luxembourg S.A. The Company has drawn down on the facility in the sum of £2 million and maintained this level throughout the year.

OUTLOOK

In his Autumn Budget, the Chancellor of the Exchequer announced that UK GDP had remained resilient overall, although UK productivity, consumption and investment growth had fallen. The Office of Budget Responsibility has revised its UK growth forecasts for the coming year down to 1.5%. However, overall growth is expected to remain positive and unemployment in the UK is now at its lowest rate since 1975. The rate of inflation has now reached 3.1%, but is expected to fall towards the Bank of England's 2% target over the medium term.

There remain risks associated with the UK's exit from the European Union ('EU') although, at the time of writing, there are indications that the UK Government may have reached agreement with the EU on the quantum of the Brexit "bill" and is able to move forward to discuss matters of trade. The delay in reaching this position has negatively impacted the UK economy and a resolution should allow both sides to progress on to the important topic of trade negotiations. This development should be positive for the UK economy, although there remains substantial uncertainty on how the Brexit process will play out and its ultimate impact on the UK economy, particularly the UK financial services sector. In this context it is worth remembering that the UK equity market derives well over two thirds of its revenues from currencies other than sterling and for our largest companies the principal driver of future returns will be events in the global rather than domestic economy.

As you will read in their report on page 13, the investment managers have become increasingly selective in terms of their UK domestic exposure given their belief that pressure on the UK consumer will increase. As a consequence, they have been adjusting the portfolio, which is now slightly more defensively positioned.However, they continue to find opportunities in the UK market, introducing new stocks to the portfolio which they believe can take advantage of the changing economic landscape. Their fundamental approach has not changed and they continue to seek to identify companies with robust business models, strong cash flows and favourable industry characteristics, which are led by management teams capable of 'self-help'. The focus remains on bottom-up stock selection, assembling a portfolio of individual companies which, taken as a whole, should prove capable of growing the Company's revenue and supporting dividend growth into the future. Your Board is fully supportive of this approach.

CONTINUATION VOTE

The Company's Articles of Association provide for an ordinary resolution for the continuation of the Company as an investment trust to be proposed at every fifth Annual General Meeting and therefore an Ordinary resolution will be put to shareholders at the forthcoming AGM to be held at 12.00 noon on Wednesday, 7 March 2018. The Board has considered the Company's investment strategy and objective and the ongoing viability of the Company over the next five years. It has also consulted with major shareholders on the appropriateness of the Company's offering in its current form. The Board believes that the Company's offering remains compelling, providing shareholders with growth in both capital and income over the longer term. The Board therefore unanimously recommends that shareholders vote in favour of the continuation of the Company in its current form.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held on Wednesday, 7 March 2018 at 12.00 noon at the offices of BlackRock at 12 Throgmorton Avenue, London, EC2N 2DL. Details of the business of the meeting are set out in the Notice of Annual General Meeting on pages 71 to 74 of this Annual Report. The Investment Manager will make a presentation to shareholders on the Company's progress and the outlook for the year ahead.

JONATHAN CARTWRIGHT
Chairman
20 December 2017

Performance

Strategic report

The Directors present the Strategic Report of the Company for the year ended 31 October 2017.

INVESTMENT OBJECTIVE

The Company's objective is to provide growth in capital and income over the long term through investment in a diversified portfolio of principally UK listed equities.

BUSINESS AND MANAGEMENT OF THE COMPANY

BlackRock Income and Growth Investment Trust plc is an investment trust company that has a premium listing on the London Stock Exchange. Its principal activity is portfolio investment. Investment trusts, like unit trusts and OEICs, are pooled investment vehicles which allow exposure to a diversified range of assets through a single investment thus spreading, although not eliminating, investment risk.

Investment trusts, unlike unit trusts and OEICs, have the ability to borrow for investment purposes and to manage dividend distributions through revenue reserves. They also enjoy, unlike unit trusts and OEICs, the benefit of continuous dealing during market hours.

The Company is an Alternative Investment Fund in accordance with the Alternative Investment Fund Managers Directive (AIFMD). BlackRock Fund Managers Limited (the Manager) is the Company's Alternative Investment Fund Manager. The management of the investment portfolio and the administration of the Company have been contractually delegated to the Manager. The Manager, operating under guidelines determined by the Board, has direct responsibility for decisions relating to the running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company.

The Company delegates fund accounting services to BlackRock Investment Management (UK) Limited (BIM (UK) or the Investment Manager), which in turn sub-delegates these services to the Fund Accountant, The Bank of New York Mellon (International) Limited and also sub-delegates registration services to the Registrar, Computershare Investor Services PLC. Other service providers include the Depositary, The Bank of New York Mellon (International) Limited. Prior to 1 November 2017, the entity appointed as the Company's Depository was BNY Mellon Trust & Depositary (UK) Limited. Details of the contractual terms with these service providers are set out in the Directors' Report on pages 21 to 22.

BUSINESS MODEL

The Company invests in accordance with the investment objective. The Board is collectively responsible to shareholders for the long term success of the Company and is its governing body. There is a clear division of responsibility between the Board and the Manager. Matters reserved for the Board include setting the Company's strategy, including its investment objective and policy, setting limits on gearing, capital structure, governance, and appointing and monitoring the performance of service providers, including the Manager.

The Company's business model follows that of an externally managed investment trust, therefore the Company does not have any employees and outsources its activities to third party service providers, including the Manager which is the principal service provider.

INVESTMENT STRATEGY AND POLICY

The Company's policy is that the portfolio will usually consist of approximately 30-60 securities and will only invest in UK securities, which include the shares of companies listed, domiciled or carrying out the majority of their business in the UK.

The Company may hold a maximum of 10% of the issued ordinary share capital of any company. No more than 15% of the gross asset value of the Company may be invested in the securities of any one issuer, calculated at the time of any relevant investment. Cash or non-benchmark stocks may not exceed 10% of the net asset value of the Company. Each stock held is subject to a lower limit of 0% and an upper limit of plus 4 percentage points against its weighting in the FTSE All-Share Index (total return) on an ongoing basis, subject to an absolute sector weighting upper limit of 20% of the Company's net assets at any time.

The Company may deal in derivatives, including options, futures, contracts for difference and derivatives not traded on or under the rules of a recognised or designated investment exchange for the purpose of efficient portfolio management. Derivatives and exchange traded funds may be dealt in only with the prior consent of the Board.

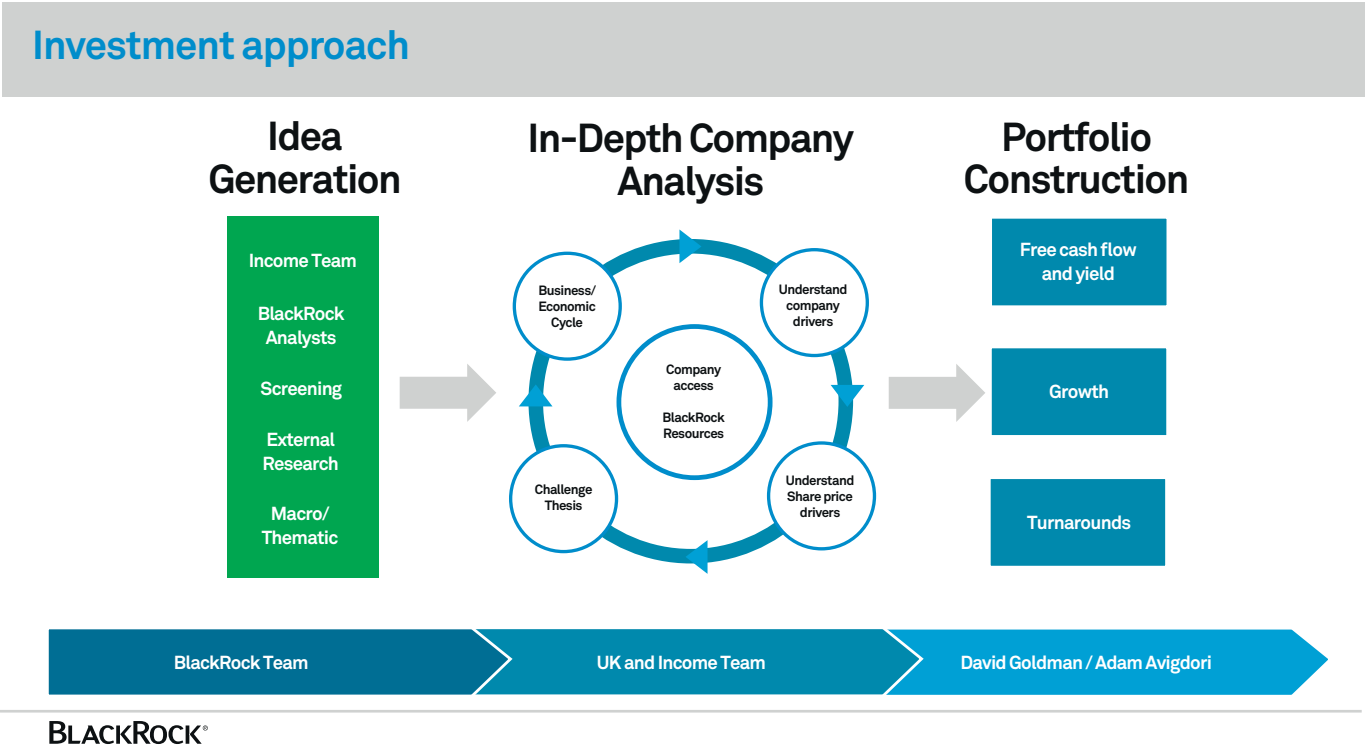
The performance of the Company is measured by reference to the FTSE All-Share Index (the Index) on a total return basis. The Company achieves an appropriate spread of risk by investing in a diversified portfolio of securities.

No material change can be made to the investment policy without the approval of shareholders by ordinary resolution.

INVESTMENT APPROACH AND PROCESS

In assembling the Company's portfolio, a relatively concentrated approach to investment is adopted to ensure that the fund manager's best ideas contribute significantly to returns. We believe that it is the role of the portfolio overall to achieve a premium level of yield rather than every individual company within it. This gives increased flexibility to invest where returns are most attractive. This relatively concentrated approach results in a portfolio which differs substantially from the Index and in any individual year, the returns will vary, sometimes significantly from those of the Index. Over longer periods the objective is to achieve returns greater than the Index.

The foundation of the portfolio, approximately 70% by value, is in high free cash flow companies that can sustain cash generation and pay a growing yield whilst aiming to deliver a double digit total return. Additionally, the investment



managers seek to identify and invest 20% by value of the portfolio in 'growth' companies that have significant barriers to entry and scalable business models that enable them to grow consistently. Turnaround companies are also sought, at around 10% by value, which represent those companies that are out of favour by the market, facing temporary challenges with high yields/very low valuations, but with recovery potential. The return from this segment is expected to contribute meaningfully to returns over time.

Gearing and Borrowings

The appropriate use of gearing can add value and the Company may, from time to time, use borrowings to achieve this. The Board is responsible for the level of gearing in the Company and reviews the position at every meeting. Gearing, including borrowings and gearing through the use of derivatives (which requires prior Board approval), when aggregated with underwriting participations, will not exceed 20% of the net asset value at the time of investment, drawdown or participation. Any borrowing, except for short term liquidity purposes, is used for investment purposes or to fund the purchase of the Company's own shares.

The Company has entered into a two year unsecured sterling revolving credit facility of £4 million, provided by ING Luxembourg S.A. which is due to expire on 31 October 2018. At the date of this report the existing facility is drawn down by £2 million.

PERFORMANCE

Details of the Company's performance for the year are given in the Chairman's Statement on page 4. The Investment Manager's report on page 13 includes a review of the main developments during the year, together with information on investment activity within the Company's portfolio.

RESULTS AND DIVIDENDS

The Company's revenue earnings for the year amounted to 6.63p per share (2016: 6.93p per share). Details of dividends paid and declared in respect of the year are set out in the Chairman's Statement on page 4.

KEY PERFORMANCE INDICATORS

A number of performance indicators (KPIs) are used to monitor and assess the Company's success in achieving its objectives and to measure its progress and performance.

The principal KPIs are described below:

Performance against the benchmark

The performance of the portfolio together with the performance of the Company's net asset value and share price are reviewed at each Board meeting and compared to the return of the Company's benchmark, the FTSE All-Share Index.

Premium/discount to NAV

At each meeting the Board monitors the level of the Company's premium or discount to NAV and considers strategies for managing any premium or discount. Further details of the discount policy are provided on page 4. In the year to 31 October 2017, the Company's share price to NAV traded in the range of a premium of 0.1% to a discount of 6.2%, both on a cum income basis. The Company bought back a total of 740,000 ordinary shares during the year at an average discount of 2.8% and an average price of 201.30p per share.

Performance

Strategic report continued

The total consideration (including costs) was £1,488,000. A further 220,000 ordinary shares have been bought back since the year end for a total consideration of £442,000. No shares were issued or sold from treasury.

Ongoing charges

The ongoing charges represent the Company's management fee and all other recurring operating and investment management expenses, excluding finance costs, expressed as a percentage of average net assets.

The Board reviews the ongoing charges and monitors the expenses incurred by the Company at each meeting. The Board also compares the level of ongoing charges against those of its peers.

Performance

The Board also regularly reviews the Company's performance attribution analysis to understand how performance was achieved. This provides an understanding of how components such as sector exposure, stock selection and asset allocation impact performance.

The table below provides performance information for the current and prior year. Further details are provided in the Investment Manager's Report on page 13.

	Year ended 31 October 2017	Year ended 31 October 2016
NAV per share[1]	209.96p	190.53p
Share price[2]	205.50p	185.00p
Change in benchmark index[3]	13.4%	12.2%
Discount to net asset value	2.1%	2.9%
Revenue return per share	6.63p	6.93p
Ongoing charges[4]	1.08%	1.00%

1 Calculated with income reinvested in accordance with AIC guidelines.
2 Calculated on a mid-to-mid market share price basis with income reinvested.
3 FTSE All-Share Index (total return).
4 Ongoing charges represent the Company's management fee and all other recurring operating and investment management expenses, excluding finance costs, expressed as a percentage of average net assets.

Performance against the Company's peers

Whilst the principal objective is to achieve growth in capital and income relative to the benchmark, the Board also monitors performance relative to a range of competitor funds, particularly those also within the AIC UK Equity Income sector.

PRINCIPAL RISKS

The Company is exposed to a variety of risks and uncertainties. The Board has in place a robust process to identify, assess and monitor the principal risks of the Company. A core element of this process is the Company's risk register which identifies the risks facing the Company and assesses the likelihood and potential impact of each risk and the controls established for mitigation. A residual risk rating is then calculated for each risk. The risk register is regularly reviewed and the risks reassessed. The risk environment in which the Company operates is also monitored and regularly appraised. New risks are also added to the register as they are identified which ensures that the document continues to be an effective risk management tool.

The risk register, its method of preparation and the operation of key controls in the Manager's and third party service providers systems of internal control are reviewed on a regular basis by the Audit Committee. In order to gain a more comprehensive understanding of the Manager's and other third party service providers' risk management processes and how these apply to the Company's business, the Audit Committee periodically receives presentations from BlackRock's Internal Audit and Risk & Quantitative Analysis functions. The Audit Committee also reviews Service Organisation Control (SOC 1) reports from the Company's service providers.

As required by the UK Corporate Governance Code (2016 Code), the Board has undertaken a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. Those principal risks have been described in the table on pages 9 and 10, together with an explanation of how they are managed and mitigated. The Board will continue to assess these risks on an ongoing basis.

The current risk register includes a range of risks which are categorised under the following headings:

- investment performance;
- income/dividend;
- gearing;
- legal and regulatory compliance;
- operational;
- market; and
- financial.

Principal Risk	Mitigation/Control
Investment performance The Board is responsible for: ▸ setting the investment strategy to fulfil the Company's objective; and ▸ monitoring the performance of the Investment Manager and the implementation of the investment strategy. An inappropriate investment strategy may lead to: ▸ poor performance compared to the Benchmark Index and the Company's peer group; ▸ a widening discount to NAV; ▸ a reduction or permanent loss of capital; and ▸ dissatisfied shareholders and reputational damage.	To manage this risk the Board: ▸ regularly reviews the Company's investment mandate and long term strategy; ▸ is required to provide prior consent to the use of derivatives and exchange traded funds; ▸ has set investment restrictions and guidelines which the Investment Manager monitors and regularly reports on; ▸ reviews changes in gearing and the rationale for the composition of the investment portfolio; ▸ monitors the maintenance of an adequate spread of investments in order to minimise the risks associated with factors specific to particular sectors, based on the diversification requirements inherent in the investment policy; and ▸ monitors the discount to NAV and use of the granted buyback powers.
Income/Dividend The amount of dividends and future dividend growth will depend on the Company's underlying portfolio. Changes in the composition of the portfolio, any change in the tax treatment of the dividends or interest received by the Company may alter the level of dividends received by shareholders.	The Board monitors this risk through the receipt of detailed income forecasts and considers the level of income at each meeting. The Company also has a revenue reserve and powers to pay dividends from capital which could potentially be used to support the Company's dividend if required.
Gearing The Company's investment strategy may involve the use of gearing to enhance investment returns. Gearing may be generated through borrowing money or increasing levels of market exposure through the use of derivatives. The Company currently has an unsecured revolving credit facility with ING Luxembourg S.A. The use of gearing exposes the Company to the risks associated with borrowing. Gearing provides an opportunity for greater returns where the return on the Company's underlying assets exceeds the cost of borrowing. It is likely to have the opposite effect where the return on the underlying assets is below the cost of borrowings. Consequently, the use of borrowings by the Company may increase the volatility of the NAV.	To manage this risk the Board has limited gearing, including borrowings and gearing through the use of derivatives, to 20% of NAV at the time of investment, drawdown or participation. The Investment Manager will only use gearing when confident that market conditions and opportunities exist to enhance investment returns.

Performance

Strategic report continued

Principal Risk	Mitigation/Control
Legal and Regulatory Compliance The Company has been accepted by HM Revenue & Customs as an investment trust, subject to meeting the relevant eligibility conditions and operating as an investment trust in accordance with sections 1158 and 1159 of the Corporation Tax Act 2010. As such, the Company is exempt from capital gains tax on the profits realised from the sale of its investments. Any breach of the relevant eligibility conditions could lead to the Company losing investment trust status and being subject to corporation tax on capital gains realised within the Company's portfolio. The Company is required to comply with the provisions of the Companies Act 2006, the Alternative Investment Fund Managers Directive, the Market Abuse regulations, the UK Listing Rules and the FCA's Disclosure & Transparency Rules. Any serious breach could result in the Company and/or the Directors being fined or the subject of criminal proceedings or the suspension of the Company's shares which would in turn lead to a breach of the Corporation Tax Act 2010.	Compliance with the accounting rules affecting investment trusts are regularly monitored. The Investment Manager monitors investment movements, the level and type of forecast income and expenditure and the amount of proposed dividends, if any, to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached. The results are reported to the Board at each meeting. The Company Secretary and the Company's professional advisers provide regular reports to the Board in respect of compliance with all applicable rules and regulation. Following authorisation under the Alternative Investment Fund Managers' Directive (AIFMD), the Company and its appointed Alternative Investment Fund Manager (AIFM) are subject to the risks that the requirements of this Directive are not correctly complied with. The Board and the AIFM also monitor changes in government policy and legislation which may have an impact on the Company. The Market Abuse regulation came into force across the EU on 3 July 2016. The Board has taken steps to ensure that individual Directors (and their Persons Closely Associated) are aware of their obligations under the regulation and has updated internal processes, where necessary, to ensure the risk of non-compliance is effectively mitigated.
Operational The Company relies on the services provided by third parties. Accordingly, it is dependent on the control systems of the Manager, and The Bank of New York Mellon (International) Limited (the Fund Accountant, Depositary, and Custodian), who maintain the Company's assets, dealing procedures and accounting records. The security of the Company's assets, dealing procedures, accounting records and adherence to regulatory and legal requirements depend on the effective operation of the systems of these third party service providers. Disruption to the accounting, payment systems or custody records, as a result of a cyber-attack or otherwise, could prevent the accurate reporting and monitoring of the Company's financial position.	Due diligence is undertaken before contracts are entered into with third party service providers. Thereafter, the performance of the provider is subject to regular review and reported to the Board. The Bank of New York Mellon's and BlackRock's internal control processes are regularly tested and monitored throughout the year and are evidenced through their Service Organisation Control (SOC 1) reports, which are subject to review by an Independent Service Assurance Auditor. The SOC 1 reports provide assurance in respect of the effective operation of internal controls. These reports are regularly reviewed by the Audit Committee. The Company's assets are subject to a strict liability regime and in the event of a loss of assets, the Depositary must return assets of an identical type or the corresponding amount, unless able to demonstrate the loss was a result of an event beyond its reasonable control. The Board reviews the overall performance of the Manager, Investment Manager and all other third party service providers on a regular basis and compliance with the Investment Management Agreement regularly. The Board also considers the business continuity arrangements of the Company's key service providers.
Market Market risk arises from volatility in the prices of the Company's investments. It represents the potential loss the Company might suffer through realising investments at a time of negative market movements. There is also the potential for the Company to suffer loss through holding investments in a period of negative market movements.	The Board considers the diversification of the portfolio, asset allocation, stock selection, and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager. The Board monitors the implementation and results of the investment process with the Investment Manager.
Financial The Company's investment activities expose it to a variety of financial risks that include interest rate risk.	Details of these risks are disclosed in note 16 to the financial statements, together with a summary of the policies for managing these risks.

VIABILITY STATEMENT

In accordance with provision C.2.2 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the 12 months referred to by the 'Going Concern' guidelines.

The Board conducted this review for the period up to the AGM in 2023, being a five year period from the date that this annual report will be approved by Shareholders. This period has been selected as it is aligned to the Companys' objective of achieving long-term growth in capital and income. In making this assessment the Board has considered the following factors:

- the Company's principal risks as set out above;
- the ongoing relevance of the Company's investment objective in the current environment; and
- the level of demand for the Company's shares.

The Company is required to undertake a continuation vote in 2018 and has also reviewed the potential impact that this may have on the Company's viability. Particular consideration has been given to the following:

- good communication with major shareholders; at the present time there has been no indication that the continuation vote will not be successful; and
- at the close of business on 19 December 2017, the Company's shares were trading at a discount to NAV of 4.1%.

Having considered the above factors, the Board believes that the scheduled continuation vote does not have a detrimental impact on the Company's viability.

The Board has also considered a number of financial metrics in its assessment, including:

- the level of ongoing charges, both current and historical;
- the level at which the shares trade relative to NAV;
- the level of income generated;
- future income forecasts; and
- the liquidity of the portfolio.

The Board has concluded that the Company would be able to meet its ongoing operating costs as they fall due as a consequence of:

- a liquid portfolio; and
- overheads which comprise a small percentage of net assets.

Therefore, the Board has concluded that even in exceptionally stressed operating conditions, the Company would comfortably be able to meet its ongoing operating costs as they fall due.

However, investment companies may face other challenges. These include regulatory changes, changes to the tax treatment of Investment Trusts, a significant decrease in size due to substantial share buy back activity, which may result in the Company no longer being of sufficient market capitalisation to represent a viable investment proposition or no longer being able to continue in operation.

The Board has also considered the current and potential impact on the Company of the UK's decision to leave the European Union. It has concluded that the Company's business model and strategy are not threatened by this event and therefore it does not believe that it represents a principal risk to the Company.

In reaching this conclusion the Board considered whether this event has, or would be likely to have, a significant impact on the Company's activities and whether or not the Investment Manager would be materially impeded in achieving its investment objectives as a result of the impact of the leave vote.

The Board also considered the impact of potential changes in law, regulation, foreign exchange, taxation and other potential political developments. However, due to the complexity and general lack of information available at present, it is challenging to assess accurately the future impact of UK's exit from the European Union. Therefore, the Board intends to monitor closely the situation as it develops and will regularly reappraise its position.

Based on the results of their analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

FUTURE PROSPECTS

The Board's main focus is the achievement of income and capital growth. The future performance of the Company is dependent upon the success of the investment strategy.

The outlook for the Company is discussed in the Chairman's Statement on pages 4 and 5 and in the Investment Manager's Report on page 13.

Performance

Strategic report continued

EMPLOYEES, SOCIAL, COMMUNITY AND HUMAN RIGHTS ISSUES

The Company has no employees and all of its Directors are non-executive, therefore, there are no disclosures to be made in respect of employees.

The Company believes that it is in shareholders' interests to consider human rights issues, environmental, social and governance factors when selecting and retaining investments. Details of the Company's policy on socially responsible investment are set out on page 33.

MODERN SLAVERY ACT

As an investment vehicle the Company does not provide goods or services in the normal course of business, and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015. The Board considers the Company's supply chain, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

DIRECTORS, GENDER REPRESENTATION AND EMPLOYEES

The Directors of the Company on 31 October 2017, all of whom held office throughout the year, are set out in the Governance Structure and Directors' biographies on page 20.

The Board recognises the importance of having a range of experienced Directors with the right skills and knowledge to enable it to fulfil its obligations. As at 31 October 2017, the Board consisted of four male Directors. The Company does not have any employees as stated above.

BY ORDER OF THE BOARD

KEVIN MAYGER
FOR AND ON BEHALF OF
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
20 December 2017

Performance

Investment Manager's report

PERFORMANCE

Over the year to 31 October 2017, the Company's NAV rose by 13.8% and the share price by 14.8%. Over the same period, the FTSE All-Share Index returned 13.4%. (All percentages are in sterling with income reinvested).

MARKET REVIEW

Economic growth and improving corporate earnings drove global equity markets higher, with the UK market rising strongly over the reporting period. Within this we saw UK small and medium sized companies outperforming larger companies. The UK launched the process to leave the European Union. Falling unemployment alongside other positive data were sufficient for the Bank of England to raise the base rate to 0.5%. Political concerns around Europe abated somewhat following national elections in France and Germany. In the US, President Trump has been slow to enact his pro-business agenda and the US Federal Reserve implied its moves towards policy normalisation would continue as economic data remained supportive.

CONTRIBUTORS TO PERFORMANCE

The Company saw a significant performance contribution from several stock specific positives during the year. This was led by Rentokil Initial where we continue to see strong structural drivers in pest control and a favourable industry backdrop where innovation, scale and investment in technology can make a difference. Forterra, a supplier of building products for the UK construction industry, also continues to perform well and is supported by a strong dynamic for UK brick manufacturers as sterling weakness limits imports. Elsewhere in the portfolio we saw positive contributions from Premier Asset Management, Unilever and the paper and packaging business DS Smith. From a sector perspective, overweight positions in consumer services and industrials contributed to performance.

On the negative side, BT was the largest detractor from performance after the company quantified the impact of a fraud issue in Italy. In addition, the company highlighted a weaker revenue performance in parts of its UK business which will impact near term profit growth. Provident Financial shares were badly hit after a profit warning from the sub-prime lender indicated a fall in debt collection rates from 90% to 57% which led to a significant drop in profits. Other detractors from performance include Babcock, Kier Group and an underweight position to the mining sector which has performed strongly over the year. We continue to have concerns around the mining industry due to the volatility in Chinese demand and signs that the industry will need to enter into a phase of capital expenditure investment which would bring cash flow under strain.

PORTFOLIO ACTIVITY

We continue to run a flexible and concentrated portfolio with competition for capital ensuring we only hold the highest conviction positions. We are being increasingly selective with our UK domestic exposures where we have added to Derwent London and where we hold Next and Lloyds. We have sold our positions in Sky, Stagecoach, Dixons Carphone and Cineworld and have reduced positions in AstraZeneca, Unilever and RPC. We continue to find attractive investment opportunities in the UK market and have added positions in Diageo, where we see a pick-up in growth and margins, CRH, which we expect to benefit from US construction trends and Bodycote.

OUTLOOK

We see increasing pressure in the UK consumer space as rock bottom household savings are coupled with rising household debt levels. Whilst we remain cautious in this area, we do not treat all companies equally. By focusing on those companies that can generate cashflow from strong business models, have strong balance sheets or scope for management driven self-help, we are able to access some of the major domestic opportunities starting to emerge.

As ever, we remain believers that over the longer-term earnings and cashflow growth tend to be the dominant driver of share prices. Where equity markets fail to recognise that, corporate buyers have the potential to exploit the opportunity. With a combination of continued sterling weakness and a low interest rate environment fuelling cheap debt, we believe that M&A activity will remain a theme for many months to come.

ADAM AVIGDORI AND DAVID GOLDMAN
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
20 December 2017

Performance

Performance attribution

Sector	Contribution to Return[1]			Commentary
	Allocation	Selection[2]	Total effect relative to the Benchmark	
Consumer Services	-0.58%	2.40%	1.82%	Stock selection within Consumer services has been beneficial with positive contribution from Inchcape, Next and RELX. Avoiding poor performers such as WPP and Pearson has also been beneficial to returns.
Industrials	0.50%	1.27%	1.77%	A broad range of companies across the Industrials sector contributed to performance with support service companies Rentokil and Ferguson in the top performers. Forterra, Bodycote, DS Smith and CRH all contributed positively.
Utilities	0.90%	0.00%	0.90%	N/A - No holdings.
Technology	0.09%	0.10%	0.19%	Avoiding technology hardware exposure and adding a holding to software services company Accesso Technology towards the end of the period led to positive contribution from the technology sector.
Consumer Goods	0.04%	-0.23%	-0.19%	The Trust's holdings in Unilever and Reckitt Benckiser contributed positively to performance, benefitting from prior sterling weakness. This was offset by a fall in tobacco stocks following an announcement from the FDA relating to nicotine levels in combustible cigarettes.
Healthcare	-0.05%	-0.21%	-0.26%	A holding in AstraZeneca detracted from performance as the company announced a failure of a key lung cancer drug trial.
Oil & Gas	-0.31%	0.00%	-0.31%	The Trust's underweight positioning in Oil & Gas has detracted given the rebound in the oil price over the second half of the year.
Basic Materials	-0.98%	-0.02%	-1.00%	The outperformance of the mining sector has acted as a material drag to relative performance given the Trust's absence of holdings.
Telecommunications	-0.64%	-0.45%	-1.09%	Stock specific issues in BT detracted from performance during the year.
Financials	-0.53%	-1.70%	-2.23%	Despite strong stock specific performance from Lloyds Banking Group, a position in Provident Financial and an underweight allocation to Financials detracted from performance as a result of strong performance in the Banking and Life Insurance sectors in particular.

1 Due to the limitations of a static attribution methodology, the numbers quoted are indicative and not exact.
2 The interaction effect is included with stock selection.

Portfolio

Ten largest investments as at 31 October 2017

British American Tobacco: 6.3% (2016: 6.5%) is one of the world's leading tobacco groups, with more than 200 brands in the portfolio selling in approximately 180 markets worldwide.

Lloyds Banking Group: 4.5% (2016: 3.6%) is a UK-based financial services group, providing a wide range of banking and financial services, focused on personal and commercial customers. Its main business activities are retail, commercial and corporate banking, general insurance and life insurance, pensions and investment provision.

RELX: 4.3% (2016: 4.0%) is a global provider of professional information solutions that includes publication of scientific, medical, technical and legal journals. It also has the world's leading exhibitions, conference and events business.

Royal Dutch Shell 'B': 4.2% (2016: 3.7%) is an oil and gas company based in the UK. The company operates in both Upstream and Downstream industries. Upstream is engaged in searching for and recovering crude oil and natural gas, the liquefaction and transportation of gas. Downstream is engaged in manufacturing, distribution and marketing activities for oil products and chemicals.

Unilever: 4.1% (2016: 5.2%) is a global supplier of food, home and personal care products with more than 400 brands focused on health and wellbeing.

Rentokil Initial plc: **3.7%** (2016: 3.1%) is a business services company that operates in over 60 countries globally, providing Pest Control and Hygiene services.

Ferguson plc (formerly Wolseley): 3.3% (2016: 2.5%) is a multi-national building materials distribution company who supply heating and plumbing supplies to professional contractors and consumers across the USA, UK, Nordics, Canada and Europe.

John Laing Group plc: 3.1% (2016: 3.6%) is an international originator, active investor and manager of infrastructure projects. Its business is focused on major transport, social and environmental infrastructure projects awarded under governmental public-private partnership programmes and renewable energy projects, across a range of international markets including the UK, Europe, Asia Pacific and North America.

HSBC Holdings plc: 3.0% (2016: 3.2%) is a multi-national banking and financial services company operating across 70 countries. The company operates within four business groups: Commercial Banking; Global Banking and Markets; Retail Banking and Wealth Management; and Global Private Banking.

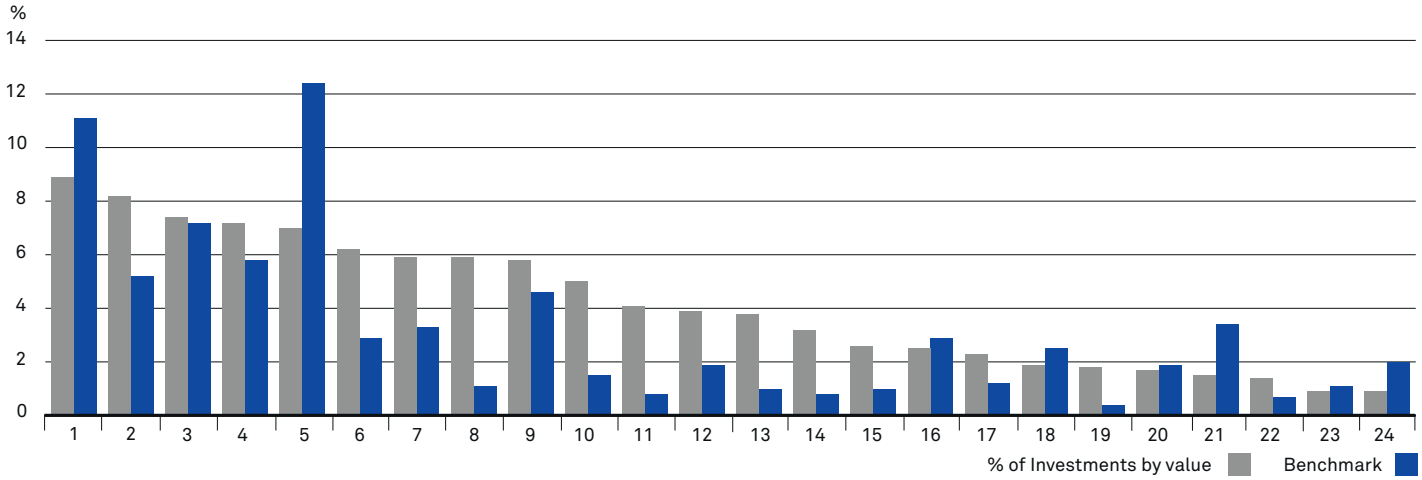
BP Group: 2.8% (2016: 2.8%) is one of the world's leading integrated oil and gas companies with involvement in all areas of the industry including exploration and production, distribution, power generation and renewable energy.

All percentages reflect the value of the holding as a percentage of total investments. The percentages in brackets represent the value of the holding as at 31 October 2016. Together, the ten largest investments represent 39.3% of total investments (ten largest investments as at 31 October 2016: 38.2%).

Portfolio

Distribution of investments as at 31 October 2017

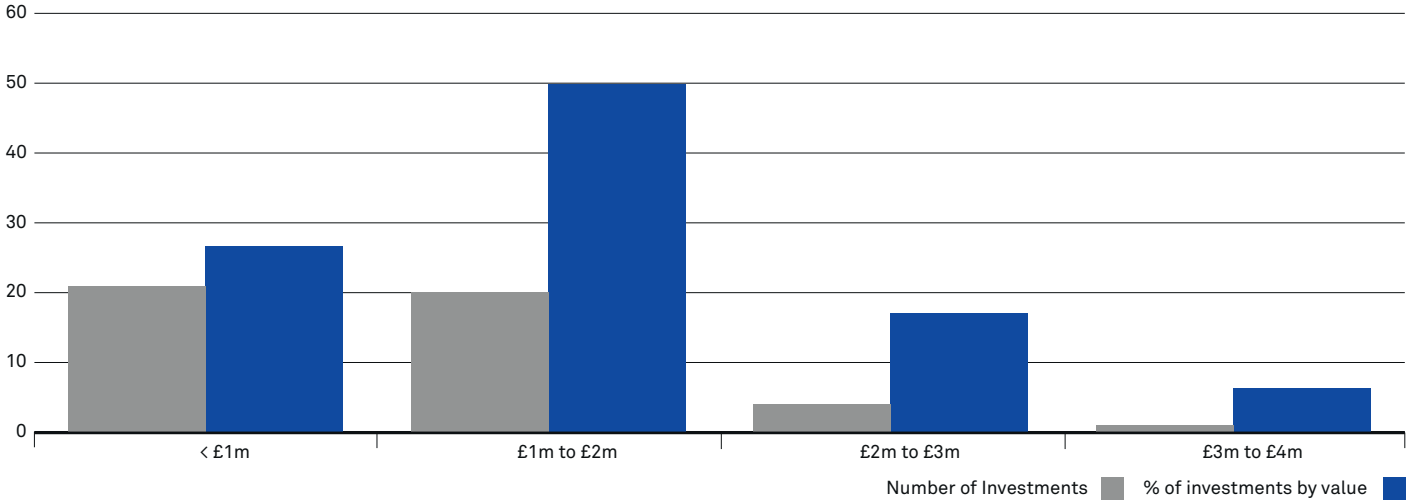
ANALYSIS OF PORTFOLIO BY SECTOR



1 Banks
2 Support Services
3 Pharmaceuticals & Biotechnology
4 Tobacco
5 Oil & Gas Producers
6 Financial Services
7 Media
8 Non-life Insurance
9 Travel & Leisure
10 Construction & Materials
11 Food Producers
12 General Retailers
13 General Industrials
14 Industrial Engineering
15 Fixed Line Telecommunications
16 Beverages
17 Food & Drug Retailers
18 Mobile Telecommunications
19 Real Estate Investment & Services
20 Aerospace & Defence
21 Household Goods & Home Construction
22 Chemicals
23 Software & Computer Services
24 Real Estate Investment Trusts

Sources: BlackRock and Datastream.

INVESTMENT SIZE



Source: BlackRock.

Portfolio

Investments as at 31 October 2017

	Market value £'000	% of investments
Banks		
Lloyds Banking Group	2,381	4.5
HSBC Holdings	1,595	3.0
Standard Chartered	779	1.4
	4,755	**8.9**
Support Services		
Rentokil Initial	1,955	3.7
Ferguson (formerly Wolseley)	1,768	3.3
Babcock International	635	1.2
	4,358	**8.2**
Pharmaceuticals & Biotechnology		
Shire	1,466	2.8
GlaxoSmithKline	1,368	2.6
AstraZeneca	1,086	2.0
	3,920	**7.4**
Tobacco		
British American Tobacco	3,343	6.3
Imperial Brands	492	0.9
	3,835	**7.2**
Oil & Gas Producers		
Royal Dutch Shell 'B'	2,231	4.2
BP Group	1,479	2.8
	3,710	**7.0**
Financial Services		
John Laing Group	1,645	3.1
Premier Asset Management Group	808	1.5
Hargreaves Lansdown	427	0.8
TP ICAP	410	0.8
	3,290	**6.2**
Media		
RELX	2,301	4.3
ITV	850	1.6
	3,151	**5.9**
Non-life Insurance		
Admiral Group	1,072	2.0
Direct Line Insurance	1,064	2.0
Hiscox	1,009	1.9
	3,145	**5.9**
Travel & Leisure		
Carnival	1,389	2.6
Intercontinental Hotels Group	1,069	2.0
Patisserie Holdings	631	1.2
	3,089	**5.8**
Construction & Materials		
CRH	1,126	2.1
Kier Group	858	1.6
Forterra	665	1.3
	2,649	**5.0**

Portfolio

Investments continued

	Market value £'000	% of investments
Food Producers		
Unilever	2,162	4.1
	2,162	**4.1**
General Retailers		
Inchcape	1,201	2.2
Next	895	1.7
	2,096	**3.9**
General Industrials		
DS Smith	1,340	2.5
RPC Group	694	1.3
	2,034	**3.8**
Industrial Engineering		
Bodycote	955	1.8
Weir Group	723	1.4
	1,678	**3.2**
Fixed Line Telecommunications		
BT Group	1,399	2.6
	1,399	**2.6**
Beverages		
Diageo	1,345	2.5
	1,345	**2.5**
Food & Drug Retailers		
Tesco	1,210	2.3
	1,210	**2.3**
Mobile Telecommunications		
Vodafone	1,010	1.9
	1,010	**1.9**
Real Estate Investment & Services		
U and I Group	589	1.1
Foxtons Group	355	0.7
	944	**1.8**
Aerospace & Defence		
BAE Systems	896	1.7
	896	**1.7**
Household Goods & Home Construction		
Reckitt Benckiser	781	1.5
	781	**1.5**
Chemicals		
Elementis	773	1.4
	773	**1.4**
Software & Computer Services		
Accesso Technology	487	0.9
	487	**0.9**

	Market value £'000	% of investments
Real Estate Investment Trusts		
Derwent London	460	0.9
	460	**0.9**
Total Investments	**53,177**	**100.0**

All investments are in ordinary shares unless otherwise stated.

The total number of holdings as at 31 October 2017 was 46 (31 October 2016: 42).

As at 31 October 2017 the Company did not hold any equity interests representing more than 3% of any company's share capital.

Governance

Governance structure and directors' biographies

Responsibility for good governance lies with the Board. The governance framework of the Company reflects that as an investment company the Company has no employees, the Directors are all non-executive and the investment management and administration functions are outsourced to the Manager and other external service providers.

The Board

Four non-executive Directors (NEDs), all independent of the Manager

Chairman: Jonathan Cartwright (since September 2010)

5 scheduled meetings per annum

Objectives:

- To determine and review the investment policy, guidelines, strategy and parameters;
- To provide leadership within a framework of prudent and effective controls which enable risk to be assessed and managed and the Company's assets to be safeguarded; and
- To challenge constructively and scrutinise performance of all outsourced activities.

Committees

Audit

2 scheduled meetings per annum

Chairman: Nicholas Gold (since April 2009)

Membership: All NEDs

Key objectives:

- To oversee financial reporting;
- To consider the adequacy of the control environment and risk;
- To review and form an opinion on the effectiveness of the external audit process; and
- To review the provisions relating to whistleblowing and fraud.

Management Engagement

1 scheduled meeting per annum

Chairman: Jonathan Cartwright

Membership: All NEDs

Key objectives:

- To review the performance of the Manager and Investment Manager;
- To ensure that the provisions of the management agreement remain competitive and in the best interests of shareholders;
- To consider whether the continuing appointment of the Manager is in the best interests of shareholders as a whole; and
- To review third party service providers.

Nomination

1 scheduled meeting per annum

Chairman: Jonathan Cartwright

Membership: All NEDs

Key objectives:

- To review the Board's structure, size, composition and effectiveness;
- To be responsible for Board succession planning; and
- To make recommendations to the Board for any new appointments.

Directors

Jonathan Cartwright
Chairman,
Appointed September 2010

joined Caledonia Investments plc, one of the UK's largest investment trusts in 1989 and retired as its finance director in 2009. Prior to joining Caledonia, he had been a group financial controller at Hanson plc. Mr Cartwright qualified as a chartered accountant with KPMG. He is currently the chairman of Aberforth Split Level Income Trust plc and a non-executive director of the Income & Growth VCT plc and Tennants Consolidated Limited.

Attendance record:
Board: 5/5
Audit Committee: 2/2
Management and Engagement Committee: 1/1
Nomination Committee: 1/1

Nicholas Gold
Audit Committee Chairman,
Appointed 17 December 2008

is an experienced investment banker with over 36 years' advisory experience across a wide range of industries and jurisdictions. He retired as the managing director responsible for closed end fund corporate finance at ING Bank N.V. in 2008. Mr Gold is a chartered accountant and a qualified solicitor. Until September 2014 he was a member of the Royal Academy of Dramatic Art Council and then chaired its commercial arm, RADA Enterprises until earlier this year. He is a special adviser to Pottinger Co Pty Limited.

Attendance record:
Board: 5/5
Audit Committee: 2/2
Management and Engagement Committee: 1/1
Nomination Committee: 1/1

George Luckraft
Senior Independent Director,
Appointed February 2003

joined AXA Framlington in 2002 and is the lead fund manager for the AXA Framlington Managed Income and AXA Framlington Monthly Income funds. Previously he worked for Carrington Pembroke (subsequently ABN AMRO and now Artemis Unit Trust Managers) where he was Head of UK Equities. Mr Luckraft graduated from Cambridge with a degree in Engineering and Land Economy in 1980.

Attendance record:
Board: 5/5
Audit Committee: 2/2
Management and Engagement Committee: 1/1
Nomination Committee: 1/1

Charles Worsley
Appointed April 2010

has over 25 years' experience in property management and has been a shareholder of the Company since its launch. Mr Worsley has formerly been a director of retail and media companies.

Attendance record:
Board: 5/5
Audit Committee: 2/2
Management and Engagement Committee: 1/1
Nomination Committee: 1/1

None of the Directors has a service contract with the Company. The terms of their appointment are detailed in a letter. These letters are available for inspection at the registered office of the Company and will be available at the Annual General Meeting.

Governance

Directors' report

The Directors present the Annual Report and Financial Statements of the Company for the year ended 31 October 2017.

STATUS OF COMPANY

The Company carries on business as an investment trust. It has been approved by HM Revenue & Customs as an investment trust in accordance with sections 1158 and 1159 of the Corporation Tax Act 2010, subject to the Company continuing to meet eligibility conditions. The Directors are of the opinion that the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval.

The Company, incorporated in England and Wales with company number 4223927, is domiciled in the UK as an investment company within the meaning of section 833 of the Companies Act 2006. It is not a close company and has no employees.

As an investment company that is managed and marketed in the United Kingdom, the Company is an Alternative Investment Fund (AIF) falling within the scope of, and subject to the requirements of the Alternative Investment Fund Managers Directive. The Company is governed by the provisions of the European Union (Alternative Investment Fund Managers) Regulations 2013 (the Regulations) and is required to be authorised by the Financial Conduct Authority (FCA). It must comply with a number of obligations, including the appointment of an Alternative Investment Fund Manager (AIFM) and a depositary to carry out certain functions. The AIFM must also comply with the Regulations in respect of leverage, outsourcing, conflicts of interest, risk management, valuation, remuneration and capital requirements and must also make additional disclosures to both shareholders and the FCA. Further details are set out on the Company's website at blackrock.co.uk/brig, the AIFM Disclosures section on page 69 and in the notes to the financial statements on pages 56 to 63.

The Company's ordinary shares are eligible for inclusion in the stocks and shares component of a New Individual Savings Account (NISA).

THE COMMON REPORTING STANDARD

New tax legislation under the Organisation for Economic Cooperation and Development (OECD) Common Reporting Standard for Automatic Exchange of Financial Account Information (the Common Reporting Standard) was introduced on 1 January 2016.

The legislation requires investment trust companies to provide personal information to HMRC about investors who purchase shares in investment trusts. The Company will have to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders and corporate entities. The local tax authority to which the information is initially passed may in turn exchange the information with the tax authorities of another country or countries in which the shareholder may be tax resident, where those countries (or tax authorities in those countries) have entered into agreements to exchange financial account information.

All new shareholders, excluding those whose shares are held in CREST, entered on to the share register will be sent a certification form for the purposes of collecting this information.

FACILITATING RETAIL INVESTMENTS

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

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

DIVIDENDS

Details of dividends paid and payable in respect of the year are set out in the Chairman's Statement on page 4.

INVESTMENT MANAGEMENT AND ADMINISTRATION

BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM with effect from 2 July 2014. The management contract is terminable by either party on six months' notice. BlackRock Investment Management (UK) Limited (BIM (UK)) acts as the Company's Investment Manager under a delegation agreement with BFM. BIM (UK) also acted as the Secretary of the Company throughout the year. BFM receives a fee of 0.60% of the market capitalisation of the Company. Further details are provided in note 4 on page 52. The Board believes the current fee structure to be appropriate for an investment company in this sector.

The Company contributes to a focused investment trust sales and marketing initiative operated by BIM (UK) on behalf of the investment trusts under its management which commenced on 1 November 2013. For 2017, the Company's contribution to the consortium element of the initiative, which enables the trusts to achieve efficiencies by combining certain sales and marketing activities, represented 0.025% per annum of its net assets (£50.0 million) as at 31 December 2016 and this contribution is matched by BIM (UK). In addition, a budget of a further £15,000 has been allocated for Company specific sales and marketing activity. For the year ended 31 October 2017, £22,000 (excluding VAT) has been incurred in respect of these initiatives. The purpose of the programme is to ensure effective communication with existing shareholders and to attract new shareholders to the Company. This has the benefits of improving liquidity in the Company's shares and helps sustain the stock market rating of the Company.

Governance

Directors' report continued

BFM and BIM (UK) are subsidiaries of BlackRock, Inc. which is a publicly traded corporation on the New York Stock Exchange operating as an independent firm. The PNC Financial Services Group, Inc. has a significant economic interest in BlackRock, Inc. PNC Financial Services Group, Inc. is a U.S. public company.

APPOINTMENT OF THE MANAGER

The Board considers the arrangements for the provision of management, investment management and other services to the Company on an ongoing basis and a formal review is conducted annually. As part of the annual review the Board considered the quality and continuity of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date.

The Board believes that the continuing appointment of BFM (the Manager) as AIFM, and the delegation of investment management services to BIM (UK) (the Investment Manager), on the terms disclosed above, are in the interests of shareholders as a whole given their track record in managing the Company's and equity portfolios in general.

DEPOSITARY AND CUSTODIAN

The Company is required under AIFMD to appoint an AIFMD compliant depositary. The Company appointed BNY Mellon Trust & Depositary (UK) Limited (BNYMTD) in this role with effect from 2 July 2014. However, with effect from 2 November 2017, the role of Depositary was transferred, by operation of a novation agreement, from BNYMTD to its parent Company, The Bank of New York Mellon (International) Limited (BNYM or the Depositary). The Depositary's duties and responsibilities are outlined in the investment fund legislation (as set out in the FCA AIF Rulebook). The main role of the Depositary under AIFM Directive is to act as a central custodian with additional duties to monitor the operations of the Company, including monitoring cash flows and ensuring that the Company's assets are valued appropriately in accordance with the relevant regulations and guidance. The Depositary is also responsible for enquiring into the conduct of the AIFM in each annual accounting period. The Depositary receives a fee payable at a rate of 0.0115% of the net assets of the Company. The Company has appointed the Depositary in a tripartite agreement, to which the Manager as AIFM is also a signatory. The Depositary is also liable for the loss of financial instruments held in custody.

Under the depositary agreement, custody services in respect of the Company's assets have been delegated to the Bank of New York Mellon (International) Limited (BNYM or the Custodian) who also perform the Custodian function. BNYM receives a custody fee payable by the Company at rates depending on the number of trades effected and the location of securities held. The depositary agreement is subject to 90 days' notice of termination by any party.

REGISTRAR

The Company has appointed Computershare Investor Services PLC as its Registrar (the Registrar). The principal duty of the Registrar is the maintenance of the register of shareholders (including registering transfers). It also provides services in relation to any corporate actions, dividend administration and shareholder documentation, the Common Reporting Standard and the Foreign Account Tax Compliance Act. Computershare receive a fixed fee, plus disbursements and VAT. The fixed fee applies for the three years commencing 1 July 2017. Fees in respect of corporate actions are negotiated on an arising basis.

CHANGE OF CONTROL

There are no agreements to which the Company is party that might be affected by a change of control of the Company.

EXERCISE OF VOTING RIGHTS IN INVESTEE COMPANIES

The exercise of voting rights attached to the Company's portfolio has been delegated to the Investment Manager by BFM. BIM (UK)'s approach to voting at shareholder meetings, engagement with companies and corporate governance is framed within an investment context. BIM (UK) believes that sound corporate governance practices by companies contribute to their long term financial performance and thus to better risk-adjusted returns. BIM (UK)'s proxy voting process is led by its Corporate Governance and Responsible Investment team, located in six offices around the world. In addition to its own professional staff, the Corporate Governance and Responsible Investment team draws upon the expertise of BIM (UK)'s investment managers, researchers and other internal and external resources globally.

BIM (UK)'s global corporate governance and engagement principles are published on the website blackrock.com/corporate/en-gb/about-us/responsible-investment/responsible-investment-reports. The principles set out BIM (UK)'s views on the overarching features of corporate governance that apply in all markets. For each region, BIM (UK) also publish market-specific policies, which are updated every year to ensure that they remain relevant.

The voting guidelines are principles-based and not prescriptive because BIM (UK) believes that each voting situation needs to be assessed on its merits. Voting decisions are taken to support the outcome that BIM (UK) believe in their professional judgement will best protect the economic interests of their clients.

During the year under review, the Investment Manager voted on 940 proposals at 51 general meetings on behalf of the Company. At these meetings the Investment Manager voted in favour of most resolutions, as should be expected when investing in well-run companies, but voted against 33 management resolutions and abstained from voting on 3 resolutions. The votes against were in respect of proposals which contained insufficient disclosure for the Investment Manager to make an informed decision, or in respect of executive remuneration packages which were considered to be poorly structured.

CONTINUATION OF THE COMPANY

The Company's Articles of Association provide for an ordinary resolution for the continuation of the Company as an investment trust to be proposed at every fifth Annual General Meeting (AGM). The next such resolution will be put to shareholders at the forthcoming AGM on 7 March 2018.

PRINCIPAL RISKS

The key risks faced by the Company are set out in the Strategic Report on pages 8 to 10.

GOING CONCERN

The financial statements of the Company have been prepared on a going concern basis. The forecast projections and actual performance are reviewed on a regular basis throughout the period and the Directors believe that this is the appropriate basis and the Company has adequate resources to continue in operational existence for the foreseeable future and is financially sound. The Company is able to meet all of its liabilities from its assets and the ongoing charges are approximately 1.08% of the net assets.

The Company's longer term viability is considered in the Viability Statement on page 11.

DIRECTORS

The Directors of the Company as at 31 October 2017 and their biographies are set out on page 20. Details of Directors' interests in the ordinary shares of the Company are set out on page 29 in the Directors' Remuneration Report. All the Directors held office throughout the year under review.

The Company's Articles of Association (the Articles) require that each Director submit himself for re-election at least every three years. In accordance with the provisions of the Articles, Mr Gold will retire by rotation at the forthcoming AGM and, being eligible, will offer himself for re-election. Mr Luckraft will also retire and offer himself for re-election, having served for more than nine years as a Director. Further details of the independence of the Board and Board tenure is provided in the Corporate Governance Statement on pages 30 and 34.

Having considered the retiring Directors' performance within the annual Board performance evaluation process, further details of which are provided on page 30, the Board believes that the performance of Mr Gold and Mr Luckraft continues to be effective and that they bring extensive knowledge and commercial experience to the Board and demonstrate a range of valuable business, financial and asset management skills. The Board therefore recommends that shareholders vote in favour of each Director's proposed re-election.

The Board may appoint additional Directors to the Board but any Director so appointed must stand for election by the shareholders at the next AGM. Directors are also required to retire if they have served more than nine years on the Board, but then may offer themselves for annual re-election.

There were no contracts subsisting during the year under review or up to the date of this report in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business.

CONFLICTS OF INTEREST

The Board has put in place a framework for Directors to report conflicts of interest, or potential conflicts of interest.

All Directors are required to notify the Company Secretary of any situations, or potential situations where they consider that they have or may have, a direct or indirect interest, or duty that conflicts, or possibly conflicts, with the interests of the Company. All such situations are reviewed by the Board and duly authorised. Directors are also made aware at each meeting that there remains a continuing obligation to notify the Company Secretary of any new situations that may arise, or any changes to situations previously notified. It is the Board's intention to continue to review all notified situations on a regular basis.

The Board considers that the framework has functioned effectively throughout the year.

DIRECTORS' REMUNERATION REPORT AND POLICY

The Directors' Remuneration Report is set out on pages 26 to 29. An advisory ordinary resolution to approve this report will be put to shareholders at the Company's AGM. The Company is also required to put the Director's Remuneration Policy to a binding shareholder vote every three years. The Company's Remuneration Policy was last put to shareholders at the AGM in 2017, therefore, an ordinary resolution to approve the policy will next be put to shareholders at the AGM in 2020. Further details are given on pages 26 and 27.

DIRECTORS' RESPONSIBILITIES

The Directors' responsibilities in preparing these financial statements are noted on page 39.

SUBSTANTIAL SHARE INTERESTS

As at 31 October 2017 the Company had received notification in accordance with the FCA's Disclosure and Transparency Rule 5.1.2R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital.

	Number of ordinary shares	% of issued share capital
F Nation–Dixon Esq as Trustee	2,200,000	8.9
JM Finn & Co Ltd	1,818,140	7.4
Rathbones	1,628,245	6.6
Brewin Dolphin	1,597,907	6.5
Mrs J.E Worsley	1,500,000	6.1
Rock Nominees	1,263,040	5.1
Investec Wealth & Investment	1,042,768	4.2
Worsley Family	987,539	4.0
Hargreaves Lansdown	838,029	3.4

As at 19 December 2017, the Company had not received notification of any changes to these interests.

No other shareholder had notified an interest of 3% or more in the Company's shares up to 19 December 2017.

SHARE CAPITAL

Details of the Company's issued share capital are given in note 14 to the Financial Statements on page 56. Details of the voting rights are given in note 15 to the Notice of AGM on page 74. The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There are no restrictions on the voting rights or transfer of the ordinary shares. There are no shares which carry specific rights with regard to the control of the Company.

SHARE REPURCHASES

The Company has the authority to purchase ordinary shares in the market, to be held in treasury or for cancellation. The latest authority to repurchase ordinary shares was granted to Directors on 8 March 2017 and expires at the conclusion of the 2018 AGM. The Directors are proposing that the authority to buy back shares be renewed at the forthcoming AGM.

During the year 740,000 ordinary shares with a nominal value of 1 pence per share, which represented 2.9% of the Company's ordinary shares in issue at the start of the year (excluding shares held in treasury), were bought back for cancellation in the year under review for a total consideration of £1,488,000 (including costs). Since the year end and up to 19 December 2017, a further 220,000 for a total consideration of £442,000 ordinary shares have been bought back.

The main objective of any buy back is to enhance the NAV per share of the remaining shares and to reduce the absolute level and volatility of any discount to NAV at which shares may trade. Although the Manager initiates the buy backs, the policy and parameters are set by the Board and are reviewed at regular intervals. The Company intends to raise the funds needed to finance the purchase of shares either by selling securities in the Company's portfolio or by short term borrowing.

SHARE ISSUES

No ordinary shares were issued or sold out of treasury during the year. The existing authority to issue new ordinary shares or sell shares from treasury was granted on 8 March 2017 and will expire at the conclusion of the forthcoming AGM. A resolution to renew this authority to issue shares or sell shares out of treasury in respect of 35% of the Company's share capital will be put to shareholders at the forthcoming AGM.

TREASURY SHARES

As described above, the Company is authorised to purchase its own ordinary shares to be held in treasury for reissue, or cancellation at a future date.

Treasury shares will only be reissued at prices at or above the estimated NAV per share thereby giving the Company the ability to reissue shares quickly and cost effectively, improving liquidity and providing the Company with additional flexibility in the management of its capital base. It also ensures a positive overall effect for continuing shareholders when shares are bought back at a discount and then sold at a price at or above the NAV per share.

The Board has not determined a limit for the number of shares that can be held in treasury for reissue at any one time. As at 31 October 2017, 8,319,664 ordinary shares were held in treasury, representing 33.8% of the Company's issued share capital.

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.

ARTICLES OF ASSOCIATION

Any amendments to the Company's Articles of Association must be made by special resolution.

ANNUAL GENERAL MEETING

The following information to be discussed at the forthcoming AGM is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or transferred all of your ordinary shares in the Company you should pass this document, together with any other accompanying documents (but not the personalised Forms of Proxy), as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Resolutions relating to the following items of special business will be proposed at the forthcoming AGM.

Resolution 8

The ordinary resolution to be proposed will seek shareholders' authority that the Company shall continue in being as an investment trust.

Resolution 9 Authority to allot shares

The Directors seek to renew the authority for the Directors to allot ordinary shares, for cash up to an aggregate nominal amount of £85,379.93 per annum which is equivalent to 8,537,993 ordinary shares of 1p each and represents 35% of the Company's issued ordinary share capital, excluding treasury shares, as at the date of the Notice of the AGM.

Resolution 10 Authority to disapply pre-exemption rights

Resolution 10 empowers the Directors to allot new shares for cash or to sell shares held by the Company in treasury, otherwise than to existing shareholders on a pro rata basis, up to an aggregate nominal amount of £85,379.93 which is equivalent to 8,537,993 ordinary shares of 1p each and represents 35% of the Company's issued ordinary share capital as at the date of the Notice of the AGM. The resolution will enable the Directors, at their discretion, to allot a limited number of equity securities for cash and will also provide the Directors with greater flexibility should appropriate business opportunities arise.

Resolution 11 Authority to buy back shares

The special resolution to be proposed will seek to renew the authority granted to Directors enabling the Company to purchase its own shares. Purchases of shares will only be made through the market for cash at prices below the estimated NAV per share at the time of the transaction.

Under the Listing Rules of the Financial Conduct Authority, the maximum price which can be paid is the higher of (i) an amount equal to 5% above the average of the market values of the ordinary shares for the five business days immediately preceding the date on which the purchase is made; and (ii) the higher of the price quoted for (a) the last independent trade of, and (b) the highest current independent bid for, any number of ordinary shares on the trading venue where the purchase is carried out.

The Directors are seeking authority to purchase up to 3,656,700 ordinary shares, being approximately 14.99% of the issued share capital excluding treasury shares as at the date of the Notice of the AGM.

Recommendation

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

CORPORATE GOVERNANCE

Full details are given in the Corporate Governance Statement on pages 30 to 34. The Corporate Governance Statement forms part of this Directors' Report.

FUTURE PROSPECTS

The Board's main focus is the achievement of income and capital growth. The future performance of the Company is dependent upon the success of the investment strategy.

LISTING RULE DISCLOSURES

The disclosures in accordance with Listing Rule 9.8.4R can be found on page 70.

AUDIT INFORMATION

As required by section 418 of the Companies Act 2006 the Directors who held office at the date of this report each confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

AUDITOR

The Auditor, Deloitte LLP, is willing to continue in office. Resolutions proposing the reappointment of Deloitte LLP and authorising the Audit Committee to determine their remuneration for the ensuing year will be proposed at the AGM.

The Directors' Report was approved by the Board at its meeting on 20 December 2017.

BY ORDER OF THE BOARD

KEVIN MAYGER
FOR AND ON BEHALF OF
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
20 December 2017

Governance

Directors' remuneration report

The Board presents the Directors' Remuneration Report for the year ended 31 October 2017 which has been prepared in accordance with sections 420-422 of the Companies Act 2006.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on pages 40 to 44.

STATEMENT BY THE CHAIRMAN

The Board's policy on remuneration is set out below. Levels of Directors' fees should be sufficient to attract, retain and motivate individuals with suitable knowledge and experience to promote the long term success of the Company whilst also reflecting the time commitment and responsibilities of the role. The basis for determining the level of any increase in the Directors' remuneration is set out below.

Following a review of the level of Directors' remuneration it was agreed that the following annual Directors' fees would apply with effect from 1 November 2017. The remuneration of the Chairman has increased from £28,000 to £28,750, the Audit Committee Chairman from £22,500 to £23,250, and all other Directors from £19,000 to £19,750. The Directors' remuneration is set out in the policy table on the following page. Prior to this change Directors' remuneration was last increased on 1 November 2014.

REMUNERATION COMMITTEE

The Board as a whole fulfils the function of the Remuneration Committee, and considers any changes in the Directors' remuneration policy. A separate Committee has not therefore been established.

REMUNERATION AND SERVICE CONTRACTS

In setting the Directors' fees, a number of factors are considered, including:

- the average rate of inflation during the period since the last increase;
- the level of Directors' remuneration for other investment trusts of a similar size;
- the time commitment of the role; and
- the level and complexity of the Directors' responsibilities.

In determining the level of Directors' remuneration the Company Secretary provides a comparison of fees with other investment trusts of a similar size and/or mandate as well as taking account of any data published by the Association of Investment Companies. This comparison, together with consideration of any alteration in the Directors' responsibilities, is used to review whether any change in remuneration is necessary.

None of the Directors is entitled to receive from the Company:

- performance related remuneration;
- any benefits in kind except reasonable travel expenses in the course of travel to attend meetings and duties undertaken on behalf of the Company;
- share options;
- rewards through a long term incentive scheme;
- a pension or other retirement benefit; and
- compensation for loss of office.

The Company has no employees and consequently no consideration is required to be given to employment conditions elsewhere in setting Directors' fees.

The maximum remuneration of the Directors is determined within the limits of the Company's Articles of Association and currently amounts in aggregate, annually, to £150,000.

All of the Directors are non-executive. None of the Directors has a service contract with the Company and the terms of their appointment are detailed in a letter of appointment. New directors are appointed for an initial term of three years and it is expected that they will serve two further three year terms. The continuation of an appointment is contingent on satisfactory performance evaluation and re-election at AGMs. A director may resign by notice in writing to the Board at any time, there is no notice period.

The letters of appointment are available for inspection at the registered office of the Company.

CONSIDERATION OF SHAREHOLDERS' VIEWS

An ordinary resolution to approve the remuneration report is put to shareholders at each AGM. The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Shareholders have the opportunity to express their views and ask questions in respect of the remuneration policy at the AGM. To date, no shareholders have commented in respect of the remuneration policy. In the event that there was a substantial vote against any resolution proposed at the Company's AGM, the reasons for any such vote will be sought and appropriate action taken. Should there be a significant number of votes against resolutions in relation to the Directors' remuneration, further details will be provided in future Directors' Remuneration Reports.

In accordance with the Companies Act 2006, the Company is required to seek shareholder approval for its remuneration policy on a triennial basis. An ordinary resolution for the approval of the remuneration policy was approved by shareholders at the AGM held on 8 March 2017. It is the intention of the Board that the policy on remuneration will continue to apply for the next two financial years to 31 October 2019.

At the Company's 2017 AGM, 99.3% of votes cast were in favour of the resolution to approve the Directors' remuneration report in respect of the year ended 31 October 2016.

An ordinary resolution for the approval of the Company's remuneration policy was last put to, and passed by, shareholders at the AGM held on 8 March 2017. The previous policy approved by shareholders can be viewed in the Annual Report and Financial Statements for the year ended 31 October 2013.

POLICY TABLE

	Purpose and link to strategy	Fees payable to Directors should be sufficient to attract and retain individuals of high calibre with suitable knowledge and experience. Those chairing the Board and key Committees should be paid higher fees than other Directors in recognition of their more demanding roles. Fees should reflect the time spent by Directors on the Company's affairs and the level of complexity of responsibilities borne by the Directors.
	Description	Current levels of fixed annual fee (effective from 1 November 2017): Chairman – £28,750 Audit Committee Chairman – £23,250 Directors – £19,750 All reasonable expenses to be reimbursed.
	Maximum levels	Remuneration consists of a fixed fee each year, set in accordance with the stated policies and any increase granted must be in line with the stated policies. The Company's Articles of Association set a limit of £150,000 in respect of the total remuneration that may be paid to Directors in any financial year. In addition, the Directors propose a limit of £10,000 in relation to the maximum that may be paid in respect of taxable benefits. These ceilings have been set at a level to provide flexibility in respect of the recruitment of additional Board members and inflation.
Operation	Fixed fee element	The Board reviews the quantum of Directors' fees each year to ensure that this is in line with the level of Directors' fees for other investment trusts of a similar type. When making recommendations for any changes in fees, the Board will consider factors such as the average rate of inflation over the period since the previous review, and the level and any change in complexity of the Directors' responsibilities (including additional time commitments as a result of increased regulatory or corporate governance requirements). Directors are not eligible to be compensated for loss of office, nor are they eligible for bonuses, pension benefits, share options or other incentives or benefits. Directors do not have service contracts, but are appointed under letters of appointment.
Operation	Discretionary payments	The Company's Articles authorise the payment of discretionary fees to Directors for any additional work undertaken on behalf of the Company which is outside of their normal duties. Any such extra work undertaken is subject to the prior approval of the Chairman or, in the case of the Chairman undertaking the extra work, subject to the prior approval of the Chairman of the Audit Committee. The level of discretionary fees shall be determined by the Directors and will be subject to a maximum of £10,000 per annum per Director. Any discretionary fees paid will be disclosed in the Directors' remuneration report within the Annual Report.
Operation	Taxable benefits	Taxable benefits comprise travel expenses and subsistence incurred by the Directors in the course of travel to attend Board and Committee meetings which are held at the Company's registered offices in London, and which are reimbursed by the Company and therefore treated as a benefit in kind and are subject to tax and national insurance. The Company's policy in respect of this element of remuneration is that all reasonable costs of this nature will be reimbursed as they are incurred.

Governance

Directors' remuneration report continued

REMUNERATION IMPLEMENTATION REPORT

A single figure for the total remuneration of each Director is set out in the table below for the years ended 31 October 2017 and 2016. The information in the table below has been audited.

	31 October 2017			31 October 2016		
	Base Salary £	Taxable Benefits[7] £	Total £	Base Salary £	Taxable Benefits[7] £	Total £
Jonathan Cartwright[1] (Chairman)	28,000	–	28,000	28,000	1,363	29,363
Nicholas Gold[2,5]	22,500	–	22,500	22,500	–	22,500
George Luckraft[3,6]	19,000	–	19,000	19,000	–	19,000
Charles Worsley[4]	19,000	–	19,000	19,000	–	19,000
Total	88,500	–	88,500	88,500	1,363	89,863

1 Appointed 7 September 2010.
2 Appointed Chairman of the Audit Committee on 20 April 2009 and as a Director on 17 December 2008.
3 Appointed as a Director on 1 February 2003.
4 Appointed as a Director on 19 April 2010.
5 Including £3,500 (2015: £3,500) as Chairman of the Audit Committee.
6 Fee paid to AXA Investment Management (UK) Limited for the provision of the services of Mr Luckraft to the Company as a non-executive Director, excluding VAT.
7 Taxable benefits relate to travel and subsistence costs.

No discretionary payments were made in the year to 31 October 2017 (2016: Nil).

The Board presents the Directors' Remuneration Report for the year ended 31 October 2017 which has been prepared in accordance with sections 420-422 of the Companies Act 2006.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on pages 40 to 44.

In accordance with the terms of a consultancy agreement with AXA Investment Management Limited (AXA) in respect of the provision of the services of Mr Luckraft as a Director, Mr Luckraft does not receive any benefit from his Director's fee which is paid to AXA.

The information in the above table and the accompanying narrative has been audited. The amounts paid by the Company to the Directors were for services as non-executive Directors. As at 31 October 2017, fees of £7,000 (2016: £7,000) were outstanding to Directors in respect of their annual fees.

RELATIVE IMPORTANCE OF SPEND ON DIRECTORS' REMUNERATION

As the Company has no employees, the table above also comprises the total remuneration costs and benefits paid by the Company. To enable shareholders to assess the relative importance of spend on remuneration, this has been shown in the table below compared with the Company's total revenue, share buy backs and dividend distributions.

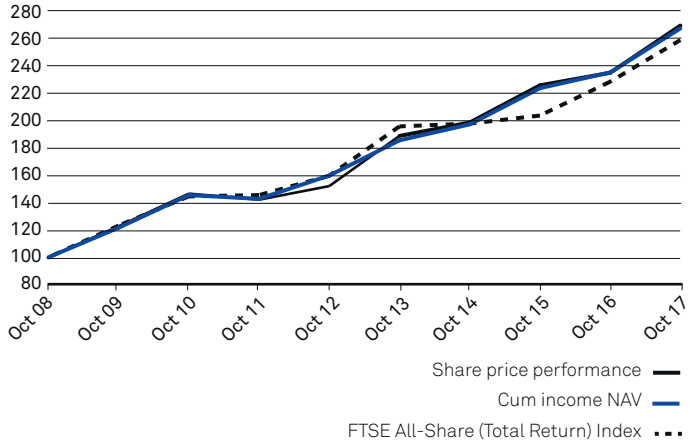
	2017 £'000	2016 £'000	Change £'000
Directors' total remuneration	89	89	–
Dividends paid and payable	1,633	1,606	+27
Return on ordinary activities after taxation (capital and income)	6,474	2,222	+4,252
Buy back of ordinary shares	1,488	1,585	–97

No payments were made in the period to any past Directors (2016: £nil).

PERFORMANCE

The following graph compares the Company's NAV and share price total returns to ordinary shareholders compared with the total return of the FTSE All-Share Index, the Company's benchmark index, over the nine years to 31 October 2017.

PERFORMANCE FROM 1 NOVEMBER 2008 TO 31 OCTOBER 2017



Sources: BlackRock Investment Management (UK) Limited and DataStream. Total return performance record in Sterling terms rebased to 100 at 1 November 2008.

SHAREHOLDINGS

The Board has not adopted a policy that Directors are required to own shares in the Company.

The interests of the Directors, and those connected to them, in the ordinary shares of the Company are set out in the table below. The Company does not have a share option scheme, therefore none of the Directors has any interest in share options.

	31 October 2017	31 October 2016
J H Cartwright	20,000	20,000
N R Gold	20,000	20,000
G M Luckraft	–	–
C R Worsley	987,539[2]	987,539[1]

1 Including a non-beneficial interest in 155,500 ordinary shares.
2 Including a non-beneficial interest in 655,500 ordinary shares.

All of the holdings of the Directors and their families are beneficial, except as stated. No changes to these holdings had been notified up to the date of this report.

The information on the interests of the Directors above has been audited.

RETIREMENT OF DIRECTORS

Further details are given in the Directors' Report on page 23.

ON BEHALF OF THE BOARD

JONATHAN CARTWRIGHT
Chairman
20 December 2017

Governance

Corporate governance statement

CHAIRMAN'S INTRODUCTION

Corporate Governance is the process by which the Board seeks to look after shareholders' interests and protect and enhance shareholder value. Shareholders hold the Directors responsible for the stewardship of the Company, delegating authority and responsibility to the Directors and holding them accountable for its performance.

The Board is ultimately responsible for framing and executing the Company's strategy and for monitoring material risks. We seek to ensure that the Company is managed in a manner which is responsible and consistent with our belief in honesty, transparency and accountability. In our view, good governance means having effective oversight of the Company's business and engaging effectively with investors. We consider the practice of good governance to be an integral part of the business and we are committed to maintaining high standards of financial reporting, transparency and business integrity.

COMPLIANCE

Listed companies are required to disclose how they have applied the main principles of the UK Corporate Governance Code, as issued by the Financial Reporting Council (FRC).

The Board has considered the principles and recommendations of the 2016 AIC Code of Corporate Governance (AIC Code) by reference to the AIC Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders. The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function, as explained on page 36.

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to 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 AIC Code is available from the Association of Investment Companies (theaic.co.uk). The UK Code is available from the Financial Reporting Council website (frc.org.uk).

PERFORMANCE EVALUATION

A formal process to evaluate thoroughly the performance of the Board, its Committees and the individual Directors on an annual basis has been established. The evaluations for the year ended 31 October 2017 have been carried out and took the form of written questionnaires and, where appropriate, interviews. In addition, the Chairman reviewed with each Director their individual performance, contribution and commitment. The appraisal of the Chairman followed the same format and was led by the Senior Independent Director, Mr Luckraft. The results of these evaluations were presented to and discussed by the Board. It was agreed that the current composition of the Board reflected a suitable mix of skills and experience, and that the Board, as a whole, and its Committees continue to function effectively. No material weaknesses were identified.

BOARD COMPOSITION

The Board currently consists of four non-executive Directors, all of whom are independent of the Company's Manager.

The Directors' biographies, on page 20 demonstrate a broad range of investment, professional, commercial and financial skills which enables them to provide effective strategic leadership and proper governance of the Company. Details of the Chairman's other significant time commitments can also be found on page 20.

The composition of the Board is kept under review and further details of the role of the Nomination Committee in this process is provided on page 32.

Diversity

The Board recognises that diversity is important in bringing an appropriate range of skills and experience to the Board and diversity, including gender, will be taken into account during the recruitment and appointment process. However, the Board is committed to appointing individuals on merit, regardless of gender or other forms of diversity, therefore no targets have been set against which to report.

Board independence and tenure

The Board's independence, including that of the Chairman, has been considered and all of the Directors are deemed to be independent in character and have no relationships or circumstances which are likely to affect their judgement.

The Board subscribes to the view expressed in the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that the length of a Director's tenure reduces his or her ability to act independently. The Board's policy on tenure is that continuity and experience add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors has been imposed, although the Board believes in the merits of periodic and progressive refreshment of its composition.

It is considered that Mr Luckraft, who has served as a Director for over nine years, continues to be independent in both character and judgement. The Board has also considered the independence of Mr Worsley, and has determined that he continues to act in the best interests of shareholders generally and remains independent notwithstanding he has close family ties with a significant shareholder of the Company.

Directors' appointment, retirement and rotation

The provisions relating to the appointment of Directors are set out in the Company's Articles and further details are provided on page 23 of the Directors' Report.

The Board has considered the position of each of the Directors as part of the annual evaluation process and believes it would be in the Company's best interests for each of the Directors retiring to be proposed for re-election at the forthcoming AGM, given their material level of contribution and commitment to the Company. The Directors support a planned and progressive renewing of the Board. The Board's tenure and succession policy seeks to ensure that the Board is well-balanced through the appointment of new Directors with the skills and experience necessary. Directors must be able to demonstrate commitment to the Company, including in terms of time.

Directors' training and induction

When a new Director is appointed to the Board, he or she will participate in an induction programme and time will be spent with representatives of the Manager. The Director will also be provided with all relevant information regarding the Company including its strategy, policies, operations, and details of third party service providers.

The Company's policy is to encourage Directors to keep up to date and attend training courses on matters which are directly relevant to their involvement with the Company. The Directors also receive regular briefings from, amongst others, the Auditor and the Company Secretary regarding any proposed developments or changes in laws or regulations that could affect the Company and/or the Directors.

DIRECTORS' LIABILITY INSURANCE

The Company has maintained appropriate Directors' Liability Insurance cover throughout the year.

BOARD'S RESPONSIBILITIES

The Board's responsibilities are set out on page 20 along with information on the frequency of meetings. The Board may have additional ad hoc meetings to consider particular issues as they arise. Between meetings there is regular contact with the Investment Manager. A formal schedule of matters specifically reserved for decision by the Board has been adopted. The Board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

Strategic issues and all operational matters of a material nature are determined by the Board. The Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that it complies with applicable rules and regulations. Where necessary, in the furtherance of their duties, the Directors may seek independent professional advice at the expense of the Company.

DELEGATION OF RESPONSIBILITIES

The Board has delegated the following areas of responsibility:

Management and administration

The management of the investment portfolio and the administration of the Company have been delegated to BlackRock Fund Managers Limited (BFM) as the Company's AIFM, and BFM (with the permission of the Company) has delegated certain investment management and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK)), the Investment Manager. The contractual arrangements with, and assessment of, the Manager are summarised on pages 21 and 22.

The Manager, operating under guidelines determined by the Board, has direct responsibility for the decisions relating to the day-to-day running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company.

The assets of the Company have been entrusted to the Depositary for safekeeping. The Depositary is Bank of New York Mellon (International) Limited. The agreement with the previous Depositary, BNY Mellon Trustee & Depositary (UK) Limited, was transferred via a Deed of Novation dated 1 November 2017. The address at which this business is conducted is given on page 68.

The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to the Manager. Details of the Manager's voting policy are set out on page 22.

Much of the Board's corporate governance responsibility is discharged through the Audit, the Management Engagement and the Nomination Committees. These Committees all operate within clearly defined written terms of reference which are available upon request at the Company's registered office. More detail is given over the page in respect of the individual Committees.

Governance

Corporate governance statement continued

Audit Committee

The Report of the Audit Committee, chaired by Nicholas Gold, is contained on pages 35 to 38.

Management Engagement Committee

The Management Engagement Committee, chaired by Jonathan Cartwright, comprises the full Board. The Committee annually reviews the appropriateness of the Manager's continued appointment, together with the terms and conditions thereof.

In addition to reviewing performance, the Manager is also assessed in relation to the quality of the fund management and administration teams, commitment to their investment trust business, strength of relationships with shareholders and the appropriateness of the management contract, including fees.

Remuneration Committee

As stated in the Directors' Remuneration Report on page 26, the full Board determines the level of Directors' fees and accordingly there is no separate Remuneration Committee.

Nomination Committee

The Nomination Committee, chaired by Jonathan Cartwright, comprises the full Board. The Committee meets at least annually to review the structure, size and composition of the Board and its balance of skills, experience, independence, knowledge and diversity. Consideration will also be given to succession planning for directors, including the Chairman, taking into account the challenges and opportunities facing the Company and the skills and expertise needed for the future. From this evaluation the Committee will consider the appointment of additional Directors. A description of the role would be prepared setting out the capabilities required. The Committee would also take into account the need to have a balance of skills, experience, knowledge, independence and all aspects of diversity, including gender. Any appointments to the Board will be based on merit.

The method of selection, recruitment and appointment will also be agreed by the Committee and the services of external search consultants may be used to identify potential candidates.

Details of the number of scheduled Board and Committee meetings attended by each Director are provided on page 20.

INTERNAL CONTROLS

The Board is responsible for:

- the Company's systems of internal controls and for reviewing their effectiveness;
- ensuring that financial information, published or used within the business, is reliable; and
- regularly monitoring compliance with regulations governing the operation of investment trusts.

These responsibilities are addressed through the Company's risk register, which sets out the risks relevant to the Company and describes the controls that the Board, the Manager, the Investment Manager and other third party service providers have in place to mitigate these risks. The Board has delegated the review of this register to the Audit Committee, who review the effectiveness of these internal control systems on an ongoing basis to identify, evaluate and manage the Company's significant risks.

As part of that process, there are procedures designed to capture and evaluate any failings or weaknesses. Should a significant issue be identified, procedures exist to ensure that necessary action is taken to remedy the failings. The Board is not aware of any significant failings or weaknesses arising in the year under review.

Control of the risks identified, covering financial, operational, compliance and risk management, is embedded in the operations of the Company. There is a monitoring and reporting process to review these controls, which has been in place throughout the year under review and up to the date of this report, carried out by the Manager's corporate audit department. This accords with the Financial Reporting Council's Guidance on Risk Management and Internal Control.

The Company's risk register sets out the risks relevant to the Company and describes the controls that the Board has in place as well as the internal controls that are in place at the AIFM, the Investment Manager and other third party service providers to mitigate these risks. The Audit Committee formally reviews this register on a semi-annual basis and the Manager will report on any significant issues that have been identified in the period relevant to the risk register.

In addition, BlackRock's internal audit department regularly reports to the Audit Committee on the results of testing performed in relation to BlackRock's internal control processes. The Depositary also reviews the control processes in place at the custodian, the fund accountant and the AIFM and reports formally to the Audit Committee twice yearly. Both the AIFM and the Depositary will escalate issues and report to the Committee outside of these meetings on an ad hoc basis to the extent that this is required.

The Audit Committee also receives regular Service Organisation Control (SOC 1) Reports respectively from BlackRock and The Bank of New York Mellon on the internal controls of their respective operations, together with the opinion of their reporting accountants.

The Board recognises that these control systems can only be designed to manage rather than eliminate the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material misstatement or

loss, and relies on the operating controls established by the Manager and the Depositary.

The Board receives revenue forecasts and management accounts which allow the Board to assess the Company's activities and review its performance. The Board and the Investment 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 submitted to the Board at each meeting. These reports form part of the documentation used by the Board to determine the appropriateness of adopting the going concern basis for the production of the Company's Annual Report and Financial Statements. Conclusions on the Company's longer term viability and going concern are set out on pages 11 and 23 respectively.

The Company does not have its own internal audit function, as explained in the Report of the Audit Committee on page 36.

FINANCIAL REPORTING

The Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements is set out on page 39, the Independent Auditor's Report on pages 40 to 44 and the statement of going concern on page 23.

SOCIALLY RESPONSIBLE INVESTMENT

Investment trusts do not usually employ staff and accordingly have no direct impact on social matters but can be significant investors in the economies of the regions in which they invest. The Company invests principally in UK listed equities concentrating on FTSE 100 and FTSE 250 companies. The Board believes that it is important to invest in companies whose boards act responsibly in respect of environmental, ethical and social issues. BlackRock's evaluation procedures and financial analysis of the companies within the portfolio includes research and appraisal, and also takes into account environmental policies and other business issues.

The Company invests primarily on financial grounds to meet its stated objectives. The Investment Manager's policies on Socially Responsible Investment and Corporate Governance are detailed on the website at blackrock.com/corporate/en-gb/about-us/responsible-investment/responsible-investment-reports. The Investment Manager is supportive of the UK Stewardship Code, which is voluntary and operates on a "comply or explain basis".

BRIBERY PREVENTION POLICY

The provision of bribes of any nature to third parties in order to gain a commercial advantage is prohibited and is a criminal offence. The Board has a zero tolerance policy towards bribery and has a commitment to carry out business fairly, honestly and openly. The Board takes seriously its responsibility for the Manager, on its behalf, to prevent bribery and BlackRock has anti-bribery policies and procedures in place which are high level, proportionate and risk based. The Company's service providers have been contacted in respect of their anti-bribery policies and, where necessary, contractual changes are made to existing agreements in respect of anti-bribery provisions.

COMMUNICATION WITH SHAREHOLDERS

All shareholders have the opportunity to attend and vote at the Annual General Meeting. The Notice of AGM, which is sent out at least 20 working days in advance of the meeting, sets out the business of the Meeting and any item not of an entirely routine nature is explained in the Directors' Report on pages 24 and 25. Separate resolutions are proposed for substantive issues.

Regular updates on performance are available to shareholders on the website. The Investment Manager will review the Company's portfolio and performance at the AGM, when the Chairman of the Board and the Chairman of the Audit Committee and representatives of the Investment Manager will be available to answer shareholders' queries. Proxy voting figures will be announced to shareholders at the AGM and will be available on the BlackRock website at blackrock.co.uk/brig shortly after the meeting. In accordance with provision E.2.2 of the UK Code of Corporate Governance, when, in the opinion of the Board, a significant proportion of votes have been cast against a resolution at any general meeting, the Board will explain, when announcing the results of voting, what actions it intends to take to understand the reasons behind the vote result.

The Board is keen to understand the views of major shareholders and is available to meet shareholders with, or without, representatives of the Manager or Investment Manager being present. There is also a programme of presentations made by the Investment Manager. The Board discusses with the Investment Manager at each Board meeting any feedback from meetings with shareholders and also receives reports from its corporate broker.

There is also a clear channel of communication between the Board and the Company's shareholders via the Company Secretary. The Company Secretary has no express authority to respond to enquiries addressed to the Board and all communication, other than junk mail, is redirected to the Chairman.

The Company's financial statements, regular factsheets and other information are also published on the BlackRock website at blackrock.co.uk/brig. The work undertaken by the Auditor does not involve consideration of the maintenance and integrity of the website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the accounts since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

Governance

Corporate governance statement continued

There is also a section within this report entitled "Additional Information – Shareholder Information", on pages 64 to 66, which provides an overview of useful information available to shareholders.

DISCLOSURE AND TRANSPARENCY RULES

Other information required to be disclosed pursuant to the Disclosure and Transparency Rules has been placed in the Directors' Report on pages 21 to 25 because it is information which refers to events that have taken place during the course of the year.

FOR AND ON BEHALF OF THE BOARD

JONATHAN CARTWRIGHT
Chairman
20 December 2017

Governance

Report of the Audit Committee

As Chairman of the Company's Audit Committee (the Committee), I am pleased to present the Committee's formal report to shareholders for the year ended 31 October 2017.

COMPOSITION

All of the Directors are members of the Committee including the Chairman of the Company which enables him to be kept fully informed of any issues that might arise. The Directors' biographies are provided on page 20. The Board considers that at least one member of the Committee has competence in accounting and/or auditing and the Committee as a whole has competence relevant to the sector in which the Company operates and is able to discharge its responsibilities effectively.

ROLE AND RESPONSIBILITIES

The Company has established a separately chaired Audit Committee ("the Committee"). The Committee meets at least twice a year prior to the Board meetings to approve the half yearly and annual results and to review and consider the effectiveness of the internal control and risk management processes of the Company's third party service providers. The Committee also considers whether it is necessary to hold additional meetings during the year and will do so where required.

The Committee operates within written terms of reference which are available at blackrock.co.uk/brig. The Committee's principal duties, as set out in the terms of reference, fall into six main categories, as set out below. In accordance with these duties the principal activities of the Committee during the year included:

Internal Controls, Financial Reporting and Risk Management Systems

- monitoring and assessing the adequacy and effectiveness of the Company's internal financial controls and the internal control and risk management systems;
- reasonably satisfying itself that such systems meet relevant legal and regulatory requirements;
- monitoring the integrity of the financial statements including the half yearly and annual report and financial statements;
- reviewing the consistency of, and any changes to, accounting policies;
- reviewing the half yearly and annual report and financial statements to ensure that the Company's results and financial position are represented accurately and fairly to shareholders;
- reviewing semi-annual reports from the Manager on its activities as AIFM; and
- reviewing half yearly reports from the Depositary on its activities.

Internal Audit

considering the need for an internal audit function, as set out on page 36.

External Audit

- making recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting (AGM) in relation to the appointment, reappointment and removal of the Company's external Auditor;
- overseeing the relationship with the external Auditor;
- meeting with the Auditor and at least once without management being present;
- reviewing and approving the annual audit plan;
- reviewing the findings of the audit with the external Auditor, including any major issues which arose during the audit; any accounting and audit judgements and the level of errors identified during the audit; and
- reviewing any representation letters requested by the external Auditor before signature by the Board.

Reporting responsibilities

- reporting to the Board on its proceedings and how it has discharged its responsibilities making whatever recommendations it deems appropriate on any area within its remit;
- where requested by the Board, providing an opinion on whether, taken as a whole, the Annual Report and Financial Statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy; and
- compiling a report on its activities to be included in the annual report and financial statements.

Whistleblowing and fraud

- reviewing the adequacy and security of the Manager's arrangements for its employees and contractors to raise concerns, in confidence about possible wrongdoing in financial reporting or other matters insofar as they affect the Company.

Governance

Report of the Audit Committee continued

Significant issues	How the issues were addressed
The accuracy of the valuation of the investment portfolio	Listed investments are valued using stock exchange prices from third party vendors. The Board and the Committee reviews detailed portfolio valuations on a regular basis throughout the year and receives confirmation from the Manager that the pricing basis is appropriate, in line with relevant accounting standards as adopted by the Company and that the carrying values are materially correct.
The risk of misappropriation of assets and unsecured ownership of investments	The Depositary is responsible for financial restitution for the loss of financial investments held in custody. The Board and the Committee reviews reports from its service providers on key controls over the assets of the Company. Any significant issues are reported by the Manager to the Committee. The Manager has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Company's assets.
The risk that income is overstated, incomplete or inaccurate through failure to recognise proper income entitlements or to apply the appropriate accounting treatment for recognition of income.	The Board and the Committee reviews income forecasts, including special dividends and receives explanations from the Investment Manager for any variations or significant movements from previous forecasts and prior year figures.

INTERNAL AUDIT

The Company does not have its own internal audit function, as all the administration is delegated to the Manager. The Board considers that it is sufficient to rely on the internal audit department of BlackRock. The requirement for an internal audit function is kept under review.

WHISTLEBLOWING POLICY

The Committee has reviewed and accepted the whistleblowing policy that has been put in place by the Manager under which its staff, in confidence, can raise concerns about possible improprieties in matters of financial reporting or other matters, insofar as they affect the Company.

SIGNIFICANT ISSUES CONSIDERED REGARDING THE ANNUAL REPORT AND FINANCIAL STATEMENTS

During the year, the Committee considered a number of significant issues and areas of key audit risk in respect of the Annual Report and Financial Statements. The Committee reviewed the external audit plan at an early stage and concluded that the appropriate areas of audit risk relevant to the Company had been identified and that suitable audit procedures had been put in place to obtain reasonable assurance that the financial statements as a whole would be free of material misstatements. The table above sets out the key areas of risk identified by the Committee and also explains how these were addressed by the Committee.

As the provision of portfolio valuation, fund accounting and administration services is delegated to the Company's Investment Manager, which sub-delegates fund accounting to The Bank of New York (International) Limited, and the provision of depositary services which is also contracted to The Bank of New York Mellon (International) Limited, the Committee has also reviewed the Service Organisation Control (SOC 1) reports prepared by BlackRock and The Bank of New York Mellon (International) Limited. This enables the Committee to ensure that the control procedures in place over the areas of risk identified in the table above are adequate and appropriate and have been designated as operating effectively by their reporting auditor.

AUDITOR AND AUDIT TENURE

The Company's Auditor, Deloitte LLP, has acted in this role since 2003. The appointment of the Auditor is reviewed each year and the audit partner changes at least every five years.

The current Audit partner is Mr Stephen Williams. Mr Williams has been the Audit partner since 1 April 2017.

The Committee is mindful of the EU regulations on mandatory auditor rotation which require the appointment of a new auditor every ten years, although this can be extended in certain circumstances. The Company will therefore be required to put its audit contract out to tender by no later than 2023. The EU legislation also prohibits certain non-audit consulting services and caps the amount of additional fees auditors can charge their clients.

The Company's policy on non-audit services is set out in full in the Committee's terms of reference which are available on the Company's website at blackrock.co.uk/brig. In the years to 31 October 2017 and 2016 the Auditor did not provide any non-audit services to the Company. There are no contractual obligations that restrict the Company's choice of auditor.

The Auditor has indicated their willingness to continue in office and resolutions proposing Deloitte LLP's reappointment and authorising the Committee to determine the firm's remuneration for the ensuing year will be proposed at the AGM.

ASSESSMENT OF THE EFFECTIVENESS OF THE EXTERNAL AUDIT PROCESS

The Committee has primary responsibility for assessing the effectiveness of the external audit process and for making recommendations to the Board on the appointment,

reappointment or removal of the external auditor. It considers the planning, scope, quality of performance, cost effectiveness and independence of the external auditor. The Committee reviews and approves the external audit plan in advance of the audit and throughout the year, any non-audit services proposed to be performed by the external auditor. The external audit plan includes an analysis of the key audit risks and calculations of audit materiality, which the Committee considers in forming its assessment of key risks to the Company's financial statements.

Members of the Committee work closely with the Manager to obtain a good understanding of the progress and efficiency of the audit. The Committee has adopted a formal framework to review the effectiveness of the external audit process and audit quality. This includes a review of the following areas:

- the quality of the audit engagement partner and the audit team;
- the expertise of the audit firm and the resources available to it;
- identification of areas of audit risk;
- planning, scope and execution of the audit;
- consideration of the appropriateness of the level of audit materiality adopted;
- the role of the Board, the Manager and other third party service providers in an effective audit process;
- communication, by the Auditor, with the Committee; monitoring and reviewing the supply of any non-audit services, taking into account relevant ethical guidelines regarding the provision of such services;
- how the Auditor supports the work of the Committee;
- a review of the independence and objectivity of the audit firm; and
- the quality of the formal audit report to shareholders.

Feedback in relation to the audit process and the effectiveness of the Manager in performing its role is also sought from relevant parties, including the audit partner and team.

The external Auditor is invited to attend the Committee meetings at which the half yearly and annual report and financial statements are considered and at which they have the opportunity to meet with the Committee without representatives of the Manager or Investment Manager being present. The effectiveness of the Committee and the Investment Manager in the external audit process is assessed principally in relation to the timely identification and resolution of any process errors or control breaches that might impact the Company's net asset values and accounting records. It is also assessed by reference to how successfully any issues in respect of areas of accounting judgement are identified and resolved; the quality and timeliness of papers analysing these judgements; the Committee and the Investment Manager's approach to the value of the independent audit; and the booking of any audit adjustments and the timely provision of draft public documents for review by the Auditor and the Committee.

To form a conclusion regarding the independence of the external Auditor, the Committee considers whether the skills and experience of the Auditor make them a suitable supplier of any non-audit services and whether there are safeguards in place to ensure that there is no threat to their objectivity and independence in the conduct of the audit resulting from the provision of any such services. On an annual basis, Deloitte LLP reviews the independence of their relationship with the Company and reports to the Committee providing details of any other relationships with the Manager.

As part of this review, the Auditor will provide the Committee with information about policies and processes for maintaining independence and monitoring compliance with relevant requirements. This will include information on the rotation of audit staff and partners, the level of fees that the Company pays in proportion to the overall fee income of the firm, details of any relationships between the audit firm, its staff and the Company as well as an overall confirmation from the Auditor of their independence and objectivity. As a result of this review, the Committee has concluded, that Deloitte LLP is independent of the Company and the Manager.

CONCLUSIONS IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The production and the audit of the Company's annual report and financial statements is a comprehensive process requiring input from a number of different contributors. In order to reach a conclusion that the annual report and financial statements are fair, balanced and understandable, the Board has requested that the Committee advise on whether these criteria are satisfied. In doing so, the Committee has given consideration to the following:

- the comprehensive control framework over the production of the annual report and financial statements;
- the extensive levels of review that are undertaken in the production process by the Manager, the Fund Accountant and Depositary, and the Committee;
- the Manager and other third party service providers controls to ensure the completeness and accuracy of the Company's financial records and the security of the Company's assets; and

Governance

Report of the Audit Committee continued

- the existence of satisfactory Service Organisation Control reports to verify the effectiveness of the internal controls of BlackRock, and The Bank of New York Mellon (International) Limited, the Custodian, Depositary and Fund Accountant.

The Committee has reviewed the annual report and financial statements and is satisfied that, taken as a whole, they are fair, balanced and understandable and provide shareholders with the information necessary to assess the Company's position, performance, business model and strategy. In reaching this conclusion, the Committee has assumed that the reader of the annual report and financial statements would have a reasonable level of knowledge of the investment trust industry in general and of investment trusts in particular. The Committee has reported on these findings to the Board who affirm the Committee's conclusions in the Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements on page 39.

NICHOLAS GOLD
Chairman of the Audit Committee
20 December 2017

Governance

Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and 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 have elected to prepare the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including FRS 102 The Financial Reporting Standard applicable in the UK and Ireland.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company as at the end of each financial year and of the profit or loss of the Company for that year.

In preparing these financial statements, the Directors are required to:

- present fairly the financial position, financial performance and cash flows of the Company;
- select suitable accounting policies and apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration Report, the Corporate Governance Statement and the Report of the Audit Committee in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure and Transparency Rules. The Directors have delegated responsibility to the Manager for the maintenance and integrity of the Company's corporate and financial information included on the BlackRock website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names are listed on page 20, confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report contained in the Annual Report and Financial Statements includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The 2016 UK Corporate Governance Code requires Directors to ensure that the Annual Report and Financial Statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit Committee advise on whether it considers that the Annual Report and Financial Statements fulfils these requirements. The process by which the Audit Committee has reached these conclusions is set out in the Audit Committee's report on pages 35 to 38. As a result, the Board has concluded that the Annual Report and Financial Statements for the year ended 31 October 2017, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

FOR AND ON BEHALF OF THE BOARD
JONATHAN CARTWRIGHT
Chairman
20 December 2017

Financial statements

Independent Auditor's report to the members of BlackRock Income and Growth Investment Trust plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of BlackRock Income and Growth Investment Trust plc (the 'company') which comprise:

- the income statement;
- the statement of changes in equity;
- the balance sheet;
- the statement of cash flows; and
- the related notes 1 to 20.

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matters that we identified in the current year were: ▸ Investment Valuation ▸ Ownership and Existence of Investments ▸ Fraud in revenue recognition - Allocation of special dividends Within this report, any new key audit matters are identified with ⌃ and any key audit matters which are the same as the prior year identified with ⌃⌃.
Materiality	The materiality that we used in the current year was £516k which was determined on the basis of 1% of Shareholders' Equity.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team. Our audit scoping provides full scope audit coverage of 100% of revenue, profit before tax and net assets.
Significant changes in our approach	We have not made any significant changes to the scope and audit approach from the prior year.

CONCLUSIONS RELATING TO PRINCIPAL RISKS, GOING CONCERN AND VIABILITY STATEMENT

We have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 2 to the financial statements and the directors' statement on the longer-term viability of the company on page 11.	We confirm that we have nothing material to add or draw attention to in respect of these matters.
We are required to state whether we have anything material to add or draw attention to in relation to: ▸ the disclosures on pages 8-10 that describe the principal risks and explain how they are being managed or mitigated; ▸ the directors confirmation on page 23 that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity; ▸ the directors' statement in note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; ▸ the directors' explanation on page 11 as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions; or ▸ whether the directors' statements relating to going concern and the prospects of the company required in accordance with Listing Rule 9.8.6R(3) are materially inconsistent with our knowledge obtained in the audit.	We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investment Valuation	
Key audit matter description	Investments held at fair value through profit or loss were £53 million (2016: £49 million) as at 31 October 2017, with all investments categorised as Level 1 in both periods. It is a key audit matter because investments held by the Company may not be valued appropriately, including, for instance where investments are not actively traded and where there may not be a recent transaction price. The Company's accounting policy and movements in the year in the investments balance are disclosed in note 2 and note 10 to the financial statements. The accuracy of the valuation of the investment portfolio has also been addressed in the Audit and Management Engagement Committee Report on page 36.
How the scope of our audit responded to the key audit matter	Valuation of investments was assessed by: ▸ evaluating the design and implementation of key controls around investments; ▸ independently re-performing the valuation of 100% of investments directly with a third party pricing source and investigating any differences between our valuations and the Bank of New York Mellon's ("BNYM") (BRIG's administrator) that are over a 1% threshold, as we expect different sources to report prices within this threshold; and ▸ testing the validity of the quoted investments by obtaining and verifying the trade volume data for a sample of securities around year end.
Key observations	Through our testing we are satisfied that the valuation at year end is acceptable.

Financial statements

Independent Auditor's report to the members of BlackRock Income and Growth Investment Trust plc continued

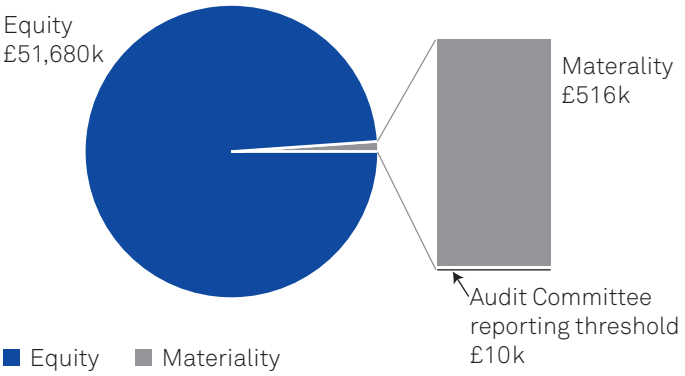
Ownership and Existence of Investments	
Key audit matter description	Investments held at fair value through profit or loss were £53 million (2016: £49 million) as at 31 October 2017, with all investments categorised as Level 1 in both periods. It is a key audit matter that investments held by the Company may not exist or may not be owned by the Company at year end. The Company's accounting policy and movements in the year in the investments balance are disclosed in note 2 and note 10 to the financial statements. Unsecured ownership of investments has also been addressed in the Audit and Management Engagement Committee Report on page 36.
How the scope of our audit responded to the key audit matter	We tested existence and ownership of investments by: ▸ evaluating the design and implementation of key controls around investments; ▸ independently confirming 100% of the holdings at year end with the independent custodian; and ▸ obtaining the service auditor's report over the controls in place at the custodian and reviewing it for any issues.
Key observations	Through our testing we are satisfied over the ownership and existence of investments reported as at year end.
Fraud in revenue recognition – allocation of special dividends	
Key audit matter description	The allocation of special dividends between revenue and capital is judgemental as it has to be determined on a case-by-case basis, based on the reasons for, and sources of the dividend, as well as the Company's reason for investing. It is a key audit matter because if the special dividends received by the Trust are material and are allocated incorrectly, it could affect the investment trust tax status of Blackrock Income and Growth Investment Trust Plc. Given the degree of judgement involved, we also determined that there was a potential for fraud through possible manipulation of this balance. There were no special dividends recognised in capital in 2017 (2016: £198k) as disclosed in note 3 to the financial statements. The audit committee have addressed the risk of overstatement of income and appropriateness of accounting treatments for recognition of income, including special dividends on page 36.
How the scope of our audit responded to the key audit matter	For special dividends credited during the year: ▸ evaluating the design and implementation of key controls around investment income; ▸ assessing the appropriateness of the treatment as capital or revenue, in light of the guidance in the Statement of Recommended Practice ("SORP") relating to investment trusts which are issued by the Association of Investment Companies ("AIC"); and ▸ obtaining third party evidence as to the reasons for and sources of the dividend.
Key observations	Through our testing we are satisfied over the allocation of the special dividends for the year ended 31 October 2017.

OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£516k (2016: £483k)
Basis for determining materiality	1% (2016: 1%) of Shareholders' Equity.
Rationale for the benchmark applied	We have used shareholders' equity as a basis for materiality because this is considered the most important balance within the financial statements for investors as this represents the value of their holding.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £10k (2016: £10k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit was scoped by obtaining an understanding of the entity and its environment including the use of service organisations, internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed by the audit engagement team. Our audit scoping provides full scope audit coverage of 100% of the Group's revenue, profit before tax and net assets.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that: ▸ *Fair, balanced and understandable* – the statement given by the directors that they consider 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, is materially inconsistent with our knowledge obtained in the audit; or ▸ *Audit committee reporting* – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or ▸ *Directors' statement of compliance with the UK Corporate Governance Code* – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R (2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.	We have nothing to report in respect of these matters.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Financial statements

Independent Auditor's report to the members of BlackRock Income and Growth Investment Trust plc continued

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of explanations received and accounting records Under the Companies Act 2006 we are required to report to you if, in our opinion: ▸ we have not received all the information and explanations we require for our audit; or ▸ adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or ▸ the company financial statements are not in agreement with the accounting records and returns.	We have nothing to report in respect of these matters.
Directors' remuneration Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.	We have nothing to report in respect of these matters.

OTHER MATTERS

Auditor tenure

Following the recommendation of the audit committee, we were appointed by the board of directors in 2003 to audit the financial statements for the year ending 31 October 2003 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 14 years, covering the years ending 2003 to 2017.

Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

Stephen Williams ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
20 December 2017

Financial statements

Income statement for the year ended 31 October 2017

	Notes	Revenue 2017	Revenue 2016	Capital 2017	Capital 2016	Total 2017	Total 2016
		£'000	£'000	£'000	£'000	£'000	£'000
Gains on investments held at fair value through profit or loss	10	–	–	5,050	654	5,050	654
Income from investments held at fair value through profit or loss	3	1,991	2,066	–	–	1,991	2,066
Other income	3	9	12	–	–	9	12
Total income		2,000	2,078	5,050	654	7,050	2,732
Investment management fees	4	(74)	(70)	(223)	(211)	(297)	(281)
Other operating expenses	5	(252)	(198)	(5)	(3)	(257)	(201)
Total operating expenses		(326)	(268)	(228)	(214)	(554)	(482)
Net profit on ordinary activities before finance costs and taxation		1,674	1,810	4,822	440	6,496	2,250
Finance costs	6	(6)	(7)	(16)	(21)	(22)	(28)
Net profit on ordinary activities before taxation		1,668	1,803	4,806	419	6,474	2,222
Taxation	7	–	–	–	–	–	–
Net profit on ordinary activities after taxation	9	1,668	1,803	4,806	419	6,474	2,222
Earnings per ordinary share (pence)	9	6.63	6.93	19.09	1.62	25.72	8.55

The total column of this statement represents the Company's profit and loss account.

There were no dilutive securities at the year end.

The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies (AIC). All items in the above statement derive from continuing operations and no operations were acquired or discontinued during the year. All income is attributable to the equity holders of the Company.

The net profit on ordinary activities for the year disclosed above represents the Company's total comprehensive income.

The notes on pages 49 to 63 form part of these financial statements.

Financial statements

Statement of changes in equity for the year ended 31 October 2017

	Notes	Called up share capital	Share premium account	Capital redemption reserve	Capital reserve	Special reserve	Revenue reserve	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
For the year ended 31 October 2017								
At 31 October 2016		329	14,819	220	9,101	21,272	2,566	48,307
Total comprehensive income:								
Profit for the year		–	–	–	4,806	–	1,668	6,474
Transactions with owners, recorded directly to equity:								
Ordinary shares purchased into treasury	13		–	–	–	(1,480)	–	(1,480)
Share purchase costs	13	–	–	–	–	(8)	–	(8)
Dividends paid[(a)]	8	–	–	–	–	–	(1,613)	(1,613)
At 31 October 2017		329	14,819	220	13,907	19,784	2,621	51,680
For the year ended 31 October 2016								
At 31 October 2015		329	14,819	220	8,682	22,857	2,324	49,231
Total comprehensive income:								
Profit for the year		–	–	–	419	–	1,803	2,222
Transactions with owners, recorded directly to equity:								
Ordinary shares purchased into treasury	13	–	–	–	–	(1,576)	–	(1,576)
Share purchase costs	13	–	–	–	–	(9)	–	(9)
Dividends paid[(b)]	8	–	–	–	–	–	(1,561)	(1,561)
At 31 October 2016		329	14,819	220	9,101	21,272	2,566	48,307

(a) Interim dividend paid in respect of the six months ended 30 April 2017 of 2.50p per share was declared on 26 June 2017 and paid on 1 September 2017. Final dividend paid in respect of the year ended 31 October 2016 of 3.90p per share was declared on 21 December 2016 and paid on 10 March 2017.
(b) Interim dividend paid in respect of the six months ended 30 April 2016 of 2.40p per share was declared on 29 June 2016 and paid on 2 September 2016. Final dividend paid in respect of the year ended 31 October 2015 of 3.60p per share was declared on 15 January 2016 and paid on 4 March 2016.

The notes on pages 49 to 63 form part of these financial statements.

Financial statements

Balance sheet as at 31 October 2017

	Notes	2017	2016
		£'000	£'000
Fixed assets			
Investments held at fair value through profit or loss	10	53,177	48,925
Current assets			
Debtors	11	487	507
Cash and cash equivalents		1,192	1,581
		1,679	2,088
Creditors – amounts falling due within one year			
Bank loan	12	(2,000)	(2,000)
Other creditors	12	(1,176)	(706)
		(3,176)	(2,706)
Net current liabilities		(1,497)	(618)
Net assets		51,680	48,307
Capital and reserves			
Called up share capital	13	329	329
Share premium account	14	14,819	14,819
Capital redemption reserve	14	220	220
Capital reserves	14	13,907	9,101
Special reserve	15	19,784	21,272
Revenue reserve	15	2,621	2,566
Total shareholders' funds	9	51,680	48,307
Net asset value per ordinary share	9	209.96p	190.53p

The financial statements on pages 45 to 63 were approved and authorised for issue by the Board of Directors on 20 December 2017 and signed on its behalf by Mr J H Cartwright, Chairman.

BlackRock Income and Growth Investment Trust plc

Registered in England, No. 4223927

The notes on pages 49 to 63 form part of these financial statements.

Financial statements

Statement of cash flows for the year ended 31 October 2017

	Notes	2017	2016
		£'000	£'000
Operating activities			
Net profit before taxation		6,474	2,222
Add back finance costs		22	28
Gains on investments held at fair value through profit or loss		(5,050)	(654)
Special dividends allocated to capital		–	198
Sales of investments		15,700	22,194
Purchase of investments		(14,427)	(20,222)
Decrease/(increase) in debtors		14	(1)
Decrease in other creditors		(3)	(3)
Net cash generated from operating activities		2,730	3,762
Financing activities			
Ordinary shares purchased into treasury		(1,480)	(1,576)
Share purchase costs		(9)	(7)
Interest paid		(17)	(28)
Dividends paid	8	(1,613)	(1,561)
Net cash used in financing activities		(3,119)	(3,172)
(Decrease)/increase in cash and cash equivalents		(389)	590
Cash and cash equivalents at the beginning of the year		1,581	991
Cash and cash equivalents at the end of the year		1,192	1,581
Comprised of:			
Cash at bank		130	73
BlackRock's Institutional Cash Series plc – Sterling Liquidity Fund		1,062	1,508
		1,192	1,581

The notes on pages 49 to 63 form part of these financial statements.

Financial statements

Notes to the financial statements

1. PRINCIPAL ACTIVITY

The principal activity of the Company is that of an investment trust company within the meaning of section 1158 of the Corporation Tax Act 2010.

2. ACCOUNTING POLICIES

The principal accounting policies adopted by the Company are set out below:

(a) Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with FRS 102 and the revised Statement of Recommended Practice – 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (SORP) issued by the Association of Investment Companies (AIC) in November 2014 and the provisions of the Companies Act 2006.

The principal accounting policies adopted by the Company are set out below. Unless specified otherwise, the policies have been applied consistently throughout the year and are consistent with those applied in the preceding year. All of the Company's operations are of a continuing nature.

The Company's financial statements are presented in sterling, which is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

(b) Presentation of Income Statement

In order to reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and a capital nature has been presented alongside the Income Statement.

(c) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business being investment business.

(d) Income

Dividends receivable on equity shares are treated as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. Provisions are made for dividends not expected to be received.

Special dividends are recognised on an ex-dividend basis and treated as capital or revenue depending on the facts and circumstances of each dividend.

Dividends are accounted for in accordance with Section 29 of FRS 102 on the basis of income actually receivable, without adjustment for tax credits attaching to the dividend. Dividends from overseas companies continue to be shown gross of withholding tax.

Deposit interest receivable is accounted for on an accruals basis. Underwriting commission is recognised when the issue underwritten closes.

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

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses have been treated as revenue except as follows:

- expenses which are incidental to the acquisition or disposal of an investment are treated as capital. Details of transaction costs on the purchases and sales of investments are disclosed in note 10 on page 55;
- the investment management fee has been allocated 75% to the capital column and 25% to the revenue column of the Income Statement in line with the Board's expected long term split of returns, in the form of capital gains and income respectively, from the investment portfolio.

2. ACCOUNTING POLICIES continued

(f) Finance costs

Finance costs are accounted for on an accruals basis. Finance costs are allocated, insofar as they relate to the financing of the Company's investments, 75% to the capital column and 25% to the revenue column of the Income Statement, in line with the Board's expected long term split of returns, in the form of capital gains and income respectively, from the investment portfolio.

(g) Taxation

The current tax effect of different items of expenditure is allocated between capital and revenue on the marginal basis using the Company's effective rate of corporation tax for the accounting period.

Deferred taxation is recognised in respect of all timing differences at the financial reporting date, where transactions or events that result in an obligation to pay more taxation in the future or right to less taxation in the future have occurred at the balance sheet date. Deferred tax is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. This is subject to deferred taxation assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the timing differences can be deducted.

(h) Investments held at fair value through profit or loss

The Company's investments are classified as held at fair value through profit or loss in accordance with Sections 11 and 12 of FRS 102 and are managed and evaluated on a fair value basis in accordance with its investment strategy.

All investments are designated upon initial recognition as held at fair value through profit or loss. Purchases of investments are recognised on a trade date basis. Sales are recognised at the trade date of the disposal and the proceeds are measured at fair value, which is regarded as the proceeds of the sale less any transaction costs.

The fair value of the financial investments is based on their quoted bid price at the balance sheet date on the exchange on which the investment is quoted, without deduction for the 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 Income Statement as 'Gains or losses on investments held at fair value through profit or loss'. Also included within this heading are transaction costs in relation to the purchase or sale of investments.

The fair value hierarchy consists of the following three levels:

Level 1 – Quoted prices for identical instruments in active markets

Level 2 – Valuation techniques using observable inputs

Level 3 – Valuation techniques using significant unobservable inputs

(i) Debtors

Debtors include sales for future settlement, other debtors and pre-payments and accrued income in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

(j) Creditors

Creditors include purchases for future settlements, interest payable, share buy back costs and accruals in the ordinary course of business. Creditors are classified as creditors – amounts due within one year if payment is due within one year or less. If not, they are presented as creditors – amounts due after more than one year.

(k) Dividends payable

Under Section 32 of FRS 102, final dividends should not be accrued in the financial statements unless they have been approved by shareholders before the balance sheet date. Dividends payable to equity shareholders are recognised in the Statement of Changes in Equity when they have been approved by shareholders and have become a liability of the Company. Interim dividends are only recognised in the financial statements in the period in which they are paid.

(l) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents include bank overdrafts repayable on demand and short term, highly liquid investments, that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

(m) Foreign currency translation

In accordance with Section 30 of FRS 102, the Company is required to nominate a functional currency being the currency in which the Company predominately operates. The functional and reporting currency is sterling, reflecting the primary economic environment in which the Company operates. Transactions in foreign currencies are translated into sterling at the rates of exchange ruling on the date of the transaction. Foreign currency monetary assets and liabilities, and non-monetary assets held at fair value are translated into sterling at the rates of exchange ruling at the Balance Sheet date. Profits and losses thereon are recognised in the capital column of the Income Statement and taken to the capital reserve.

(n) Share repurchases

Shares repurchased and subsequently cancelled – share capital is reduced by the nominal value of the shares repurchased, and the capital redemption reserve is correspondingly increased in accordance with section 733 Companies Act 2006. The full cost of the repurchase is charged to the special reserve.

Shares repurchased and held in treasury – the full cost of the repurchase is charged to the special reserve. Where treasury shares are subsequently reissued, any surplus is taken to the share premium account.

3. INCOME

	2017 £'000	2016 £'000
Investment income:		
UK dividends	1,953	2,010
UK REITs	9	23
UK Scrip dividends	25	19
Overseas dividends	4	14
	1,991	2,066
Other income:		
Deposit interest	1	–
Underwriting commission	8	12
	9	12
Total	2,000	2,078

Dividends and interest received during the year amounted to £2,004,000 and £1,000 respectively (2016: £2,059,000 and nil).

Special dividends of £nil have been recognised in capital (2016: £198,000) and deducted from investment costs.

Financial statements

Notes to the financial statements continued

4. INVESTMENT MANAGEMENT FEES

	2017			2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fees	74	223	297	70	211	281
Total	74	223	297	70	211	281

Under the terms of the investment management agreement with BFM, BFM is entitled to a fee of 0.6% per annum of the Company's market capitalisation. The investment management fee is allocated 75% to capital reserves and 25% to the revenue reserve. There is no additional fee for company secretarial and administration services.

5. OTHER OPERATING EXPENSES

	2017 £'000	2016 £'000
Taken to revenue:		
Custody fees	1	1
Depositary fees	7	7
Audit fees	24	21
Registrars' fees	23	21
Directors' emoluments*	89	89
Marketing fees	22	(8)
Other administration costs	86	67
	252	198
Taken to capital:		
Transaction charges	5	3
	257	201
The Company's ongoing charges, calculated as a percentage of average shareholders' funds and using operating expenses, finance costs, and taxation were:	1.08%	1.00%

* Further information on Directors' emoluments can be found in the Directors' Remuneration Report on pages 26 to 29.

The Company has no employees.

6. FINANCE COSTS

	2017			2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on sterling bank loan	6	16	22	7	21	28
	6	16	22	7	21	28

7. TAXATION

(a) Analysis of charge in year

	2017			2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Total tax charge	–	–	–	–	–	–

(b) Factors affecting current tax charge for the year

Profit on ordinary activities before taxation	1,668	4,806	6,474	1,803	419	2,222
Profit on ordinary activities multiplied by standard rate of 19.41% (2016: 20.00%)	324	933	1,257	361	84	445
Effects of:						
Non taxable income	(384)	–	(384)	(406)	–	(406)
Income taxable in a different period	–	–	–	(1)	–	(1)
Capital gains not taxable	–	(980)	(980)	–	(131)	(131)
Disallowed expenses	–	1	1	–	1	1
Excess of allowable expenses over taxable income	60	46	106	46	46	92
Overseas tax suffered	–	–	–	–	–	–
Total tax charge	–	–	–	–	–	–

The Company's taxable income is exceeded by its tax allowable expenses, which include both the revenue and capital elements of the management fee and finance costs. As at 31 October 2017, the Company had accumulated surplus expenses of £13.0 million (2016: £12.4 million).

As at 31 October 2017, the Company has not recognised a deferred tax asset of £2.2 million (2016: £2.5 million) in respect of the accumulated expenses. Provided the Company continues to maintain its current investment profile, it is unlikely that the expenses will be utilised and that the Company will obtain any benefit from this asset.

Due to the Company's intention to meet the conditions required to obtain approval under Section 1158 of the Corporation Tax Act 2010, it has not provided deferred tax on any capital gains or losses arising on the disposal of investments.

Investment trusts are exempt from corporation tax on capital gains provided the Company obtains agreement from H M Revenue & Customs that tests under section 1158 of the Corporation Tax Act 2010 have been met.

8. DIVIDENDS

	Record date	Payment date	2017 £'000	2016 £'000
2015 Final dividend of 3.60p	12 February 2016	4 March 2016	–	944
2016 Interim dividend of 2.40p	15 July 2016	2 September 2016	–	617
2016 Final dividend of 3.90p	17 February 2017	10 March 2017	989	–
2017 Interim dividend of 2.50p	14 July 2017	1 September 2017	624	–
			1,613	1,561

The Directors have proposed a final dividend of 4.10p per share in respect of the year ended 31 October 2017. The proposed final dividend will be paid, subject to shareholders' approval, on 9 March 2018 to shareholders on the Company's register on 2 February 2018. The proposed final dividend has not been included as a liability in these financial statements as final dividends are only recognised in the financial statements when they have been approved by shareholders, or in the case of interim dividends, recognised when paid to shareholders.

Financial statements

Notes to the financial statements continued

8. DIVIDENDS continued

The total dividends payable in respect of the year which form the basis of determining retained income for the purpose of section 1158 of the Corporation Tax Act 2010 and section 833 of the Companies Act 2006, and the amount proposed for the year ended 31 October 2017, meet the relevant requirements as set out in this legislation.

Dividends paid or proposed on equity shares:	2017 £'000	2016 £'000
Interim paid of 2.50p (2016: 2.40p)	624	617
Final proposed of 4.10p* (2016: 3.90p)	1,009	989
	1,633	1,606

* Based upon 24,614,268 ordinary shares (excluding treasury shares) in issue.

The proposed final dividend is based on the number of shares in issue at the year end. However, the dividend payable will be based on the number of shares in issue on the record date and will reflect any purchases and cancellations of shares by the Company settled subsequent to the year end.

All dividends paid or payable are distributed from the Company's revenue profits.

9. EARNINGS AND NET ASSET VALUE PER ORDINARY SHARE

Revenue and capital earnings per share are shown below and have been calculated using the following:

	2017	2016
Net revenue profit attributable to ordinary shareholders (£'000)	1,668	1,803
Net capital profit attributable to ordinary shareholders (£'000)	4,806	419
Total profit attributable to ordinary shareholders (£'000)	6,474	2,222
Total shareholders' funds (£'000)	51,680	48,307
Earnings per share		
The weighted average number of ordinary shares in issue during the year on which the earnings per ordinary share was calculated was:	25,166,474	26,003,176
The actual number of ordinary shares in issue at the end of each year on which the net asset value was calculated was:	24,614,268	25,354,268
The number of ordinary shares in issue, including treasury shares at the year end was:	32,933,932	32,933,932
Calculated on weighted average number of ordinary shares		
Revenue profit	6.63p	6.93p
Capital profit	19.09p	1.62p
Total	25.72p	8.55p

	2017	2016
Net asset value	209.96p	190.53p
Ordinary share price	205.50p	185.00p

There are no dilutive securities at the year end.

10. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 £'000	2016 £'000
UK quoted investments	53,177	48,925
Valuation brought forward	48,925	50,388
Investment holding gains	(4,634)	(3,026)
Opening cost of investments	44,291	47,362
Additions at cost	14,896	20,586
Disposals at cost	(14,232)	(23,657)
Cost carried forward	44,955	44,291
Closing investment holding gains	8,222	4,634
Closing valuation of investments	53,177	48,925

Transaction costs of £71,000 were incurred on the acquisition of investments (2016: £107,000). Costs relating to the disposal of investments during the year amounted to £10,000 (2016: £14,000). All transaction costs have been included within capital reserves.

Gains on investments held at fair value through profit or loss

	2017 £'000	2016 £'000
Realised gains/(losses) on sales	1,462	(1,152)
Increase in investment holding gains	3,588	1,608
Special dividends credited to capital	–	198
	5,050	654

11. DEBTORS

	2017 £'000	2016 £'000
Sales for future settlement	305	311
Prepayments and accrued income	182	196
	487	507

12. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Purchases for future settlement	833	364
Other payables	343	342
Bank loan	2,000	2,000
	3,176	2,706

On 31 October 2014 a facility was arranged between Scotiabank (Ireland) Limited and the Company under which Scotiabank (Ireland) Limited agreed to make available to the Company a variable interest rate unsecured sterling revolving credit facility of up to £4 million. This facility matured on 31 October 2016.

On 31 October 2016 a facility was arranged between ING Luxembourg S.A. Limited and the Company under which ING Luxembourg S.A. Limited has agreed to make available to the Company a variable interest rate unsecured sterling revolving credit facility of up to £4 million with a maturity date of 31 October 2018. The amount drawn down as at 31 October 2017 was £2.0 million (2016: £2.0 million drawn down). The rate of interest for the facility is the aggregate of the margin of 0.75% per annum and LIBOR.

Financial statements

Notes to the financial statements continued

13. SHARE CAPITAL

	Ordinary shares number	Treasury shares number	Total shares	Nominal value £'000
Allotted, called up and fully paid share capital comprised:				
Ordinary shares of 1p each				
At 31 October 2016	25,354,268	7,579,664	32,933,932	329
Shares purchased and held in treasury	(740,000)	740,000	–	–
At 31 October 2017	24,614,268	8,319,664	32,933,932	329

During the year 740,000 ordinary shares were purchased and held in treasury (2016: 875,000 were purchased and placed in treasury) for a total consideration of £1,488,000 (2016: £1,585,000). No shares were cancelled from treasury during the year (2016: nil).

14. SHARE PREMIUM AND CAPITAL RESERVES

			Capital reserves	
	Share premium account £'000	Capital redemption reserve £'000	arising on investments sold £'000	arising on revaluation of investments held £'000
At 1 November 2016	14,819	220	4,467	4,634
Movement during the year:				
Gains on realisation of investments	–	–	1,462	–
Change in investment holding gains	–	–	–	3,588
Finance costs, investment management and other fees charged to capital	–	–	(244)	–
At 31 October 2017	14,819	220	5,685	8,222

15. DISTRIBUTABLE RESERVES

	Special reserve £'000	Revenue reserve £'000
At 1 November 2016	21,272	2,566
Movement during the year:		
Purchase of ordinary shares to be held in treasury	(1,480)	–
Share purchase costs	(8)	–
Return for the year	–	1,668
Dividends paid during the year	–	(1,613)
At 31 October 2017	19,784	2,621

16. RISK MANAGEMENT POLICIES AND PROCEDURES

The Company's investment activities expose it to various types of risks which are associated with the financial instruments and markets in which it invests. The following information is not intended to be a comprehensive summary of all risks and shareholders should refer to the Alternative Investment Fund Managers' Directive Fund 3.2.2R Disclosures which can be found at blackrock.co.uk/brig for a more detailed discussion of the risks inherent in investing in the Company.

Risk management framework

The following information refers to the risk management framework of the Alternative Investment Fund Manager (AIFM); however, as disclosed in the Corporate Governance Statement on pages 30 to 34 and in the Statement of Director's Responsibilities on page 39, it is the ultimate responsibility of the Board to ensure that the Company's risks are appropriately monitored, and to the extent that elements of this are delegated to third party service providers, the Board is responsible for ensuring that the relevant parties are discharging their duties in accordance with the terms of relevant agreements and taking appropriate action to the extent issues are identified.

The Directors of the AIFM review quarterly investment performance reports and receive semi-annual presentations in person from the Investment Manager covering the Company's performance and risk profile during the year. The AIFM has delegated the day-to-day administration of the investment programme to the Investment Manager. The Investment Manager is also responsible for ensuring that the Company is managed within the terms of its investment guidelines and limits set out in the Alternative Investment Fund Managers' Directive Fund 3.2.2R Disclosures which can be found at blackrock.co.uk/brig.

The AIFM is responsible for monitoring investment performance, product risk monitoring and oversight and has the responsibility for the monitoring and oversight of regulatory and operational risk for the Company. The Directors of the AIFM have appointed a Risk Manager who has responsibility for the daily risk management process with assistance from key risk management personnel of the Investment Manager, including members of the Risk and Quantitative Analysis Group (RQA) which is a centralised group which performs an independent risk management function. RQA independently identifies, measures and monitors investment risk and tracks the actual risk management practices being deployed across the Company. By breaking down the components of the process, RQA have the ability to determine if the appropriate risk management processes are in place. This captures the risk management tools employed, how the levels of risk are controlled, ensuring risk/return is considered in portfolio construction and reviewing outcomes.

The AIFM reports to the Audit Committee twice yearly on key risk metrics and risk management processes; in addition, the Depositary monitors the performance of the AIFM and reports to the Audit Committee. Any significant issues are reported to the Board as they arise.

Risk Exposures

The risk exposures of the Company are set out as follows:

(a) Market Risk

Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price, currency and interest rate movements. It represents the potential loss the Company may suffer through holding market positions in investments in the face of market movements.

Value at Risk (VaR) is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR analysis reflects the interdependencies between risk variables (including other price risk, foreign currency risk and interest rate risk), unlike a traditional sensitivity analysis.

The VaR calculations are based on a confidence level of 99% with a holding period of not greater than 1 day and a historical observation period of not less than 2 years (500 days). A VaR number is defined at a specified probability and a specified time horizon. A 99% 1 day VaR means that the expectation is that 99% of the time over a 1 day period the Company will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk. It is noted that the use of VaR methodology has limitations, namely assumptions that risk factor returns are normally distributed and that the use of historical market data as a basis for estimating future events does not encompass all possible scenarios, particularly those that are of an extreme nature and that the use of a specified confidence level (e.g. 99%) does not take into account losses that occur beyond this level. There is some probability that the loss could be greater than the VaR percentage amounts. These limitations and the nature of the VaR measure mean that the Company can neither guarantee that losses will not exceed the VaR amounts indicated, nor that losses in excess of the VaR amounts will not occur more frequently.

The one day VaR as at 31 October 2017 and 31 October 2016 (based on a 99% confidence level) was 1.19% and 2.86%, respectively.

(i) Market risk arising from other price risk

Exposure to other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Company is exposed to market price risk arising from its equity investments. The movements in the prices of these investments result in movements in the performance of the Company. Other price risk sensitivity has been covered by VaR analysis under the market risk section above.

The Company's exposure to other changes in market prices at 31 October 2017 on its equity investments was £53,177,000 (2016: £48,925,000).

16. RISK MANAGEMENT POLICIES AND PROCEDURES continued

Management of other price risk

By diversifying the portfolio, where this is appropriate and consistent with the Company's objectives, the risk that a price change of a particular investment will have a material impact on the NAV of the Company is minimised which is in line with the investment objectives of the Company.

(ii) Market risk arising from foreign currency risk

Exposure to foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Management of foreign currency risk

The Company invests predominantly in UK quoted securities, it has no significant exposure to currencies other than sterling (2016: no significant exposure). The underlying portfolio has significant overseas currency exposure.

Any income denominated in foreign currency is converted into sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt.

(iii) Market risk arising from interest rate risk

Exposure to interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk specifically through its cash holdings and variable rate borrowings. Interest rate movements may affect the level of income receivable from any cash at bank and on deposits and the level of interest payable on variable rate borrowings. The effect of interest rate changes on the earnings of the companies held within the portfolio may have a significant impact on the valuation of the Company's investments.

Interest rate exposure

The exposure at 31 October 2017 and 31 October 2016 of financial assets and liabilities to interest rate risk is shown by reference to:

- floating interest rates – when the interest rate is due to be re-set; and
- fixed interest rates – when the financial instrument is due for repayment.

	2017			2016		
	Within one year £'000	More than one year £'000	Total £'000	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:	1,192	–	1,192	1,581	–	1,581
Bank loan	(2,000)	–	(2,000)	(2,000)	–	(2,000)
Total exposure to interest rates	(808)	–	(808)	(419)	–	(419)

The Company does not have any fixed rate exposure at 31 October 2017 or 31 October 2016.

Management of interest rate 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 decisions and borrowings under the loan facility.

The Company finances part of its activities through borrowings at levels approved and monitored by the Board of the Company. The Company, generally, does not hold significant balances, with short term borrowings being used when required.

Interest received on cash balances, or paid on the loan facility respectively, is approximately 0.00% and 1.190% per annum (2016: 0.00% and 1.154% per annum). Based on the bank loan held at the year end date, interest payments of £23,800 are expected to be paid over the next twelve months.

(b) Counterparty credit risk

Credit risk is the risk that the issuer of a financial instrument will fail to fulfil an obligation or commitment that it has entered into with the Company.

The Company is exposed to counterparty credit risk from the parties with which it trades and will bear the risk of settlement default. Counterparty credit risk to the Company arises from transactions to purchase or sell investments.

Credit Risk is monitored and managed by BlackRock's RQA Counterparty & Concentration Risk team (RQA CCR). The team is headed by BlackRock's Chief Credit Officer who reports to the Global Head of RQA. Credit authority resides with the Chief Credit Officer and selected team members to whom specific credit authority has been delegated. As such, counterparty approvals may be granted by the Chief Credit Officer, or by identified RQA Credit Risk Officers who have been formally delegated authority by the Chief Credit Officer.

RQA CCR completes a formal review of each new counterparty, monitors and reviews all approved counterparties on an ongoing basis and maintains an active oversight of counterparty exposures and the collateral management process.

There were no past or impaired assets as at 31 October 2017 (31 October 2016: nil). The major counterparties engaged with the Company are all widely recognised and regulated entities.

Depositary

Up until the 31 October 2017, the Company's Depositary was BNY Mellon Trust & Depositary (UK) Limited. With effect from 1 November 2017, the role of the Depositary was transferred to The Bank of New York (International) Limited (BNYM or the Depositary) (Moody's long term credit rating as at 31 October 2017: Aa2). All of the equity assets and cash of the Company are held within the custodial network of the global custodian appointed by the Depositary. Bankruptcy or insolvency of the Depositary may cause the Company's rights with respect to its investments held by the Depositary to be delayed or limited. The maximum exposure to this risk at 31 October 2017 is the total value of investments held with the Depositary and cash and cash equivalents in the Balance Sheet.

In accordance with the requirements of the depositary agreement, the Depositary is required to ensure that any agents it appoints to assist in safekeeping the assets of the Company will segregate the assets of the Company. Thus, in the event of insolvency or bankruptcy of the Depositary, the Company's non-cash assets are segregated and this reduces counterparty credit risk.

The Company's listed investments are currently held on its behalf by The Bank of New York Mellon (International) Limited as the Company's custodian. Bankruptcy or insolvency of the custodian may also cause the Company's rights with respect to securities held by the custodian to be delayed or limited.

The Company will also be exposed to the counterparty credit risk of the Depositary in relation to the Company's cash held by the Depositary. In the event of the insolvency or bankruptcy of the Depositary, the Company will be treated as a general creditor of the Depositary in relation to cash holdings of the Company.

Counterparties/Brokers

All transactions in listed securities are settled/paid for upon delivery using an approved broker. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has made payment. Payment is made on a purchase once the securities have been delivered by the broker. The trade will fail if either party fails to meet its obligation.

Counterparty credit risk also arises on transactions with a broker in relation to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used. The Company monitors the credit rating and financial position of the brokers used to further mitigate this risk.

Year	Total number of counterparties	Maximum exposure to any one counterparty* £'000	Total exposure to all other counterparties* £'000	Lowest credit rating of any one counterparty
2017	4	1,192	305	Baa2
2016	6	1,581	311	Baa1

* Calculated on a net exposure basis.

16. RISK MANAGEMENT POLICIES AND PROCEDURES continued

Cash is subject to counterparty credit risk as the Company's access to its cash could be delayed should the counterparties become insolvent or bankrupt.

Receivables

Amounts due from debtors are disclosed on the Balance Sheet as receivables. The counterparties included in debtors are the same counterparties discussed previously under counterparty credit risk and subject to the same scrutiny by the BlackRock RQA Counterparty and Concentration Risk team. The Company monitors the ageing of receivables to mitigate the risk of debtor balances becoming overdue.

In summary, the exposure to credit risk at 31 October 2017 and 31 October 2016 was as follows:

	2017 Balance sheet £'000	2016 Balance sheet £'000
Sales for future settlement	305	311
Prepayments and accrued income	182	196
Cash and cash equivalents	1,192	1,581
	1,679	2,088

Management of counterparty credit risk

RQA are responsible for the risk management of the Company, with duties comprising of identifying, monitoring and managing risk, including counterparty credit risk. RQA are supported in this role by the Investment Manager.

The counterparty credit risk is managed as follows:

- transactions are only entered into with those counterparties approved by RQA CCR, with a formal review carried out for each new counterparty and with counterparties selected by RQA CCR on the basis of a number of risk migration criteria designed to reduce the risk to the Company of default;
- the Company's listed investments are held on its behalf by BNYM as the Company's custodian (as sub-delegated by the Depositary). Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Board monitors the Company's risk by reviewing the custodian's internal control reports;
- the creditworthiness of financial institutions with whom cash is held is reviewed regularly by the RQA CCR team;
- all transactions in quoted securities are settled on a payment against delivery basis using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has made payment. Payment is made on purchase once the securities have been delivered by the broker. The trade will fail if either party fails to meets its obligation. The RQA CCR team review the credit standard of the Company's brokers on a periodic basis, and set limits on the amount that may be due from any one broker;
- amounts due from other receivables as disclosed on the Balance Sheet are subject to the same scrutiny by the BlackRock RQA CCR team and BlackRock's Fund Administration team monitors the ageing of debtors to mitigate the risk of balances becoming overdue.

The Board monitors the Company's counterparty risk by reviewing:

- the semi-annual report from the Depositary, which includes the results of periodic site visits to the Company's custodian where controls are reviewed and tested;
- the custodian's Service Organisation Control (SOC 1) reports which include a report by the custodian's auditors. This report sets out any exceptions or issues noted as a result of the auditors' review of the custodian's control processes;
- the Manager's internal control reports which include a report by the Manager's auditors. This report sets out any exceptions or issues noted as a result of the auditors' review of the Manager's control processes; and
- in addition the Depositary and the Manager report any significant breaches or issues arising to the Board as soon as these are identified.

(c) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. At the year end, the Company had a loan facility of £4 million of which £2 million was drawn down (2016: £4 million, £2 million drawn down).

Liquidity risk exposure

The remaining undiscounted gross cash outflows of the financial liabilities as at 31 October 2017 and 31 October 2016, based on the earliest date on which payment can be required, were as follows:

	2017 Within 1 year £'000	2016 Within 1 year £'000
Current liabilities:		
Bank loan	(2,000)	(2,000)
Creditors – amounts falling due within one year	(1,176)	(706)
	(3,176)	(2,706)

Management of liquidity risk

Liquidity risk is minimised by holding sufficient liquid investments which can be readily realised to meet liquidity demands. Asset disposals may also be required to meet liquidity needs. Liquidity risk is not significant as the majority of the Company's assets are investments in listed securities that are readily realisable.

The Company's liquidity risk is managed on a daily basis by the Investment Manager in accordance with established policies and procedures in place. The Portfolio Managers review daily forward-looking cash reports which project cash obligations. These reports allow them to manage their obligations.

For the avoidance of doubt, none of the assets of the Company are subject to special liquidity arrangements.

(d) Valuation of financial instruments

Financial assets and financial liabilities are either carried in the balance sheet at their fair value (investments) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank, bank overdrafts and bank loans). Section 11 of FRS 102 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note to the Financial Statements on page 50.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

The fair value hierarchy has the following levels:

Level 1 – Quoted market price for identical instruments in active markets

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Company does not adjust the quoted price for these instruments.

Level 2 – Valuation techniques using observable inputs

This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 – Valuation techniques using significant unobservable inputs

This category includes all instruments where the valuation technique includes inputs not based on market data and these inputs could have a significant impact on the instrument's valuation.

16. RISK MANAGEMENT POLICIES AND PROCEDURES continued

This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The determination of what constitutes 'observable' inputs requires significant judgement by the Investment Manager. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' inputs requires significant judgement by the Investment Manager.

The table below is an analysis of the Company's financial instruments measured at fair value at the balance sheet date.

Financial assets at fair value through profit or loss at 31 October 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	53,177	–	–	53,177

Financial assets at fair value through profit or loss at 31 October 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	48,925	–	–	48,925

There were no transfers between levels for financial assets and financial liabilities during the year recorded at fair value as at 31 October 2017 and 31 October 2016. The Company did not hold any Level 3 securities throughout the financial year or as at 31 October 2017 (2016: nil).

(e) Leverage

The Company may employ leverage and borrow cash in accordance with its stated investment policy or investment strategy. The use of borrowings and leverage has attendant risks and can, in certain circumstances, substantially increase the adverse impact to which the Company's investment portfolio may be subject.

For the purposes of this disclosure, leverage is any method by which the Company's exposure is increased, whether through borrowing of cash or securities or by any other means. The AIFMD requires that each leverage ratio be expressed as the ratio between a Company's exposure and its NAV, and prescribes two required methodologies, the gross methodology and the commitment methodology (as set out in AIFMD Level 2 Implementation Guidance), for calculating such exposure. Using the methodologies prescribed under the AIFMD, the leverage of the Company is disclosed in the table below:

Derivatives	Commitment Leverage 31 October 2017	Commitment Leverage 31 October 2016	Gross Leverage 31 October 2017	Gross Leverage 31 October 2016
Leverage ratio	1.08	1.08	1.06	1.05

17. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

- to ensure it will be able to continue as a going concern; and
- to promote growth in capital and income over the long term through investments in a diversified portfolio of principally UK listed equities.

This is to be achieved through an appropriate balance of equity capital and gearing. The policy is that gearing should not exceed 20% of gross assets. The Company's objectives, policies and processes for managing capital remain unchanged from the preceding accounting period.

The Company's total capital as at 31 October 2017 was £53,680,000 (2016: £50,307,000) comprising a bank loan of £2,000,000 (2016: £2,000,000) and equity shares, capital and reserves of £51,680,000 (2016: £48,307,000).

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

- the planned level of gearing, which takes into account the Investment Manager's view on the market; and
- the need to buy back equity shares, either for cancellation or to be held in treasury, which takes account of the difference between the NAV per share and the share price (i.e. the level of share price discount or premium).

The Company is subject to externally imposed capital requirements:

- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution, the Company has to be able to meet one of the two capital restrictions tests imposed on investment companies by law.

During the year, the Company complied with the externally imposed capital requirements to which it was subject.

18. TRANSACTIONS WITH MANAGER AND INVESTMENT MANAGER

BlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six months' notice. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed in the Directors' Report on pages 21 and 22.

The investment management fee is levied quarterly, based on 0.60% per annum of the Company's market capitalisation. The investment management fee due for the year ended 31 October 2017 amounted to £297,000 (2016: £281,000). At the year end, £225,000 was outstanding in respect of the management fee (2016: £140,000).

The Company held an investment in Blackrock's Institutional Sterling Liquidity Fund plc of £1,062,000 (2016: £1,508,000) which for the year ended 31 October 2017 has been presented in the financial statements as a cash equivalent.

In addition to the above services, BlackRock has provided the Company with marketing services. The total fees paid or payable for these services for the year ended 31 October 2017 amounted to £22,000 including VAT (2016: (£8,000)). Marketing fees of £22,000 including VAT were outstanding at 31 October 2017 (2016: £12,000).

19. RELATED PARTY DISCLOSURE

Disclosures of the Directors' interests in the ordinary shares of the Company and fees and expenses payable to the Directors are set out in the Directors' Remuneration Report on pages 26 to 29. At 31 October 2017, £7,000 (2016: £7,000) was outstanding in respect of Directors' fees.

20. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 October 2017 (2016: nil).

Additional information

Shareholder information

FINANCIAL CALENDAR

The timing of the announcement and publication of the Company's results may normally be expected in the months shown below:

December

Annual results announced and the annual report and financial statements published.

March

Annual General Meeting.

March

Final dividend paid.

June

Half yearly figures to 30 April announced and half yearly financial report published.

September

Interim dividend paid.

DIVIDEND – 2017

The proposed final dividend in respect of the year ended 31 October 2017 is 4.10 pence per share. The Board also declared an interim dividend of 2.50 pence per share which was paid on 1 September 2017 to shareholders on the register on 14 July 2017.

Ex-dividend date (shares transferred without the dividend)	1 February 2018
Record date (last date for registering transfers to receive the dividend)	2 February 2018
Last date for DRIP elections	16 February 2018
Dividend payment date	9 March 2018

PAYMENT OF DIVIDENDS

Cash dividends will be sent by cheque to the first named shareholder at their registered address. Dividends may also be paid directly into a shareholder's bank account and this can be arranged by contacting the Company's registrar Computershare Investor Services PLC through their secure website investorcentre.co.uk, or by telephone on 0370 703 0076 or by shareholders completing the Mandate Instructions section on the reverse of their dividend counterfoil and sending it to the Company's registrar, Computershare.

Dividend confirmations will be sent to shareholders at their registered address, unless other instructions have been given, to arrive on the payment date.

DIVIDEND TAX ALLOWANCE

From April 2016 dividend tax credits have been replaced by an annual £5,000 tax-free allowance on dividend income across an individual's entire share portfolio. 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 the dividends paid and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

With effect from April 2018, the tax free allowance will reduce from £5,000 to £2,000. If you have tax related queries please contact a financial adviser.

DIVIDEND REINVESTMENT PLAN (DRIP)

Shareholders may request that their dividends be used to purchase further shares in the Company. Dividend reinvestment forms may be obtained from Computershare Investor Services PLC, through their secure website investorcentre.co.uk, or by telephone on 0370 703 0076. Shareholders who have already opted to have their dividends reinvested do not need to reapply. The last date for registering for this service for the forthcoming dividend is 16 February 2018.

SHARE PRICE

The Company's mid-market share price is quoted daily in The Financial Times and The Times under "Investment Companies" and in The Daily Telegraph under "Investment Trusts". The share price is also available on the BlackRock website at blackrock.co.uk/brig.

ISIN/SEDOL NUMBERS

The ISIN/SEDOL numbers and mnemonic codes for the Company's shares are:

	Ordinary shares
ISIN	GB0030961691
SEDOL	3096169
Reuters Code	BRIG.L
Bloomberg Code	BRIG: LN

SHARE DEALING

Investors wishing to purchase more shares in the Company or sell all or part of their existing holding may do so through a stockbroker. Most banks also offer this service.

For existing shareholders the Company's registrar, Computershare Investor Services PLC, has both a telephone and internet share dealing service. The telephone share dealing service is available by contacting 0370 703 0084. To access the internet share dealing service you will need to log on to computershare.com/sharedealingcentre. To use these services, you will need your shareholder reference number, which is detailed on your share certificate.

Internet dealing – The fee for this service is 1% of the value of each sale or purchase of shares (minimum £20 for nominee trades and £30 for certificated trades). Stamp duty of 0.5% is also payable on purchases.

Telephone dealing – The fee for this service will be 1% of the value of the transaction (plus £25 for nominee trades and £35 for certificated trades). Stamp duty of 0.5% is also payable on purchases.

CREST

The Company's shares may be held in CREST, an electronic system for uncertificated securities trading.

Private investors can continue to retain their share certificates and remain outside the CREST system. Private investors are able to buy and sell their holdings in the same way as they did prior to the introduction of CREST, although there may be differences in dealing charges.

ELECTRONIC COMMUNICATIONS

We encourage you to play your part in reducing our impact on the environment and elect to be notified by email when your shareholder communications become available online. This means you will receive timely, cost-effective and greener online annual reports, half yearly financial reports and other relevant documentation.

Shareholders who opt for this service will receive an email from Computershare with a link to the relevant section of the BlackRock website where the documents can be viewed and downloaded. Please submit your email address by visiting investorcentre.co.uk/ecomms. You will require your shareholder reference number which you will find on your share certificate or dividend confirmation.

You will continue to receive a printed copy of these reports if you have elected to do so. Alternatively, if you have not submitted your email address nor have elected to receive printed reports, we will write and let you know where you can view these reports online.

ELECTRONIC PROXY VOTING

Shareholders are able to submit their proxy votes electronically via Computershare's internet site at eproxyappointment.com using their shareholder reference number, control number and a unique identification PIN which will be provided with voting instructions and the Notice of Annual General Meeting.

CREST members who wish to appoint one or more proxies or give an instruction through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. Further details are set out in the notes on the Form of Proxy and the Notice of Annual General Meeting.

ANNUAL GENERAL MEETING

This year's AGM will be held at 12.00 noon on Wednesday, 7 March 2018. If you are unable to attend the meeting you can view it online following the meeting via a link on the Company's website at www.blackrock.co.uk/brig.

NOMINEE CODE

Where shares are held in a nominee company name, the Company undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance;
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available.

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend the Company's general meetings.

PUBLICATION OF NET ASSET VALUE/PORTFOLIO ANALYSIS

The net asset value (NAV) per share of the Company is calculated daily. Details of the Company's investments and performance are published monthly.

The daily NAV per share and monthly Information are released through the London Stock Exchange's Regulatory News Service and are available on the BlackRock website at blackrock.co.uk/brig and through the Reuters News Service under the code "BLRKINDEX", on page 8800 on Topic 3 (ICV terminals) and under "BLRK" on Bloomberg (monthly information only).

ONLINE ACCESS

Other details about the Company are also available at blackrock.co.uk/brig. The financial statements, factsheets and other literature are published on the website.

Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Shareholders can also manage their shareholding online by using Investor Centre, Computershare's secure website, at investorcentre.co.uk. To access the website you will need your shareholder reference number (SRN) which can be found on paper or electronic communications from Computershare. Listed below are the most frequently used features of the website.

- Holding enquiry – view balances, values, history, payments and reinvestments.

Additional information

Shareholder information continued

- Payments enquiry – view your dividends and other payment types.
- Address change – change your registered address.
- Bank details update – choose to receive your dividend payment directly into your bank account instead of by cheque.
- e-Comms sign-up – choose to receive email notification when your shareholder communications become available instead of paper communications.
- Outstanding payments – reissue payments using the online replacement service.
- Downloadable forms – including dividend mandates, stock transfer, dividend reinvestment and change of address forms.

SHAREHOLDER ENQUIRIES

The Company's registrar is Computershare Investor Services PLC. In the event of queries regarding your holding of shares, please contact the registrar on 0370 703 0076. Certain details relating to your holding can also be checked through the Computershare Investor Centre website. As a security check, specific information will need to be input accurately to gain access to your account including your shareholder reference number. The address of the Computershare website is investorcentre.co.uk.

Changes of name or address must be notified to the registrar either through Computershare's website or in writing to:

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

GENERAL ENQUIRIES

Enquiries about the Company should be directed to:

The Company Secretary
BlackRock Income and Growth Investment Trust plc
12 Throgmorton Avenue, London, EC2N 2DL
Telephone: 020 7743 3000
Email: cosec@blackrock.com

Additional information

Analysis of ordinary shareholders at 31 October 2017

BY TYPE OF HOLDER

	Number of shares	% of total 2017	% of total 2016	Number of holders	% of total 2017	% of total 2016
Private investors	14,200,608	57.7	24.3	801	85.5	82.7
Banks and nominee companies	9,724,092	39.5	73.7	116	12.4	15.2
Other	689,568	2.8	2.0	20	2.1	2.1
	24,614,268	100.0	100.0	937	100.0	100.0

BY SIZE OF HOLDING

	Number of shares	% of total 2017	% of total 2016	Number of holders	% of total 2017	% of total 2016
1 – 10,000	1,596,920	6.5	6.9	771	82.5	81.5
10,001 – 100,000	4,051,194	16.5	17.8	133	14.2	15.0
100,001 – 1,000,000	6,965,607	28.3	32.0	26	2.8	3.1
1,000,001 – 10,000,000	12,000,547	48.7	43.3	7	0.5	0.4
	24,614,268	100.0	100.0	937	100.0	100.0

Ten year record

Year ended 31 October	Net revenue attributable to ordinary shareholders	Earnings per share	Dividend per share	Total net assets	Net asset value per ordinary share	Share price	Total expense/ ongoing charges ratios[1]
	£'000	p	p	£'000	p	p	%
2008	2,447	6.08	5.35[2]	43,462	112.47	106.00	1.26
2009	1,607	4.42	5.10	44,364	127.80	123.50	1.47
2010	1,501	4.58	5.10	46,023	146.94	142.00	1.57
2011	1,366	4.46	5.10	40,687	139.62	133.00	1.00
2012	1,290	4.52	5.25	41,947	147.81	137.00	1.16
2013	1,576	5.63	5.50	45,491	166.03	164.50	1.10
2014	1,524	5.66	5.70	45,194	170.68	167.25	1.21
2015	1,758	6.68	6.00	49,231	187.69	184.25	1.02
2016	1,803	6.93	6.30	48,307	190.53	185.00	1.00
2017	1,668	6.63	6.60	51,680	209.96	205.50	1.08

1 Based on average net assets for the year. Effective 2011, the ongoing charges ratio is calculated in accordance with the AIC recommended methodology for the calculation of ongoing charges. Until 2010, the total expense ratio was calculated based on total net assets at year end.
2 Including a special dividend of 0.25 pence.

Additional information

Management & other service providers

Registered Office
(Registered in England, No. 4223927)
12 Throgmorton Avenue
London EC2N 2DL

Investment Manager and Company Secretary
BlackRock Investment Management (UK) Limited*
12 Throgmorton Avenue
London EC2N 2DL
Email: cosec@blackrock.com

Alternative Investment Fund Manager
BlackRock Fund Managers Limited*
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000

Depositary, Custodian and Banker
Bank of New York Mellon (International) Limited*#
One Canada Square
London E14 5AL

Registrar
Computershare Investor Services PLC*
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 703 0084

Auditor
Deloitte LLP
Statutory Auditors
Hill House
1 Little New Street
London EC4A 3TR

Lender
ING Luxembourg S.A
52, route d'Esch
Grand Duchy of Luxembourg
L-2965 Luxembourg

Stockbroker
JPMorgan Cazenove Limited*
25 Bank Street
Canary Wharf
London E14 5JP

Solicitor
Stephenson Harwood LLP
1 Finsbury Circus
London, EC2M 7SH

The Bank of New York Mellon (International) Limited was appointed as the Company's depositary with effect from 1 November 2017. Prior to this the appointed depositary was BNY Mellon Trust & Depositary (UK) Limited.
* Authorised and regulated by the Financial Conduct Authority.

Additional information

AIFMD disclosures

REPORT ON REMUNERATION

The Alternative Investment Fund Managers' Directive (the AIFMD) requires certain disclosures to be made with regard to the remuneration policy of the Company's AIFM.

Details of the BlackRock AIFM Remuneration Policy are disclosed on the website at blackrock.co.uk/brig and have applied to the Manager since 1 January 2015, being the beginning of the first financial year of BlackRock following the Manager's authorisation as an AIFM.

QUANTITATIVE REMUNERATION DISCLOSURE

Disclosures in accordance with FUND 3.3.5, Article 22(2)e and 22(2)(f) of the AIFMD and Article 107 of the Delegated Regulation are disclosed on the website at blackrock.co.uk/brig.

LEVERAGE

The Company may employ leverage and borrow cash in accordance with its stated investment policy or investment strategy. Consistent with its investment objectives and policy, the Company may utilise derivative instruments as part of its investment policy. The use of derivatives may expose the Company to a higher degree of risk. In particular, derivative contracts can be highly volatile and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard underlying bonds or equities. Leveraged derivative positions can therefore increase the Company's volatility. The use of borrowings and leverage has attendant risks and can, in certain circumstances, substantially increase the adverse impact to which the Company's investment portfolio may be subject. No derivatives were used for leverage purposes during the year.

For the purposes of this disclosure, leverage is any method by which the Company's exposure is increased, whether through borrowing of cash or securities, or leverage embedded in foreign exchange forward contracts or by any other means.

The AIFMD requires that each leverage ratio be expressed as the ratio between a Company's exposure and its NAV, and prescribes two required methodologies, the gross methodology and the commitment methodology (as set out in AIFMD Level 2 Implementation Guidance), for calculating such exposure.

Using the methodologies prescribed under the AIFMD, the leverage of the Group and Company is disclosed in the following table :

	Commitment Leverage as at 31 October 2017	Gross Leverage as at 31 October 2017
Leverage ratio	1.08	1.06

OTHER RISK DISCLOSURES

The financial risk disclosures relating to risk framework and liquidity risk are set out in note 16 to the notes to the financial statements on pages 56 to 62.

PRE INVESTMENT DISCLOSURES

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the Company's website at blackrock.co.uk/brig.

There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

FOR AND ON BEHALF OF THE BOARD
KEVIN MAYGER
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
20 December 2017

Additional information

Information to be disclosed in accordance with Listing Rule 9.8.4

The disclosures below are made in compliance with the requirements of Listing Rule 9.8.4.

9.8.4 (1) The Company has not capitalised any interest in the period under review.

9.8.4 (2) The Company has not published any unaudited financial information in a class 1 circular or prospectus or any profit forecast or profit estimate.

9.8.4 (3) This provision has been deleted.

9.8.4 (4) The Company does not have any long term incentive schemes in operation.

9.8.4 (5) and (6) No Director of the Company has waived or agreed to waive any current or future emoluments from the Company.

9.8.4 (7) The Company has not allotted any equity securities for cash in the period under review.

The Company is a stand-alone entity therefore Listing Rules 9.8.4 (8) and 9.8.4 (9) are not applicable.

9.8.4 (10) There were no contracts of significance subsisting during the period under review to which the Company is a party and in which a Director of the Company is or was materially interested; or between the Company and a controlling shareholder.

9.8.4 (11) This provision is not applicable to the Company.

9.8.4 (12) and (13) There were no arrangements under which a shareholder has waived or agreed to waive any dividends or future dividends.

9.8.4 (14) This provision is not applicable to the Company.

FOR AND ON BEHALF OF THE BOARD
KEVIN MAYGER
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
20 December 2017

Annual general meeting

Notice of annual general meeting

Notice is hereby given that the seventeenth Annual General Meeting of BlackRock Income and Growth Investment Trust plc will be held at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on Wednesday, 7 March 2018 at 12.00 noon for the purpose of considering and, if thought fit, passing the following resolutions (which will be proposed in the case of resolutions 1 to 9, as ordinary resolutions and, in the case of resolutions 10 and 11, as special resolutions).

ORDINARY BUSINESS

1. To receive the report of the Directors of the Company and the financial statements for the year ended 31 October 2017, together with the report of the Auditor thereon.

2. To approve the Directors' Remuneration Report for the year ended 31 October 2017.

3. To approve a final dividend for the year ended 31 October 2017 of 4.10 pence per ordinary share in the capital of the Company.

4. To re-elect Mr Luckraft as a Director.

5. To re-elect Mr Gold as a Director.

6. To reappoint Deloitte LLP as Auditor to the Company to hold office until the conclusion of the next Annual General Meeting of the Company.

7. To authorise the Audit Committee to determine the Auditor's remuneration.

SPECIAL BUSINESS

ORDINARY RESOLUTIONS

8. That the Company should continue in being as an investment trust.

9. That, in substitution for all existing authorities, the Directors of the Company be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the Act), to exercise all the powers of the Company to allot relevant securities in the Company (as defined in that section) up to an aggregate nominal amount of £85,379.93, (being 35% of the aggregate nominal amount of the issued ordinary share capital, excluding treasury shares, of the Company at the date of this notice) provided this authority shall (unless previously revoked) expire at the conclusion of the Company's Annual General Meeting to be held in 2019, but the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot such securities pursuant to any such offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTIONS

10. That, in substitution for all existing authorities and subject to the passing of resolution 9, the Directors of the Company be and are hereby empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the Act) to allot equity securities (as defined in section 560 of the Act) and to sell equity securities held by the Company as treasury shares (as defined in section 724 of the Act) for cash pursuant to the authority granted by the resolution numbered 9, as if section 561(1) of the Act did not apply to any such allotments and sales of equity securities, provided that this power:

    (a) shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2019, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or sold after such expiry and not withstanding such expiry the Directors may allot and sell equity securities in pursuance of such offers or agreements;

    (b) shall be limited to the allotment of equity securities and/or the sale of equity securities held in treasury for cash up to an aggregate nominal amount of £85,379.93 (representing 35% of the aggregate nominal amount of the issued ordinary share capital, excluding treasury shares, of the Company at the date of this notice); and

    (c) shall be limited to the allotment of equity securities and/or sale of equity securities held in treasury at a price not less than the net asset value per ordinary share as close as practicable to the allotment or sale.

11. That, in substitution for the Company's existing authority to make market purchases of ordinary shares of 1p each in the Company (Ordinary Shares), the Company be and is hereby generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the Act) to make market purchases of Ordinary Shares (within the meaning of section 693 of the Act), provided that:

    (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 3,656,700 or, if less, the number of Ordinary Shares which is equal to 14.99% of the Company's issued ordinary share capital (excluding treasury shares) as at 7 March 2018;

    (b) the minimum price (exclusive of expenses) which may be paid for any such Ordinary Share shall be 1p being the nominal value per share;

    (c) the maximum price (exclusive of expenses) which may be paid for any such Ordinary Share shall be the higher of: (i) 105% of the average of the middle market quotations (as derived from the Official List) of the

Annual general meeting

Notice of annual general meeting continued

Ordinary Shares for the five dealing days prior to the date on which the market purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of and (b) the highest current independent bid for, any number of Ordinary Shares on the trading venue where the purchase is carried out; and

(d) unless renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2019 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under the authority hereby conferred and may make a purchase of Ordinary Shares pursuant to any such contract not withstanding such expiry.

All Ordinary Shares purchased pursuant to the above authority shall be either:

(i) held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Act; or

(ii) cancelled immediately upon completion of the purchase.

BY ORDER OF THE BOARD
KEVIN MAYGER, FOR AND ON BEHALF OF
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
20 December 2017

Registered Office:
12 Throgmorton Avenue
London EC2N 2DL

Notes:

1. A member entitled to attend and vote at the meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend, speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.
2. To appoint a proxy you may use the form of proxy enclosed with this document. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned to the office of the Company's registrar in accordance with the instructions printed thereon as soon as possible and in any event by not later than 12.00 noon on 5 March 2018. Amended instructions must also be received by the Company's registrar by the deadline for receipt of forms of proxy. Alternatively you can vote or appoint a proxy electronically by visiting www.eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the form of proxy. The latest time for the submission of proxy votes electronically is 12.00 noon on 5 March 2018.
3. Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
4. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a Nominated Person) should note that the provisions in Notes 1 and 2 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only ordinary shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such agreement to give instructions to the member as to the exercise of voting rights at the meeting.
5. Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy the information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from the Nominated Person.
6. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only ordinary shareholders registered in the register of members of the Company by not later than 6.00 p.m. two days prior to the time fixed for the meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at such time. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00 p.m. two days prior to the time of the adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
8. Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's registrar by not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: euroclear.com/CREST. Shareholders are advised that CREST and the internet are the only methods by which completed proxies can be submitted electronically.
9. If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare (ID number 3RA50) not later than 48 hours before the start of the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company, who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
11. Any question relevant to the business of the meeting may be asked at the meeting by anyone permitted to speak at the meeting. A shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under section 319A of the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the meeting, unless (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
12. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative. Representatives should bring to the meeting evidence of their appointment, including any authority under which it is signed.

Annual general meeting

Notice of annual general meeting continued

13. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
    (i) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are laid before the meeting; or
    (ii) any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006.

    The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
14. Under sections 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company:
    (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or
    (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business.

    A resolution may properly be moved or a matter may properly be included in the business unless:
    (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);
    (b) it is defamatory of any person; or
    (c) it is frivolous or vexatious.

    Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 24 January 2018, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
15. As at the date of this report, the Company's issued share capital comprised 24,394,268 ordinary shares of 1p each, excluding shares held in treasury. Each ordinary share carries the right to one vote and therefore the total voting rights in the Company as at the date of this report are 24,394,268.
16. Further information regarding the meeting which the Company is required by section 311A of the Companies Act 2006 to publish on a website in advance of the meeting (including this Notice), can be accessed at blackrock.co.uk/brig.
17. No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Articles of Association.

Glossary

NET ASSET VALUE PER SHARE (CUM INCOME NAV)

This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing "equity shareholders' funds" by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 31 October 2017, equity shareholders' funds were worth £51,680,000 and there were 24,614,268 ordinary shares in issue (excluding treasury shares); the undiluted NAV was therefore 209.96 pence per ordinary share (please see note 9 of the financial statements for the audited inputs to the calculations).

Equity shareholders' funds are calculated by deducting from the Company's total assets, its current and long term liabilities and any provision for liabilities and charges.

NET ASSET VALUE PER SHARE WITH INCOME REINVESTED (TOTAL RETURN NAV)

This is the theoretical return on shareholders' funds per share, reflecting the change in value of the NAV per share assuming that dividends paid to shareholders were reinvested at the first opportunity (please see note 9 of the financial statements for the audited inputs to the calculations).

As at 31 October 2017, the cum income NAV stood at 209.96p; a reinvestment factor of 1.527 (rounded) was applied to reach a calculation of NAV with income reinvested of 320.56p.

DISCOUNT

Investment trust shares frequently trade at a discount to NAV. This occurs when the share price is less than the NAV. In this circumstance, the price that an investor pays or receives for a share would be less than the value attributable to it by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV. For example, if the share price was 90p and the NAV 100p, the discount would be 10% (please see note 9 of the financial statements for the audited inputs to the calculations).

PREMIUM

A premium occurs when the share price is more than the NAV and investors would therefore be paying more than the value attributable to the shares by reference to the underlying assets. For example, if the share price was 100p and the NAV 90p, the premium would be 11.1% (please see note 9 of the financial statements for the audited inputs to the calculations).

Discounts and premiums are mainly the consequence of supply and demand for the shares on the stock market.

BENCHMARK

The Company's benchmark index, used for both performance comparative purposes and for the calculation of the performance fee is the FTSE All-Share on a total return basis.

LEVERAGE

Leverage is defined in the AIFM Directive as "any method by which the AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means".

Leverage is measured in terms of 'exposure' and is expressed as a ratio of net asset value:

Leverage ratio = exposure: net asset value

The Directive sets out two methodologies for calculating exposure. These are the Gross Method and the Commitment Method. The process for calculating exposure under each methodology is largely the same, except that, where certain conditions are met, the Commitment Method enables instruments to be netted off to reflect 'netting' or 'hedging' arrangements and the entity's exposure is effectively reduced.

ONGOING CHARGES RATIO

$$\text{Ongoing charges (\%)} = \frac{\text{Annualised ongoing charges}}{\text{Average undiluted net asset value in the period}}$$

Ongoing charges are those expenses of a type which are likely to recur in the forseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund, excluding the costs of acquisition/disposal of investments, financing charges and gains/losses arising on investments (as set out in note 5 of the notes to the financial statements on page 52). Ongoing charges are based on costs incurred in the year as being the best estimate of future costs and include the annual management charge.

GEARING

The Company may utilise gearing. Gearing works by magnifying the company's performance. If a company 'gears up' and then markets rise and the returns on the investments outstrip the costs of borrowing, the overall returns to investors will be even greater. But if markets fall and the performance of the assets in the portfolio is poor, then losses suffered by the investor will also be magnified.

Financial Conduct Authority

Be ScamSmart

Investment scams are designed to look like genuine investments.

In association with the Institute of Chartered Secretaries and Administrators Registrars Group

Spot the warning signs.

Have you been...

- **contacted out of the blue**
- **promised tempting returns and told the investment is safe**
- **called repeatedly, or**
- **told the offer is only available for a limited time?**

If so, you might have been contacted by fraudsters.

How to avoid share fraud

1. **Reject cold calls**
   If you've been cold called with an offer to buy or sell shares, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2. **Check the firm on the FS register at www.fca.org.uk/register**
   The Financial Services Register is a public record of all the firms and individuals in the financial services industry that are regulated by the FCA.

3. **Get impartial advice**
   Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Remember: if it sounds too good to be true, it probably is!

Report a scam

If you suspect that you have been approached by fraudsters please tell the FCA using the share fraud reporting form at **www.fca.org.uk/scams**, where you can find out more about investment scams. You can also call the FCA Consumer Helpline on **0800 111 6768**.

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk.

Find out more at **www.fca.org.uk/scamsmart**

April 2015

Contents

blackrock.co.uk/brig

BLACKROCK®

Park Communications 31434