THE LINDSELL TRAIN INVESTMENT TRUST PLC

Report and Financial Statements

For the year ended 31 March 2016

Company Summary

The Company

The Company is an investment trust and its shares are listed on the premium segment of the Official List and traded on the main market of the London Stock Exchange. The Company is a member of the Association of Investment Companies ("AIC").

The Company is a Small Registered Alternative Investment Fund ("AIF") under the European Union Alternative Investment Fund Managers' Directive ("AIFMD"). The Board is the Alternative Investment Fund Manager ("AIFM").

Management

The Company has appointed Lindsell Train Limited ("LTL") as Investment Manager. Accounting, company secretarial and administrative services are provided by Maitland Administration Services Limited (formerly Phoenix Administration Services Limited). Further details of the terms of these appointments are provided on page 67.

Investment Objective

The objective of the Company is to maximise long-term total returns with a minimum objective to maintain the real purchasing power of Sterling capital. The Investment Policy is described on page 10.

Performance and Benchmark

The performance highlights are provided on page 2.

The performance benchmark is the annual average running yield on the longest-dated UK government fixed rate bond, currently UK Treasury 3.5% 2068, calculated using weekly data, plus a premium of 0.5%, subject to a minimum yield of 4.0%.

Dividend

A final dividend of £8.10 per Ordinary Share (2015: £6.42) and a special dividend of £0.80 per Ordinary Share (2015: £0.78) is proposed for the year ended 31 March 2016. If these dividends are approved by Shareholders, they will be paid on 9 September 2016 to Shareholders on the register at close of business on 19 August 2016 (ex-dividend 18 August 2016).

Annual General Meeting

A notice of the Annual General Meeting, scheduled for 31 August 2016 at the St Ermin's Hotel, 2 Caxton Street, London, SW1H 0QW, is provided on pages 68 and 69.

Capital Structure

The Company's capital structure is composed of 200,000 Ordinary Shares of 0.75p each. Details are given in note 14 to the Financial Statements on page 54.

THIS DOCUMENT IS IMPORTANT and, if you are a holder of Ordinary Shares, requires your immediate attention. If you are in doubt as to what action to take, you should seek advice from your own independent personal financial advisor. If you have sold or otherwise transferred all of your Ordinary Shares in the capital of the Company you should send this document, and the Form of Proxy which accompanies it, immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected.

Contents

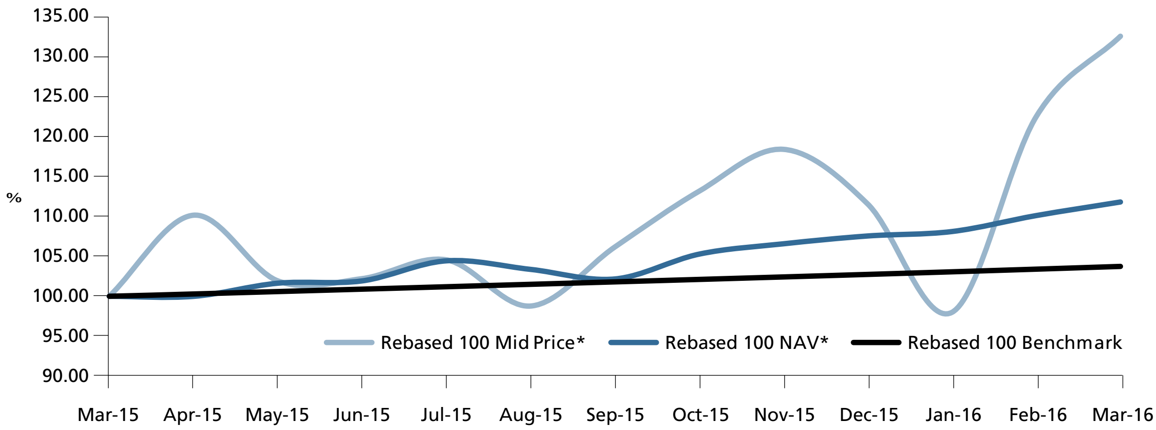
Strategic Report

The Directors present their Strategic Report for the Company for the year ended 31 March 2016. The report contains: a review of the Company's strategy, an analysis of its performance during the financial year and its future developments, and, details of the principal risks and challenges that it faces. Its purpose is to inform the Shareholders of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company.

Reviews of the year and commentary on the future outlook are presented in the Chairman's Statement on pages 3 to 5 and the Investment Manager's Report on pages 8 and 9. The Company's Investment Objective and Investment Policy are set out on page 10.

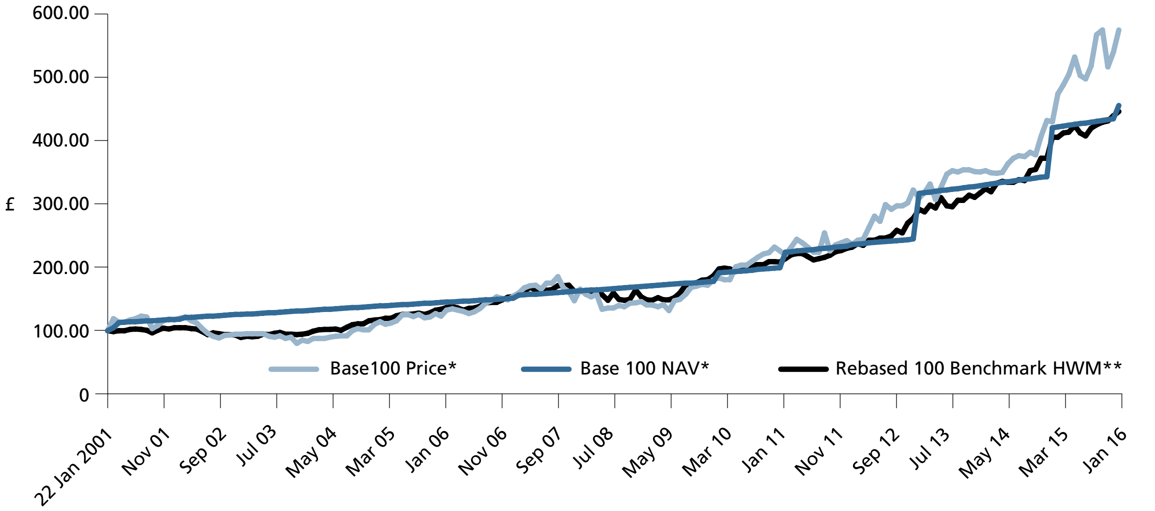
Performance

Share price performance relative to the net asset value and benchmark for the year ended 31 March 2016 (based on total performance with reinvested net dividend)



**Figures are rebased to show the performance per £100 invested.*

Share price performance relative to the net asset value and benchmark since inception on 22 January 2001 to 31 March 2016



**The NAV and share price are unadjusted for dividends.*
***Benchmark adjusted for inclusion of the high watermark.*

Source: Bloomberg and Lindsell Train Limited

Strategic Report

Highlights for the Year

Performance comparisons	Change
Middle market share price per Ordinary Share*	35.6%
Net asset value per Ordinary Share*	11.9%
Benchmark†	4.0%
MSCI World Index (Sterling)	(0.3)%
UK RPI Inflation (all items)	1.6%

* Calculated on a total return basis. The net asset value and the share price at 31 March 2016 have been adjusted to include a dividend of £6.42 per Ordinary Share and a special dividend of £0.78 per Ordinary Share paid on 11 September 2015.

† The annual average running yield on the longest-dated UK government fixed rate bond, currently UK Treasury 3.5% 2068, calculated using weekly data, plus a premium of 0.5%, subject to a minimum yield of 4.0%.

Chairman's Statement

In a year when the Company's net asset value ('NAV') total return per share increased by 11.9%, the share price (adjusted to include dividends) was up by 35.6%. This resulted in a significant increase in the share price premium to NAV, up from 5.9% to 28.6%. Both the performance of the share price and of the NAV not only well exceeded the return on the Company's Benchmark, but also world equity markets. The Benchmark was up 4.0% and the MSCI World Index (Sterling) was down 0.3% over the year to 31st March 2016.

Since the formation of the Company 15 years ago, the NAV total return has been 11.8% per annum, the Benchmark has compounded by 4.6% per annum and the MSCI World Index by 4.0% per annum. Over that same period UK inflation, as measured by the RPI index, was 2.8% per annum. Not only has the Company preserved Shareholders' capital in real terms – the minimum objective of the Company – but, in addition, it has greatly increased the same.

The overwhelming contributor to this return over the last year, and indeed since inception, has been the rise in the value of the Company's holding in LTL. In 2001 this investment represented just 0.3% of NAV. By the end of this financial year, it had risen to 32.5% of NAV. Last year, LTL's dividends accounted for 68% of the Company's revenue. The success of LTL has contributed to investors' confidence in the future prospects for the Company as reflected in the current share price premium.

If we excluded the contribution the holding in LTL has made to returns (its rise in capital value and the accumulated dividends) since the Company began, the annualised total return would have been 8.1% – notably lower than the 11.8% actual return, but still a commendable achievement relative to the performance of the Benchmark and world equity markets.

When the Company was founded, it charged fees to investors with reference to its market capitalisation, unlike most Investment Trusts which charged with reference to their NAVs. This method of calculation was designed to align fees more readily with the market's value of the Company, as at the time almost all Investment Trusts traded at a discount to their NAVs. From

Strategic Report

Chairman's Statement continued

June 2010 to March 2015, the Company's shares traded at a 9% average premium to NAV. However, in the last year, the premium has built up to a much higher average level of 22%. The Board and the Investment Manager felt uncomfortable about charging fees on such a high premium and accordingly from 1st April 2016 the management fee has been levied instead on the lower of the Company's NAV or market capitalisation. This action also brought it into line with the change to the basis of charging the performance fee (adjusted two years ago). On the assumption that this elevated premium endures, this will reduce management fees by c.25% on a constant NAV and should help to contain the Company's ongoing charges (excluding performance fees) that amounted to 1.2% last year.

Given the significance of the LTL holding to the Company, we have included in this year's report and accounts a dedicated section on pages 61 to 65 to describe the performance, strategy and prospects for LTL. This allows Shareholders to come to their own independent judgements about its value.

We are aware that LTL's high premium may, in part, be attributable to what some investors perceive as the overly conservative valuation the Directors determine for the LTL shareholding. The Directors, on the other hand, judge the valuation to be realistic, cautioning that higher estimates of value may fail to adequately allow for the risk that the business is unable to endure beyond the tenure of the two founders. We are urging LTL to think about these succession issues and the founders on their part keep them constantly under consideration. On that note it is encouraging that in March the Company sold three shares of LTL outright, and granted an option to sell one further share from March 2019 onwards at the same price, to James Bullock. James joined LTL's investment team in 2010 and now has joint responsibility for managing LTL's Global Equity portfolios. At the same time, LTL's founders granted options to James on two shares each on the same terms. It may be a small transaction in the context of the Company but it represents a significant and encouraging long term commitment on the part of both the employee and employer.

One feature of the Investment Manager's approach to investment is an expectation to hold its investments for the long term. Seven of the eleven quoted equity investments which we hold today were in the fund ten years ago. The Company's annual turnover of 5% is consistent with an average holding period for its investments of 20 years. All companies in the portfolio are expected to earn above average returns on capital over extended time periods. If the Investment Manager's judgement is correct this brings long term benefits, not only by capitalising on the compounded growth that is generally a feature of these companies, but also by keeping dealing costs down. Of course all the companies in the portfolio are subject to competitive forces and, in the Investment Manager's view, it is the pressures created by technological change that pose the biggest threat. There were just two holdings in the portfolio that registered negative returns last year – Nintendo (-9%) and Pearson (-40%). The reason, in both cases, was that other investors fear that changes in technology will undermine their longstanding business models sufficiently to damage future returns. The Investment Manager on the other hand takes the opposite view, believing that technological advances have just as much chance of boosting returns and raising barriers to entry, if these companies successfully embrace change. While these tensions are played out share prices can experience large declines, as has happened with Nintendo and Pearson recently. Of course, there is the risk that LTL's judgement may prove misplaced. As the Investment Manager would readily acknowledge, any such eventuality would most likely result in the crystallisation of a large loss on the position. We hope this will not be the case here. Fortunately there have been only a few instances of this occurring in the history of the Company but when it happens it is invariably painful.

More generally there is no doubt that the Company's NAV is vulnerable to a setback in markets. The Company's portfolio is fully invested and the fortunes of its biggest holding, LTL, making up one third of the NAV, is dependent in part on the levels of markets. Markets have risen uninterrupted by any sustained setback in prices for seven years. They are supported by the most accommodative monetary policies we have ever known. Some view markets as historically expensive on conventional measures – i.e. trading on low dividend yields – and other investors advise caution or have reduced exposure to equities. Rather than second guessing the market, the Investment Manager believes that the Company's investments, unlike many other alternatives in the wider market, have a rare ability to sustain high returns on capital, similar to the rates most have achieved in the past, for many years into the future. They acknowledge that these characteristics will not prevent prices falling in the short term in any general market sell-off but think they should result in above average compounded returns over longer periods.

As a demonstration of this in practice in the past, the Company's revenues - primarily derived from the dividends paid by our investments- were up 25% last year, led by the 33% growth in the LTL dividend. Reflecting the rise in revenues, net profits were up 26%. This allows the Directors to propose a rise in the Company's total dividends of 29% to £8.90 per share, made up of an ordinary dividend of £8.10 and a special dividend of £0.80 per share. Since a dividend was first paid in 2003, the annual total dividend paid by the Company has grown by an annual rate of 15.9%.

After 10 years on the Board Dominic Caldecott retired at the beginning of June. I would like to thank him on behalf of the other Directors and all Shareholders for his contribution and especially his investment insights over the years which will be missed by us all. We wish him well for the future.

Julian Cazalet
Chairman
9 June 2016

Strategic Report

Portfolio Holdings at 31 March 2016

(All Ordinary Shares unless otherwise stated)

Holding	Security	Fair value £'000	% of total assets	*Look-through basis % of total assets*†
647	Lindsell Train Limited	28,712	*32.40*	*32.40*
1	Lindsell Train Limited*	43	*0.05*	*0.05*
420,500	Diageo	7,910	*8.93*	*9.37*
1,263,393	Barr (AG)	6,690	*7.55*	*7.63*
210,000	Unilever	6,620	*7.47*	*7.98*
224,000	London Stock Exchange	6,317	*7.13*	*7.45*
6,555,661	Lindsell Train Japanese Equity Fund - B	5,547	*6.26*	*5.68*
323,000	RELX	4,176	*4.71*	*5.14*
41,000	Nintendo	4,061	*4.58*	*5.32*
73,000	Heineken	3,969	*4.48*	*4.87*
101,000	PayPal	2,712	*3.06*	*3.17*
96,552	Mondelez International	2,695	*3.04*	*3.29*
300,000	Pearson	2,625	*2.96*	*3.28*
420,000	Finsbury Growth & Income Trust	2,537	*2.86*	*1.34*
297,249	Lindsell Train Global Equity LLC	2,352	*2.65*	*1.10*
75,500	eBay	1,253	*1.41*	*1.47*
	Total Investments	88,219	*99.54*	*99.54*
	Net current assets	407	*0.46*	*0.46*
	Total assets less current liabilities	88,626	*100.00*	*100.00*

† Look-through basis: This adjusts the percentages held in each security upwards by the amount held by Lindsell Train managed funds and adjusts the fund's holdings downwards to account for the overlap. It provides Shareholders with a measure of stock specific risk by amalgamating the direct holdings of the Company with the indirect holdings held within the Lindsell Train funds.

* Granted as an option, exercisable from 31/3/2019 until 31/3/2026.

Leverage

We detail below the balance sheet positions of these funds managed by LTL as at 31 March 2016:

Fund	Net equity exposure
Lindsell Train Global Equity LLC	99.36%
Lindsell Train Japanese Equity Fund	96.98%
Finsbury Growth & Income Trust	104.00%

Analysis of Investment Portfolio at 31 March 2016

Breakdown by geography (look-through basis)^

	2016		2015	
Long-term fixed interest				
UK	–		7.30%	
		–		7.30%
Equities				
UK	74.64%		67.47%	
USA	9.03%		9.07%	
Japan	11.00%		11.59%	
Europe	4.87%		4.60%	
		99.54%		92.73%
Cash				
USA	0.53%		(0.50)%	
Japan	0.07%		0.38%	
Europe	0.02%		0.16%	
UK	(0.16)%		(0.07)%	
		0.46%		(0.03)%
		100.00%		100.00%

Breakdown by currency (look-through basis)^

	2016	2015
£	74.48%	74.70%
US$	9.56%	8.57%
Yen	11.07%	11.97%
Euro	4.89%	4.76%
	100.00%	100.00%

^ Look-through basis: This adjusts the percentages held in each asset class, country or currency by the amount held by Lindsell Train managed funds. It provides Shareholders with a more accurate measure of country and currency exposure by aggregating the direct holdings of the Company with the indirect holdings held by the Lindsell Train funds.

Look-Through Sector Exposure

	Direct		Look-through basis	
	2016	2015	2016	2015
Consumer Franchise/Brands	31.47%	30.48%	36.97%	36.14%
Financials	39.58%	32.83%	40.78%	34.08%
Media	16.72%	17.25%	19.76%	20.51%
Healthcare	0.00%	0.00%	1.32%	1.33%
Other	0.00%	0.00%	0.60%	0.36%
Bonds	0.00%	7.30%	0.00%	7.30%
Funds	11.77%	12.17%	0.01%	0.00%
Cash & Equivalent	0.46%	(0.03)%	0.56%	0.28%
Total	100.00%	100.00%	100.00%	100.00%

Strategic Report

Investment Manager's Report year ended 31 March 2016

The portfolio today must be as highly exposed to equities as an asset class as at any time in the Company's history. Happily, this is consistent with the optimism Mike and I feel about the companies we're invested in. We also find ourselves happier about the general outlook for equity markets than the current consensus seems to allow.

Don't worry, we've not begun to suffer from the delusion we can predict prices. Indeed, recent befuddling fluctuations in markets have reinforced for me the value of Yuval Harari's conclusion about the nature of History delivered in his stimulating 2014 book "Sapiens, A Brief History of Humankind". In it, he declares of History that it is:

"A 'level two' chaotic system. A chaos that reacts to predictions made about itself and therefore can never be predicted accurately. Like markets."

As a stock market participant what I take from Harari's insight is that, like History, markets adjust to the possible impacts of anticipated future events before the events actually come to pass – so you can never know for sure just what has been already discounted in prices. This is what makes them so inscrutable.

This must mean then that the bullish indicators I'm about to table may themselves already be discounted. I certainly can't demonstrate that they are not. But I do feel confident that there is a preponderance of pessimism out there at the moment, so perhaps our cheerier thoughts may have more scope to surprise.

First, I thought the most significant comment in Warren Buffett's must-read annual letter to Berkshire Shareholders was this:

"At much of corporate America truly major gains in productivity are possible."

This is noteworthy because it contradicts the commonly expressed view that US corporate profit margins have peaked. Buffett clearly doesn't agree and neither, it must be said, do the senior executives of the companies in which LTL is invested. Recent meetings with Diageo, Heineken and perhaps most encouraging, Unilever, all revealed plans for substantive efficiency gains, often employing digital or "big data" tools unavailable to previous management teams.

Next, it was useful for me to be reminded that the long running commodity price index, the Commodity Research Bureau (CRB) – has delivered real returns of negative 1% p.a. in US Dollars over the last 50 years. In other words, recent declines in commodity prices are not so unusual and not necessarily grounds for worry about the state of the global economy. Instead equity investors should be cheering. This inexorable fall in real commodity prices is what has allowed, for instance, the cost of feeding a US family to fall from 33% of the average household income in 1955 to 15% today. As humanity gets smarter at digging stuff out of the ground, or tilling the soil, or harnessing energy, more people in more places live longer and better and, ultimately and to cut to the quick of it, eat more of Unilever's Magnum ice-creams.

Finally, I wonder whether investors have correctly appreciated the bullish implications of deflation – still a bogey-word for many. Lots of prices are falling, not just commodities. In his book "Free", Chris Anderson notes that the annual deflation rate in the digital world is 50%. And that means that the price of increasing numbers of products and services will soon stop falling because they will have become free. This deflation presents challenges for investors in adversely affected industries of course. But it also means that any continuing, nominal growth rates delivered by companies become increasingly valuable. We think about our holding in RELX, the former Reed Elsevier, for instance. The Company appears "stuck", churning out c.3% p.a. growth in its sales. From a historic perspective, or crucially if we were in an inflationary period, such a growth rate does indeed look pedestrian. But in 2016, with, let us arbitrarily assert, global deflation of 2% p.a. – RELX's revenue growth is actually 5% p.a. real and its nominal earnings growth of 7% is actually 9% real too. Real growth rates of this magnitude are high by past standards and we expect companies capable of sustaining them to prove very good investments. And, just as much to the point, current concerns that nominal Gross Domestic Product (GDP) growth is too slow are missing the fact that real GDP growth is much more satisfactory.

I'll close by reporting on a conversation I had recently with a wise old financial adviser. He told me his clients are increasingly exasperated with the lack of return on their cash savings and pleading with him to earn them something, anything. His problem is that he sees bonds, and particularly government bonds, as "a disaster waiting to happen". Meanwhile, "equities worry him sick". But despite that nausea he finds himself adding to his clients' holdings in equity funds (including ours, bless him), because "there's still a 3% dividend yield on many of them and dividends are still nudging up". "And that's why, Nick, equity markets aren't going to go down much or for long."

One can theorise grandly on strategic prospects for markets, but sometimes reacquainting oneself with the day to day challenges of people responsible for others' precious savings can explain a lot more!

In terms of portfolio activity our most notable decision has been to build up further the holding in London Stock Exchange (LSE). This is only in part because of our constructive view about stocks, although LSE is indeed a wonderful proxy for global wealth creation. More to the point, our longstanding target valuation for the company was already in excess of the price implied by the merger terms with the Deutsche Borse. In other words we think LSE is still cheap as a stand alone business below £30. Any consummated deal is likely to release meaningfully more value.

Nick Train
Investment Manager
Lindsell Train Limited
9 June 2016

Strategic Report

Company Profile

Investment Objective

The objective of the Company is to maximise long-term total returns with a minimum objective to maintain the real purchasing power of Sterling capital.

Investment Policy

The Investment Policy of the Company is to invest:

- in a wide range of financial assets including equities, unquoted equities, bonds, funds, cash and other financial investments globally with no limitations on the markets and sectors in which investment may be made, although there may be bias towards Sterling assets, consistent with a Sterling-dominated investment objective. The Directors expect that the flexibility implicit in these powers will assist in the achievement of the absolute returns that the investment objective requires;
- in Lindsell Train managed fund products, subject to Board approval, up to 25% of its gross assets; and
- in LTL and to retain a holding, currently 24.31%, in order to benefit from the growth of the business of the Company's Investment Manager.

The Company does not envisage changing its objective, its investment policy, or its management for the foreseeable future. The current composition of the portfolio as at 31 March 2016, which may be changed at any time (excluding investments in LTL and LTL managed funds) at the discretion of the Investment Manager within the confines of the policy stated above, is shown on pages 6 and 7.

Diversification

The Company expects to invest in a concentrated portfolio of securities with the number of equity investments averaging fifteen companies. The Company will not make investments for the purpose of exercising control or management and will not invest in securities of or lend to any one company (or other members of its group) more than 15% by value of its gross assets at the time of investment. The Company will not invest more than 15% of gross assets in other closed-ended investment funds.

Gearing

The Directors' have discretion to permit borrowings up to 50% of the Net Asset Value. However, the Directors have decided that it is in the Company's best interests to not use gearing. This is in part a reflection of the increasing size and risk associated with the Company's unquoted investment in LTL, but also in response to the additional administrative burden required to adhere to the full scope regime of the Alternative Investment Fund Managers Directive ("AIFMD") should any gearing remain in place.

Dividends

The Directors' policy is to pay annual dividends consistent with retaining the maximum permitted earnings in accordance with investment trust regulations.

Key Performance Indicators

Total return and net asset value are measured against the Benchmark and provide the key performance indicators for assessing the development and performance of the business.

Principal Data

	31 March 2016	31 March 2015	% change
Shareholders' funds (£'000)	**88,626**	80,585	10.0
Basic net asset value per Ordinary Share	**£443.13**	£402.93	10.0
Premium to NAV	**28.63%**	5.85%	
Closing mid-market price per Ordinary Share	**£570.00**	£426.50	33.7
Recommended final dividend per Ordinary Share	**£8.10**	£6.42	26.2
Recommended special dividend per Ordinary Share	**£0.80**	£0.78	2.6
Dividend yield	**1.56%**	1.69%	
Ongoing Charges	**1.20%**	1.10%	
Earnings per Ordinary Share – basic	**£47.41**	£88.18	
Revenue	**£11.60**	£9.20	
Capital	**£35.81**	£78.98	
Net asset value total return			11.9
Share price total return			35.6
Benchmark*			4.0

* The annual average running yield on the longest-dated UK Government fixed rate bond, currently UK Treasury 3.5% 2068, calculated using weekly data, plus a premium of 0.5%, subject to a minimum yield of 4%.

Five Year Historical Record

			Dividends on Ordinary Shares			
To 31 March	Gross income £'000	Net revenue available for Ordinary Shares £'000	Cost £'000	Rate (p)	Basic net asset value per Ordinary Share (£)	Mid-market price per Ordinary Share (£)
2012	1,535	1,047	830	415	231.06	235.00
2013	2,078	1,483	1,250	625	289.80	307.50
2014	2,098	1,351	1,352	676	321.51	350.50
2015	2,657	1,839	1,440	720	402.93	426.50
2016	**3,358**	**2,320**	**1,780**	**890**	**443.13**	**570.00**

Ongoing Charges

The ongoing charges (excluding the performance fee) for the year ended 31 March 2016 amounted to £1,006,000 (2015: £763,000) equivalent to 1.2% (2015: 1.1%), based on average undiluted net assets of £83,795,000 (2015: £69,361,000).

The charge for the performance fee for the year ended 31 March 2016 amounted to £362,000 based on an increase in NAV of 11.9% (2015: £1,533,000 based on an increase in NAV of 27.9%) equivalent to 0.4% (2015: 2.2%) of average undiluted net assets of £83,795,000 (2015: £69,361,000).

Strategic Report

Principal Risks

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its objective, future performance, solvency or liquidity. The Board considers at each Board meeting the key risks and its Investment Manager also closely monitors them. In the event that any factor poses a potential material risk to the Company, the Board will consider what action (if any) should be taken.

The keys risks affecting the Company are described below. Further detail on financial risks and how these are managed are discussed in note 17 to the financial statements on pages 55 to 60.

Market risk: Equity price risk is the largest component of market risk. The other lesser components of market risk are foreign exchange risk and interest rate risk, which are discussed in note 17 to the financial statements on pages 55 to 57. Market risk is monitored by the Board on a quarterly basis and on a continuous basis by the Investment Manager.

Investment performance: The Company is an investment trust and to generate returns for Shareholders it may invest in a range of different companies and sectors. Investors should be aware of certain factors which apply to the Company:

- The investment approach of the Company involves investing in a concentrated portfolio of securities (averaging around fifteen companies). When compared to most other investment trusts the number of investments is relatively few.
- Currently, the Company retains a 24.31% holding in LTL and has benefited over the years from the growth of the Company's Investment Manager. There is no guarantee that this growth will continue at the same pace or at all.
- The Investment Manager will invest in securities on the Company's behalf that it believes to be attractively valued. There is no guarantee that the perceived value of the underlying investments will be crystallised in any expected timeframe or at all.
- The Company's portfolio is constructed in a manner that does not seek to mirror any stock market index. Consequently there will be periods where performance will be quite unlike that of any index or the Benchmark and there is no guarantee that this divergence will be to the Company's advantage.
- Market liquidity in the shares of investment trusts is frequently inferior to the market liquidity of shares issued by larger companies traded on the London Stock Exchange. The Company's Ordinary Shares are traded on the London Stock Exchange Main Market but it is possible that there may not always be a liquid market in them and investors may have difficulty in selling.

The Board meets formally with the Investment Manager on a quarterly basis when the investment performance and portfolio transactions are discussed and reviewed. The Company is dependent on the services of the Investment Manager for the implementation of its investment policy.

Principal Risks continued

Loss of key personnel: The Board considers that the roles undertaken by Nick Train and Michael Lindsell are central to the performance of the Company and the loss of either could have an adverse effect on both the Company and its major investment in LTL. Key-man insurance has been established by the Company to mitigate this risk (see page 19). The Board is also encouraged by the continued development of staff at LTL who are now taking on greater responsibility at a more senior level.

Protection of assets: The Company's assets are protected by the use of an independent custodian, Northern Trust. The Board monitors the custodian to ensure assets remain protected. In addition, the Investment Manager and Administrator are both asked to demonstrate their internal controls including for the safeguarding of assets.

Economic Conditions: Changes in economic conditions, including, for example, interest rates, rates of inflation, industry conditions, competition, political events and trends and tax legislation, can substantially and adversely or favourably affect the Company's prospects and the value of the Company's portfolio. The Board receives regular updates on economic conditions and their potential impact on the Company.

Regulatory risk: The Company must abide by section 1158 of the Corporation Tax Act 2010 to maintain its investment trust status. The Board monitors and also seeks assurance from the Administrator that investment trust status is being maintained. The Board also reviews a schedule of regulatory risk items at quarterly meetings in order to monitor and take action to address any regulatory changes.

Viability Statement

The Board reviews the performance and progress of the Company over three year periods and uses these assessments, regular investment performance updates from the Investment Manager and a continuing programme of monitoring risk to assess the future viability of the Company. The Directors consider that a period of three years is the most appropriate time horizon to consider the Company's viability and, after careful analysis, the Directors believe that the Company is viable over a three year period. The following facts support the Directors' view.

- The Company has a liquid investment portfolio invested predominantly in UK and internationally listed securities and has some short-term cash on deposit.

- The Company has decided not to use gearing.

- Expenses of the Company are covered four times by investment income.

In order to maintain viability, the Company has a robust risk control framework for the identification and mitigation of risk which is reviewed regularly by Board. The Directors also seek reassurance from suppliers that their operations are well managed and they are taking appropriate action to monitor and mitigate risk. 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.

Strategic Report

Employees, Social, Human Rights and Environmental Matters

The principal activity of the Company is to invest in line with the Investment Policy set out on page 10. The Company has no employees and accordingly it has no direct social, human rights or environmental impact from its operations. It does not hold sufficiently large proportions of investee companies to be able to influence their social or environmental footprints.

The Company falls outside of the scope of the Modern Slavery Act 2015 as the Company has no staff. The Company's suppliers are mostly professional firms and they provide assurance that they also operate in accordance with this legislation.

Company's Directors and Employees

The number of Directors and employees at the financial year end was 6 (2015: 7).

	2016		2015	
	Male	**Female**	Male	Female
Directors (Non-Executive)	**5**	**1**	6	1
Directors (Executive)	**0**	**0**	0	0
Employees	**0**	**0**	0	0

Approval Statement

The Strategic Report of the Company, comprising pages 2 to 14 of this Report, has been approved by the Board:

For and on behalf of the Board

Julian Cazalet
Chairman
9 June 2016

Governance

Directors

Julian Cazalet*^†, Chairman, is currently Chairman of Herald Investment Trust plc, director of Deltex Medical Group plc, Private Equity Investor plc and a number of charitable trusts. He was Managing Director – Corporate Finance at JPMorgan Cazenove until his retirement in December 2007. From 1989 he worked in corporate finance and advised investment trusts in addition to his work with industrial and commercial companies. A qualified Chartered Accountant, he has an M.A. in economics from Cambridge University.

Dominic Caldecott*^†, worked at Morgan Stanley Investment Management Limited, London, from 1986 to 2006, specialising in the management of overseas equity portfolios for U.S. institutions. He was a managing director of Morgan Stanley from 1992 until 2006. Prior to Morgan Stanley he worked for GT Management in Hong Kong and Tokyo as an analyst and portfolio manager of Japanese equities. He has an M.A. in law from Oxford University.

Vivien Gould*^†, is a non-executive director of Waverton Investment Management Limited, and a trustee of the John Ellerman Foundation. She has worked in the financial services sector since 1981. She was a founder director of River & Mercantile Investment Management Limited (1985) and served as a senior executive and Deputy Managing Director with the Group until 1994. She then worked as an independent consultant and served on the boards of a number of investment management companies, listed investment trusts, other financial companies and charitable trusts including the Stroke Association.

Rory Landman*^†, is the Senior Bursar of Trinity College, Cambridge, and was previously a senior director and the head of global emerging markets at Baring Asset Management. He was a founding partner of the Nevsky emerging market equities team at Thames River Capital. A qualified Chartered Accountant, he has an M.A. in Law from Cambridge University.

Michael Lindsell, joined the investment department of Lazard Brothers in 1982 after obtaining a BSc (Hons) degree in zoology from Bristol University. In 1985 he moved to Scimitar Asset Management in Hong Kong where he ran Pacific and Japanese mandates before specialising in Japan. In 1989 he moved to Warburg Asset Management where he was a director and head of Mercury Asset Management's Japanese fund management division. In 1992 he joined GT Management's Tokyo office where he held the post of chief investment officer with responsibility for GT's Japanese funds, and global funds sourced out of Japan. He returned to the UK in 1997 and following the acquisition of GT by INVESCO in 1998, he was appointed head of the combined global product team. He left INVESCO to set up LTL in 1999.

Michael Mackenzie*^†, is a specialist in private equity investments focusing primarily on the wine industry. His career in financial services started in 1978 with Kleinwort Benson Limited in London and then in Hong Kong. In 1986 he joined James Capel (Far East) Limited as a director before becoming executive director of Wardley James Capel (Far East) Limited in 1991. In 1994 he was appointed a director of Jefferies Pacific Limited, a position that he held for three years. He has an M.A. in Modern Languages from Oxford University.

All Directors are non-executive.

* Independent ^ Audit Committee member † Management Engagement Committee member

M Mackenzie was appointed on 29 November 2000. M Lindsell was appointed on 13 July 2006. R Landman was appointed on 20 July 2011. J Cazalet and V Gould were both appointed on 29 January 2015.

D Caldecott retired on 1 June 2016.

Governance

Former Directors

Donald Adamson*^†, former Chairman, has over 25 years' experience of fund management, corporate finance and private equity in Edinburgh, London and Jersey. He serves as director or chairman of a number of listed and privately-held investment companies. He was awarded an M.A. in economics and history from Oxford University and carried out post-graduate research at Nuffield College, Oxford.

D Adamson retired on 2 September 2015.

Investment Manager

LTL acts as discretionary Investment Manager of the Company's assets.

Administrator and Secretary

Maitland Administration Services Limited is the Administrator and Company Secretary.

Report of the Directors

The Directors present their report together with the audited financial statements of the Company for the year ended 31 March 2016.

Status

The Company is registered in England & Wales under number 04119429. It is an investment company as defined in Section 833 of the Companies Act 2006.

The Company has been confirmed by HM Revenue & Customs as having approved investment trust status under the Investment Trusts (Approved Company) (Tax) Regulations 2011, subject to it continuing to comply with the Regulations. The Directors conduct the affairs of the Company with a view to maintaining this approved investment trust status in order to preserve the Company's exemption from UK capital gains tax.

The Board has been approved by the Financial Conduct Authority to be a Small Registered Alternative Investment Fund Manager ("AIFM").

The Company is a member of the Association of Investment Companies ("AIC").

Investment Policy and Objective of the Company

Details of the Company's investment policy and objective of the Company are set out on page 10.

Results and Dividend

The revenue return for the financial year ended 31 March 2016 after taxation amounted to £2,320,000 (2015: £1,839,000). A final dividend of £8.10 per Ordinary Share (2015: £6.42) and a special dividend of £0.80 per Ordinary Share (2015: £0.78) is proposed for the year ended 31 March 2016. If these dividends are approved by Shareholders at the forthcoming Annual General Meeting they will be paid on 9 September 2016 to Shareholders on the register at close of business on 19 August 2016 (ex-dividend 18 August 2016).

Use of Financial Instruments

The Company's use of Financial Instruments is disclosed in note 17 to the Financial Statements.

Share Capital

Full details of the Company's Ordinary Share capital are provided in Appendix 2 on page 66.

Supplier Agreements

Details of the Company's supplier agreements can be found in Appendix 3 on page 67.

Governance

Report of the Directors continued

Substantial Shareholdings

At the dates below the Company had been notified and/or become aware of the following holdings representing 3% or greater of the Ordinary Share capital of the Company:

	No. of Shares at 31 March 2016	*No. of Shares at 25 May 2016*	*% of issued capital*
Hargreaves Lansdown Asset Management Limited	20,775	21,026	10.39
Rathbone Investment Management Limited	17,341	17,245	8.67
Brewin Dolphin Limited	16,591	8,899	8.22
Alliance Trust plc	13,989	16,027	6.99
Mr Nicholas Train	11,930	11,930	5.97
Mr M Lindsell (including non-beneficial interests)	10,755	10,755	5.38
Finsbury Growth & Income Trust PLC	10,000	10,000	5.00
Mr D Caldecott	8,250	8,250	4.13
Troy Asset Management Limited	6,619	6,500	3.31

Directors

Details of the Directors of the Company who served during the year are set out on pages 15 and 16. Particulars of their remuneration are given on pages 31 to 36. Mr D Caldecott resigned on 1 June 2016. All of the Directors as at the date of this report will stand for re-election at the Company's forthcoming Annual General Meeting.

Directors' Interests

The interests of the Directors, and connected persons, in the Ordinary Shares of the Company are shown on page 35.

Powers of the Directors

The powers of the Directors are contained in the Company's Articles of Association, which are publicly available at Companies House. Subject to the provisions of the Companies Acts and the Company's Articles, the Directors may exercise all powers within their scope to manage the business of the Company and may delegate any of those powers to a Director, Committee or Agent.

The Directors may exercise the Company's authority to borrow, to pay fees, expenses and additional remuneration or salary for special duties undertaken by any Director, and vote the shares of portfolio companies.

Directors' Indemnification and Insurance

Articles 165 and 166 of the Company's Articles of Association provide that, insofar as permitted by law, every Director shall be indemnified by the Company against all costs, charges, expenses, losses or liabilities incurred in the execution and discharge of the Directors' duties, powers or office. The Company has arranged appropriate insurance cover in respect of legal action against its Directors.

Given the importance of the investment in LTL, the Company has taken out a policy to insure the lives of the founders and key managers, Michael Lindsell and Nick Train, for £6m each for a premium of £21,000 per annum. In the unfortunate event of a claim being made the funds would partly offset the likely fall in the value of the investment in LTL.

Disclosure of Interests

Save as disclosed below and in note 6 to the financial statements, no Director was a party to, or had an interest in, any contract or arrangement with the Company.

Michael Lindsell is a director of the Investment Manager, LTL, and the beneficial holder of 36.35% of the issued share capital of that Company. He is actively involved in the management of the Lindsell Train Japanese Equity Fund in which he invests, and in the management of Lindsell Train Global Equity LLC, in which the Company invests. Details of the Company's investment in these funds can be found on page 6.

All of the Directors are non-executive and no Director had a contract of service with the Company at any time during the year.

Corporate Governance

The Corporate Governance Statement, which forms part of this Report of the Directors, is set out on pages 23 to 27.

Employment, Social, Human Rights and Environmental Statements

The Strategic Report on pages 2 to 14 includes statements on social, economic, human rights and environmental issues.

Disclosure Concerning Greenhouse Gas Emissions

The Company itself has no greenhouse gas emissions to report on from its activities.

Annual General Meeting

The Annual General Meeting of the Company will be held on Wednesday 31 August 2016 at 2.30 p.m. and all Shareholders are encouraged to attend. In accordance with the Code, the Notice of Meeting is circulated more than twenty working days before the meeting. The Meeting will be held at St Ermin's Hotel, 2 Caxton Street, London, SW1H 0QW.

The Directors recommend that Shareholders vote in favour of all Resolutions being put to the Annual General Meeting, as they themselves intend to do in respect of their own holdings representing 3.8% of total voting rights.

Governance

Report of the Directors continued

Special business at the Annual General Meeting

Investment Management Agreement
Resolution 11 is proposed as an Ordinary Resolution to approve and ratify the changes to the Investment Management Agreement described in Appendix 3 on page 67.

Directors' Remuneration Policy
Resolution 12 is proposed as an Ordinary Resolution to receive and adopt the Directors' Remuneration Policy.

Share buyback authority
Resolution 13 is proposed as a Special Resolution and would, if passed, renew the authority to permit the Company to buy back through the stock market up to a maximum of 29,999 Ordinary Shares of 75p each (equivalent to 14.99% of the Ordinary Shares in issue at the date of this report). Purchases will only be made through the market for cash at prices below the prevailing Net Asset Value per Ordinary Share, thereby resulting in an increased Net Asset Value per Ordinary Share.

Shares bought back may be held in treasury, which are then eligible for subsequent resale or cancellation. No voting rights or entitlement to distribution (either dividend or on a winding up) applies to shares held in treasury.

Authority to sell treasury shares
Resolution 14 authorises the Directors to sell back into the market shares held in treasury. Treasury shares would not be resold at a price below that at which they had been bought back.

Statement of Directors' Responsibilities for the Annual Report

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

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

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 a 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 to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the annual report and financial statements are made available on a dedicated page on LTL's website and the National Storage Mechanism. Financial statements are published on the website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

Auditor

Grant Thornton UK LLP has expressed its willingness to continue to act as the Company's independent auditor ("the Auditor"). A resolution to re-appoint Grant Thornton UK LLP as the Auditor to the Company and to authorise the Directors to determine the Auditor's remuneration will be proposed at the forthcoming Annual General Meeting.

Audit information

Each of the persons who were Directors at the date of approval of this annual report confirm, in accordance with the provisions of Section 418 of the Companies Act 2006 that:

- so far as each is aware there is no relevant audit information (as defined in the Companies Act 2006) of which the Auditor is unaware; and
- each has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Auditor is aware of that information.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are described in the Chairman's Statement on pages 3 to 5 and in the Investment Manager's report on pages 8 to 9. The Company has adequate financial resources comprising mainly readily realisable equity securities and cash and the value of its assets is greater than its liabilities. Additionally, after reviewing the Company's budget including the current financial resources and projected expenses for the next 12 months and its medium-term plans, the Directors believe that the Company's resources are adequate for continuing in business for the foreseeable future. Accordingly, the Directors believe that the Company is well placed to manage its business risks successfully and it is thus appropriate to prepare the Report and Financial Statements on a going concern basis. The Company does not have a fixed life.

Governance

Report of the Directors continued

The Directors consider that the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and it provides the information necessary for Shareholders to assess the Company's position, performance, business model and strategy.

Directors' Confirmation Statement

The Directors listed on page 15, as the persons responsible within the Company, hereby confirm to the best of their knowledge:

a) that the Financial Statements within the Annual Report of which this statement forms part have been prepared in accordance with applicable UK Accounting Standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

b) the Strategic Report includes a fair review of the development and performance of the business and position of the Company, together with the principal risks and uncertainties which the Company faces.

By order of the Board

Maitland Administration Services Limited
Secretary
9 June 2016

Corporate Governance Statement

The Corporate Governance Statement forms part of the Report of the Directors.

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide ("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 will provide better information to Shareholders.

The Board confirms that it complies 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	Additional Information
• the role of the chief executive; • executive directors' remuneration; and • the need for an internal audit function.	The Board considers these provisions are not relevant to the Company, as it is an externally managed investment company. 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.

AIC Code Principle	Additional Information
2, 3, 5, 7, 9, 10, 12, 13, 14, 15, 17, 18, 19, 20, 21	The Company complies with these principles in full.
1 – Senior Independent Director.	The Board does not consider it necessary to appoint a Senior Independent Director as all the Directors endeavour to make themselves available to Shareholders, including at general meetings of the Company.
4 – The Board should have a policy on tenure, which is described in the annual report.	The Board does not have a formal policy requiring Directors to stand down after a fixed period. It considers that a long association with the Company and experience of a number of investment cycles is valuable and does not compromise a Director's independence. Mr Mackenzie and Mr Lindsell have both served on the Board for more than nine years. As Mr Mackenzie demonstrates impartiality when participating in matters being considered by the Board, the Board deems him to be independent. Mr Lindsell is not considered independent as a result of his role with the Investment Manager and stands for reelection annually.

Governance

Corporate Governance Statement continued

AIC Code Principle	Additional Information
16 – The Board should agree policies with the manager covering key operational issues.	The Investment Management Agreement between the Company and the Investment Manager sets out the authority delegated by the Company. Prior Board approval must be sought for any matters not covered under this Agreement. Voting Policy – In the absence of any direct instruction from the Board the Directors have authorised one Director, Mr Lindsell, to vote shares of investee companies (excluding Lindsell Train managed fund investments and shares in LTL) at his discretion. He is required to consult with the Chairman before voting on special business or any issues of a contentious nature.

Board Structure

The Board recognises that its prime purpose is to direct the business so as to maximise Shareholder value within a framework of proper controls. The Board at the date of this report currently comprises five members, four of whom are male and one who is female. All directors are non-executive and four are independent of the Investment Manager.

The Directors normally meet as a Board on a quarterly basis. The Board lays down guidelines within which the Investment Manager implements investment policy and has a schedule of matters reserved exclusively for resolution by the Directors. All Board members have access to the advice and services of the Company Secretary, the removal or replacement of whom is a matter for the Board as a whole. The Directors are also able to take independent professional advice at the Company's expense.

The Investment Manager, Company Secretary and Administrator all operate in a supportive and cooperative manner and representatives of each attend Board meetings.

The number of meetings of the Board and Committees for the year under review is given below, together with individual Director's attendance at those meetings:

Number of meetings	**Board (regular meetings) (5)**	**Audit Committee (2)**	**Management Engagement Committee (1)**
Donald Adamson	2 (2)	1 (1)	0 (0)
Dominic Caldecott	5	2	1
Julian Cazalet	5	2	1
Vivien Gould	5	2	1
Rory Landman	5	2	1
Michael Lindsell	5	n/a	n/a
Michael Mackenzie	5	2	1

Note: as Donald Adamson resigned on 2 September 2015 so he was only invited to the number of meetings shown in brackets.

Board Performance Evaluation

The Board evaluates the performance of the Board, Committees, individual Directors and third party service providers using a structured questionnaire and without recourse to an external facilitator. The Board is satisfied from the results of these that the Board, its Committees and its third party providers function effectively, both collectively and individually, and contain an appropriate balance of skills and experience for the effective management of the Company.

Board Responsibilities

There is a clear division of responsibility between the Board, led by the Chairman to ensure the effectiveness of the Investment Manager and third party service providers. The Board receives accurate, timely and clear information to assist it in its decision making, and no one Director has unfettered powers of decision.

Matters Reserved for the Board

The Board is responsible for setting the Company's investment objectives, strategy and benchmark. It also decides on the appointment and replacement of key suppliers including the Investment Manager, the Auditor (subject to Shareholder approval), Registrar, Custodian, Company Secretary and Administrator.

The Board determines what items will be put to Shareholders at general meetings, approves financial results and any communications/announcements relating to the Company. Within the authority granted by Shareholders the Board approves allotments and buy-backs of Ordinary Shares and increases/reductions of Ordinary Shares in issue and in treasury.

The Board monitors key risks and ensures that there is a structure of internal controls in place to mitigate the likelihood of risks occurring. These are explained in greater detail below. Authority has been delegated to the Investment Manager to take decisions on the purchase and sale of individual investments. However, the Board retains authority in relation to the investment in LTL and LTL funds. The Board has also delegated authority to the Committees listed on page 27 and has established Terms of Reference which are available on the Company's page on LTL's website and from the Registered Office of the Company.

A schedule of matters reserved for the Board is also available on the Company's page on LTL's website and from the Registered Office of the Company.

Governance

Corporate Governance Statement continued

Internal Control

The Board confirms that there is an ongoing process for identifying, evaluating and managing those risks which are significant for the Company (particularly operational risks) and that this process reflects the guidance provided by the FRC. This process has been in place for the year ended 31 March 2016 and up to the date of the annual report and financial statements, and is regularly reviewed by the Board. The review covers all material financial, operational and compliance controls and risk management systems.

The Board has ultimate responsibility for the system of internal control and for reviewing its effectiveness. The key elements of the system are the appointment of an independent custodian with responsibility for safeguarding the Company's assets and clearly defined responsibilities between the Board, the Custodian and the Investment Manager, all of whom have detailed operating procedures in place. The controls operated by the Board include the authorisation of the investment strategy and regular reviews of the investment performance and financial results. The system is designed to manage rather than eliminate the risk of being unable to meet business objectives and can provide reasonable but not absolute assurance against material misstatement or loss. The Board reviews the operation and effectiveness of the Company's internal controls regularly through identification and assessment of key risks and there is an annual review of how these are managed.

The Board has contractually delegated the management of the investment portfolio (excluding the investments in LTL and LTL funds) to the Investment Manager, LTL. The day to day administration and the Company Secretarial requirements are contractually delegated to Maitland Administration Services Limited, and the custodial services including the safeguarding of assets to Northern Trust Company (see note 17). These contracts have been entered into after full consideration by the Board of the services undertaken and are reviewed annually. The Investment Manager, Administrator and Custodian all maintain their own systems of internal and financial controls.

The Investment Manager has established a framework to provide reasonable assurance on the effectiveness of internal controls operated on behalf of its clients. The Investment Manager's compliance officer assesses and reports to the Board on that effectiveness and on the business risk exposure of the Investment Manager.

The Company Secretary and Administrator also has established internal controls and put procedures in place.

The Audit Committee reviews, at least annually, a detailed analysis of the activities and potential risks which the Company might be exposed to, and the key controls in place to minimise risk and confirm the status of each activity.

The Board is satisfied that its approach to managing internal control and risk conforms to the recommendations of the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (September 2014).

As the Company's investment management, administration and custodial activities are carried out by third party service providers, the Board does not consider it necessary to have an internal audit function or whistleblowing procedures. The Audit Committee reviews annually the whistleblowing procedures of the Investment Manager and the Administrator.

The Nomination Committee

The Board as a whole fulfils the function of a Nomination Committee, but decisions on the appointment of new Directors are taken by independent Directors only. The Directors have many years' experience within the industry between them and a broad knowledge of individuals who would have the necessary skills to promote and develop the Company. Accordingly the Nomination Committee does not consider it necessary to engage the services of third party search consultants unless the Directors are unable to identify suitably skilled individuals.

The Company will ensure that any future Board vacancies will also be filled by candidates with the most relevant skills. The value of diversity in the composition of the Board is recognised and, when Board positions become available, the Company will consider a diverse group of candidates.

The Board's policy on tenure is that Directors' appointments are reviewed through the regular board performance evaluations. There is no requirement for Directors to stand down after a fixed period of time as the Company values experience over a number of investment cycles.

Remuneration Committee

The Company has no executive Directors and the Board as a whole fulfils the function of a Remuneration Committee.

Audit Committee

The Company's Audit Committee during the year comprised Vivien Gould (Chairman), Julian Cazalet, Dominic Caldecott, Rory Landman and Michael Mackenzie. Although Mr Cazalet is Chairman of the Board, the Board considers it desirable that he continues as a member of the Committee. The Audit Committee has set out a formal Report on pages 28 to 30 of the Annual Report.

Management Engagement Committee

Julian Cazalet (Chairman), Dominic Caldecott, Vivien Gould, Rory Landman and Michael Mackenzie comprised the Management Engagement Committee. Terms, fees and other remuneration payable to LTL and Maitland Administration Services Limited (set out in notes 3 and 4 to the financial statements), are kept under review by the Committee. It also reviews the performance of the Investment Manager at least annually.

Shareholder Relations

The Company, through the Investment Manager (in accordance with its stated policy on stewardship), has regular contact with its institutional Shareholders. The Board supports the principle that the Annual General Meeting should be used to communicate with private investors. It has implemented the provisions of the Code in this report for the forthcoming Annual General Meeting and recommends that Shareholders attend the meeting, where the Directors present will be able to answer any questions they may have in relation to the Company and its activities.

Rather than read out proxy voting figures at General Meetings of the Company, the Board has instead elected to provide attending Shareholders with a printed summary of proxy voting. The proxy voting figures are also made available on the web pages of the Company after the meeting.

Shareholders may contact the Board through either the Investment Manager or the office of the Company Secretary, contact details for whom are given on page 72.

Governance

Report of the Audit Committee

This report to Shareholders for the year ended 31 March 2016 has been prepared in accordance with guidance issued by the Financial Reporting Council and the UK Corporate Governance Code issued by it in September 2014.

Composition of the Committee

The Audit Committee during the year comprised five Directors all of whom are members of the Board. All of the members of the Committee are independent and considered to have sufficient recent and relevant experience to enable the Committee to function effectively. Julian Cazalet and Rory Landman have current experience in relation to accounting and financial matters. The Company Secretary is Secretary to the Committee.

Role of the Committee

The principal activities undertaken by the Audit Committee are:

- to monitor and review the effectiveness of all aspects of the Company's financial reporting;
- to satisfy itself as to the integrity of the full year and half year reports to Members;
- to advise the Board that such reports are fair, balanced and understandable and comply with applicable laws and regulations;
- to monitor the effectiveness of internal controls operated by third party service providers appointed by the Board to undertake the day to day activities and administration of the Company's business;
- to consider any significant issues (if any) which are identified by the Auditor and to determine such action (if any) as needs to be recommended to the Board in connection therewith;
- to meet, at least annually, with the Auditor and review the audit plan proposed by them; including areas of risk they will look particularly at, their level of materiality and the fee proposed by them for the statutory audit work;
- to make recommendations to the Board on the appointment, reappointment, replacement or removal of the Auditor;
- to consider all proposals and fees for non-audit work, which may include tenders from independent third parties as well as proposals from the Auditor to undertake such work, the fees for such work and their suitability to undertake the work involved;
- to monitor and satisfy itself as to the independence, objectivity, resources and qualifications of the Auditor at least annually;
- to consider, at least annually, whether or not the Company should have an internal audit function.

Meetings

The Audit Committee normally meets twice each year. Meetings are held to consider the full year and half year results, and shortly before each year end to review the Auditor's proposed plans, scope of work and costs for the ensuing full year audit. Representatives of the Investment Manager and the Administrator attend meetings to provide input and respond to questions. The Committee also holds meetings with the Auditor without any of the Company's third party service providers present at which any aspect of the Auditor's work may be discussed.

The Audit Committee operates under written Terms of Reference, copies of which are available on the Company's website and from the Registered Office of the Company.

Internal Controls

The Committee is responsible for ensuring that suitable controls are in place to prevent and detect fraud, error and misstatement of financial information. As the Company outsources all of its functions to third parties, neither the Committee nor the Company has any internal control structure in place but instead requires its third party service providers to report against a checklist of requirements. These reports are received at least annually, including reports which have been independently verified by the relevant service provider's independent auditors.

Audit process

The Committee reviews at least annually whether the Company should have an internal audit function. It has recommended to the Board that, given the size, structure and nature of the Company's activities, and that all operations are carried out by third party service providers, an internal audit function is not appropriate. The Board has endorsed the recommendation of the Committee.

Grant Thornton UK LLP is the Auditor and has held office since July 2007, when it subsumed RSM Robson Rhodes LLP who had been the Auditor since inception in December 2000. The Committee is not aware of any contractual or other restrictions which would impinge on the Committee's ability to select the Auditor.

The Partner responsible for the audit affairs of the Company is subject to change at least every five years. The current Partner, Christopher Smith, has served for a period of three years.

The Committee satisfies itself as to the independence of the Auditor, and in particular takes into account any non-audit work undertaken by the Auditor. The Auditor is also currently engaged to assist with the Company's tax compliance matters. When considering whether to appoint the Auditor to undertake non-audit work the Committee takes into account any potential impairment of independence or impartiality, knowledge of the Company and their proposed fee. The Committee may also put non-audit work out to tender.

Significant issues in relation to Financial Statements

When planning the statutory audit, the Auditor and the Committee identified the following areas of particular significance which might require particular audit emphasis:

- ownership of investments and assets included in the portfolio;
- valuation of positions in the portfolio, especially any which are illiquid or unquoted; and
- accuracy and completeness of the recognition of revenue.

Governance

Report of the Audit Committee continued

Ownership of investments

The Audit Committee reviewed the Administrator's approach to determining the existence and completeness of investments. The Administrator has highlighted no issues and confirmed that all additions, disposals and corporate actions were agreed to contract notes or other supporting documentation. In addition, a list of holdings was checked against an independent statement provided by the Company's custodian.

Valuation of investments

The Audit Committee considered the valuation methodology of the unquoted investment in LTL representing 32.5% of net assets. During the financial year no change was required to the valuation methodology and hence the valuation approach remains consistent with prior years.

The other 67.5% of the Company's net assets are quoted investments and cash. The valuation of these investments is a material matter in the production of the Financial Statements. The Audit Committee reviewed the procedures in place for ensuring the accuracy of the values and is content that these procedures remain robust. The results of the audit in this area were discussed with the external auditor and there were no issues arising.

Revenue

The Audit Committee reviewed the external auditor's approach to the audit prior to the commencement of the audit. The results of the audit in this area were discussed with the external auditor and there were no significant issues arising in relation to the recognition of revenue.

Independence and Effectiveness of the Auditor

The Committee is satisfied with the independence, objectivity and impartiality of the Auditor. In order to fulfil the Committee's responsibility regarding the independence of the Auditor, we reviewed the Auditor arrangements concerning any conflicts of interest, the extent of any non-audit services, and the statement by the Auditor that they remain independent within the meaning of the regulations and their professional standards.

The Committee is also satisfied that the audit process was effective. In order to consider the effectiveness of the audit process, we reviewed the Auditor fulfilment of the agreed audit plan, the report arising from the audit, and feedback from those involved in the audit process.

Reappointment of the Auditor

The Committee has not put the Company's audit work out to tender as it is satisfied with the services provided and considers the audit fees paid to be acceptable. Accordingly, the Committee has recommended that a resolution to reappoint Grant Thornton UK LLP as the Auditor be proposed at the forthcoming Annual General Meeting.

Vivien Gould
Chairman – Audit Committee
9 June 2016

Directors' Remuneration Report

This Remuneration Report has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). It describes the Company's Directors' Remuneration Policy ("Policy"), and how the Policy was implemented for the year to 31 March 2016.

The Board does not consider it necessary or appropriate to establish a separate Remuneration Committee as the Company has no employees, the Board is small, and there are no executive Directors. Non-executive Directors' remuneration is determined by the Board in line with the Directors' Remuneration Policy (below).

Remuneration Policy

This Directors' Remuneration Policy ("Policy") sets out details of the Company's policy on the remuneration of Directors of the Company.

The Policy is subject to a triennial binding vote. However, the Board has resolved that, for good governance purposes, the Policy vote will be put to Shareholders every year. Accordingly, a resolution to approve the Policy will be put to Shareholders at the 2016 Annual General Meeting. The Policy, subject to the vote, is set out in full below and is currently in force.

The Company has only non-executive directors and no employees. The Directors of the Company are entitled to such rates of annual fees as the Board at its discretion determines, subject to aggregate annual fees not exceeding £220,000 under the Company's Articles of Association ("Articles"). No change to this ceiling is currently envisaged. Each Director abstains from voting on the specific remuneration to be paid to them.

In addition to fees, Directors are entitled to reimbursement of reasonable expenses incurred by them in the performance of their duties. In line with the majority of investment trusts, no component of any Director's remuneration is subject to performance factors. There are no provisions in Directors' Letters of Appointment for recovery or withholding of fees or expenses. Annual fees are pro-rated where a change takes place during a financial year.

The Board reviews annually the remuneration paid by other similar investment trusts and seeks to determine whether the Company pays a median level of compensation. The Board considers it important to pay sufficient compensation in order to promote the long term success of the Company. The following table of remuneration components was approved with effect from 2 September 2014.

Governance

Directors' Remuneration Report continued

Table of Directors' Remuneration Components

Component	Annual Rate (£)	Purpose and operation
Basic Annual Fee: Each Director	20,000	In recognition of the time and commitment required by Directors of public companies. The basic fee is reviewed against those paid for peer companies to ensure that it reflects fair and adequate compensation for the role.
Additional Fee: Chairman of the Board	10,000	For the additional time, commitment and responsibility required on the Company's business issues; and providing leadership as Chairman of the Board.
Additional Fee: Audit Committee Chairman	4,000	For the greater time required on the financial and reporting affairs of the Company.
Additional Fee: Each Director	Variable	In the event that the Company undertakes a complex or large project, such additional fee as will fairly compensate for the additional time and commitment required by a Director.
Expenses: Each Director	Variable	Reimbursement of expenses properly incurred by Directors in attending meetings and/or otherwise in the performance of their duties to the Company.

Notes:

1. The Board only exercises its discretion in setting rates of fees after an analysis of fees paid to directors of other companies of a similar size to that of the Company.
2. As the Company has no employees, there are no differences in policy between the remuneration of Directors and the remuneration of employees.
3. None of the Directors are entitled to receive any remuneration which is performance-related.

The table below shows the rates of annual fees payable to the highest paid Director, the Chairman, and all other non-executive Directors for the year to 31 March 2016 and the year to 31 March 2015:

Fees	2016 (£)	2015 (£)
Chairman	30,000	26,846
Board Member	20,000	19,159
For additional responsibilities:		
Chairman of Audit Committee	24,000	22,318

Recruitment Remuneration Principles

1. The remuneration package for any new Chairman or non-executive Director will be the same as the prevailing rates determined on the bases set out above. The fees and entitlement to reclaim reasonable expenses will be set out in Directors' Letters of Appointment.
2. The Board will not pay any introductory fee or incentive to any person to encourage them to become a Director. However, it may engage the services of search & selection specialists in connection with the process of appointing new non-executive Directors.
3. The Company does not intend appointing any executive Directors in the foreseeable future.
4. The aggregate maximum fees currently payable to all Directors is £220,000 per annum.

Service Contracts
None of the Directors has a service contract with the Company. Non-executive Directors are engaged under Letters of Appointment.

Loss of Office
Directors' Letters of Appointment expressly prohibit any entitlement to payment or compensation on loss of office.

Scenarios
All remuneration of the Chairman and non-executives Directors' is fixed at annual rates and there are no scenarios where remuneration will vary. It is accordingly not considered appropriate to provide different remuneration scenarios for each Director.

Statement of consideration of conditions elsewhere in the Company
The Company has no employees, nor does it have any subsidiaries or associated companies which have employees, and accordingly a process of consulting with employees on the setting of the Company's Remuneration Policy is not applicable.

Other Items
None of the Directors has any entitlement to pensions or pension related benefits, medical or life insurance schemes, share options, long-term incentive plans or any form of performance related payments. No Director is entitled to any other monetary payment or any assets of the Company except in their capacity (where applicable) as Shareholders of the Company.

Directors' and Officers' liability insurance cover is maintained by the Company, at the Company's expense, on behalf of all Directors.

The Company has also provided indemnities to the Directors in respect of costs or other liabilities which they may incur in connection with any claims relating to their performance or the performance of the Company whilst they are Directors.

The Directors' interests in contractual arrangements with the Company are as shown in the Annual Report on Remuneration below. No Director had any interest in any contracts with the Company during the year to 31 March 2016 or subsequently other than as stated in the Directors' Report.

Annual Report on Remuneration

A Resolution to adopt this Annual Report on Remuneration will be put to the forthcoming Annual General Meeting. The vote however is advisory only and not binding on the Company, but does give Shareholders a chance to inform the Board of their views on Directors' remuneration. The Board has proposed no significant changes to the way the remuneration policy will be implemented in the next financial year.

The rates of fees paid to Directors were reviewed during the year and were maintained at the same level as agreed in the previous financial year. The directors' fees were equivalent to following annual rates: Julian Cazalet (Chairman of the Board) £30,000; Vivien Gould (Chairman of the Audit Committee) £24,000; and other directors £20,000 each with the exception of Michael Lindsell who, because of his connection with the Investment Manager, waived his entitlement to fees.

Governance

Directors' Remuneration Report continued

Directors' emoluments

The single total figure of remuneration for each Director for the year to 31 March 2016 is detailed below together with the prior year comparative.

Single Total Figure Table (audited information)

Name of Director	Fees paid (£)		Taxable benefits (£)		Total (£)	
Year to 31 March:	**2016**	2015	**2016**	2015	**2016**	2015
Donald Adamson#	**12,731**	26,846	**–**	–	**12,731**	26,846
Michael Mackenzie	**21,682**	22,318	**–**	–	**21,682**	22,318
Dominic Caldecott#	**20,000**	19,159	**–**	–	**20,000**	19,159
Julian Cazalet*	**25,795**	3,564	**–**	–	**25,795**	3,564
Vivien Gould*	**22,318**	3,564	**–**	–	**22,318**	3,564
Rory Landman	**20,000**	19,159	**–**	–	**20,000**	19,159
Michael Lindsell	**–**	–	**–**	–	**–**	–
TOTALS	**122,526**	94,610	**–**	–	**122,526**	94,610

** Julian Cazalet and Vivien Gould were appointed on 29 January 2015.*
 # Donald Adamson retired on 2 September 2015 and Dominic Caldecott retired on 1 June 2016

None of the Directors are entitled to pensions or pension related benefits, medical or life insurance, share options, long-term incentive plans, and any form of performance related pay. Also no Director has any right to any payment by way of monetary equivalent to an entitlement or to any assets of the Company except in their capacity as Shareholders.

As the Company does not have a Chief Executive Officer or any executive Directors, there are no percentage increases to disclose in respect of their Single Total Figure.

*Sums paid to Third Parties (audited information)**

£12,731 was paid for the year ended 31 March 2016 to Research & Consulting Associates Limited in respect of the services provided by Donald Adamson.

Directors' & Officers' insurance is maintained by the Company, at the Company's expense, on behalf of all Directors, in accordance with Article 173 of the Company's Articles of Association.

Taxable benefits – None of the Directors received any taxable benefits other than fees.

Expenses – Under the Articles of Association, Directors are entitled to reimbursement of reasonable expenses incurred by them in connection with attendance at Board and General Meetings, the performance of their duties, and any additional work or duties they undertake at the Company's request.

Pensions related benefits – Although Article 109 of the Company's Articles of Association permits the Company to provide pensions and/or similar benefits for Directors and employees of the Company, no schemes or arrangements have been established and no Director is entitled to any pension or similar benefits.

Loss of office

Directors do not have service contracts with the Company but are engaged under Letters of Appointment. These expressly exclude any entitlement to compensation upon leaving office for whatever reason.

Statement of Directors' shareholding and share interests (audited information)

Neither the Articles nor the Directors' Letters of Appointment require any Director to own shares in the Company. The interests of the Directors and their connected persons in the equity securities of the Company at 31 March 2016 and 31 March 2015 are shown in the table below:

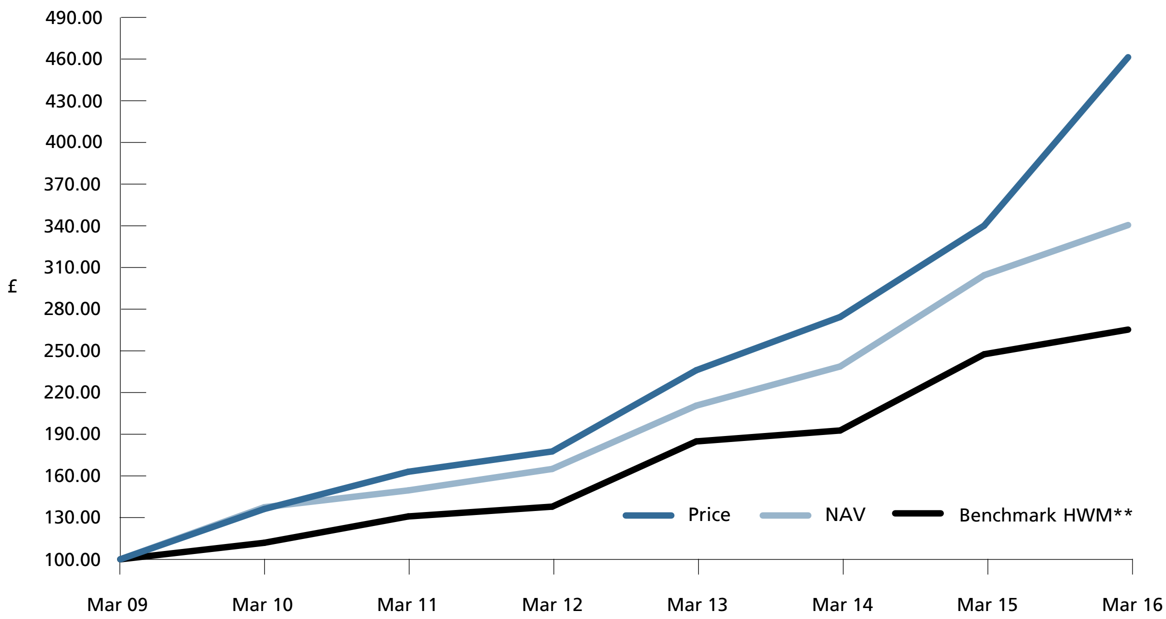
	Ordinary Shares of 75p 31 March 2016	Ordinary Shares of 75p 31 March 2015
D Adamson	**N/A**	2,750
D Caldecott	**8,250**	8,250
J Cazalet	**–**	–
V Gould	**–**	–
R Landman	**402**	402
M Lindsell	**7,155**	7,155
M Lindsell (non-beneficial)	**3,600**	3,600
M Mackenzie (non-beneficial)	**150**	475

No other changes in the above interests occurred between 31 March 2016 and the date of this report. None of the Directors has been granted, or exercised, any options or rights to subscribe for Ordinary Shares of the Company

Share Price Total Return

The chart below illustrates the total Shareholder return for a holding in the Company's shares as compared to the Benchmark between the relevant dates. The Board has adopted this as the measure for both the Company's performance and that of the Investment Manager for the year

Share price performance relative to the net asset value and Benchmark for seven years to 31 March 2016 (based on total return performance with net dividends reinvested)



**Figures are rebased to show the performance per £100 invested.*
*** Benchmark adjusted for inclusion of the high watermark.*

Governance

Directors' Remuneration Report continued

Relative Importance of Spend on Pay

The table below shows the proportion of the Company's income spent on Directors' remuneration in comparison with investment management fees paid and dividends paid to Shareholders.

	2016 £	2015 £	Difference %
Directors' remuneration	122,526	94,610	29.5%
Investment management fees and other expenses	885,912	671,773	31.9%
Performance fees (charged to capital)	362,239	1,532,402	(76.4)%
Dividends to Shareholders (final and special)	1,780,000	1,440,000	23.6%

Voting at Annual General Meeting

A binding Ordinary Resolution approving the Directors' Remuneration Policy and a non-binding Ordinary Resolution adopting the Annual Report on Directors' Remuneration for the year ended 31 March 2015 were approved by Shareholders at the Annual General Meeting held on 2 September 2015. The votes cast by proxy were as follows:

Remuneration Policy	
For – % of votes cast	*99.94%*
Against – % of votes cast	*0.06%*
At Chairman's discretion – % of votes cast	*0%*
Total votes cast	*72,491*
Number of votes withheld	*0*

Annual Report on Directors' Remuneration	
For –% of votes cast	*99.96%*
Against – % of votes cast	*0.04*
At Chairman's discretion – % of votes cast	*0%*
Total votes cast	*72,491*
Number of votes withheld	*0*

Statement by the Chairman of the Board

The Directors confirm that the Directors' Remuneration Policy and the Annual Report on Directors' Remuneration set out above provide a fair and reasonable summary for the financial year ended 31 March 2016 of:

a) the major decisions on Directors' remuneration;

b) any substantial changes relating to Directors' remuneration made during the year; and

c) the context in which those changes occurred and the decisions which have been taken.

By order of the Board

Julian Cazalet
Chairman
9 June 2016

Governance

Independent auditor's report to the members of The Lindsell Train Investment Trust plc

Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with 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'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Who we are reporting to

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.

What we have audited

The Lindsell Train Investment Trust plc's financial statements for the year ended 31 March 2016 comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement and the related notes.

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

Overview of our audit approach

- Overall materiality: £885,000, which represents 1% of the Company's net assets; and
- Key audit risks were identified as ownership and valuation of quoted investments, ownership and valuation of Lindsell Train Limited and completeness and occurrence of investment income.

Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that, in our judgement, had the greatest effect on our audit:

Audit risk	How we responded to the risk
Ownership and valuation of quoted investments The Company's business is investing in a range of financial assets including quoted equities, unquoted equities, funds and cash globally with no limitations on the markets and sectors in which investment may be made. As a consequence of this, the Company has significant exposure to investments which are the main drivers of returns, with the investment portfolio comprising of listed and unlisted investments valued at £88m. There is a risk that investments shown in the Statement of Financial Position may not be owned by the Company or may be incorrectly valued. We identified ownership and valuation of quoted investments as risks that required particular audit attention.	Our audit work on ownership included, but was not restricted to: • understanding the processes and controls in place to safeguard assets; • obtaining and reading the custodian's service organisation controls report; • confirming the investments held at the year-end directly with the independent custodian; and • testing a selection of investment additions and disposals per the Company's records to supporting documentation. Our audit work on valuation included, but was not restricted to: • understanding management's processes over the valuation of quoted investments; • comparing the prices of quoted investments to an independent source of market prices; and • in order to confirm investments are actively traded, obtaining trading volumes of listed investments held at the year end. The Company's accounting policy on the valuation of fixed asset investments is shown in note 1(d) and related disclosures are included in note 11. The Audit Committee identified the ownership and valuation of investments as significant issues in its report on page 30, where the Committee also described the action that it has taken to address this issue.

Governance

Independent auditor's report to the members of The Lindsell Train Investment Trust plc continued

Audit risk	How we responded to the risk
Ownership and valuation of Lindsell Train Limited Within the investment portfolio of £88m, the Company has an interest in an unquoted investment, Lindsell Train Limited, the Company's Investment Manager, in order to benefit from the growth of the business, as part of its investment portfolio. The valuation of the investment includes significant assumptions and judgements. We identified ownership and valuation of Lindsell Train Limited as risks that required particular audit attention.	Our audit work included, but was not restricted to: • testing that the investment was valued in accordance with the stated accounting policy; • discussing the valuation basis with the Investment Manager; • reperforming calculations made by the Investment Manager in arriving at the value; • assessing whether the valuation methodology being used was appropriate using our valuation experts; • testing the reasonableness of the assumptions and judgements made by the Investment Manager in the valuation model, including the multiple of funds under management through comparisons with similar companies in the industry, the cost of capital to similar companies in the industry, annual average yield applied by recalculation and agreeing underlying data to market sources; and • comparing valuation estimates by the Investment Manager to acceptable ranges derived using our valuation experts. The Company's accounting policy on the valuation of fixed asset investments is shown in note 1(d) and related disclosures are included in note 11. The Audit Committee identified the ownership and valuation of investments as significant issues in its report on page 30, with specific mention of the Lindsell Train Limited investment, where the Committee also described the action that it has taken to address this issue.
Completeness and occurrence of investment income Investment income is the Company's major source of revenue and a significant, material item in the Income Statement. We identified the completeness and occurrence of investment income from the investment portfolio as risks that required particular audit attention.	Our audit work included, but was not restricted to: • testing whether the Company's accounting policy for revenue recognition is in accordance with FRS 102; • understanding the Company's processes for recognising revenue in accordance with the stated accounting policy; • testing the application of this accounting policy for a sample of income transactions; • for a sample of investments held in the year, obtaining the ex-dividend dates and rates for dividends declared during the year from an independent source and agreeing the expected dividend entitlements to those recognised in the income statement; • agreeing accrued income to post year end receipts; • reviewing the schedule of dividends received to check that all items relate to investments held during the year and checking the categorisation of special dividends as either revenue or capital receipts; and • for Lindsell Train Limited, the unquoted investment, obtaining direct confirmation of the income that the Company was entitled to during the year and tracing the receipt of the income received to bank statements. The company's accounting policy on income, including its recognition, is shown in note 1(e) and the components of that income are included in note 2. The Audit Committee identified the accuracy and completeness of the recognition of revenue as a significant issue in its report on page 30, where the Committee also described the action that it has taken to address this issue.

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

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 in determining the nature, timing and extent of our work and in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be £885,000, which is approximately 1% of the Company's net assets. This benchmark is considered the most appropriate because net assets, which is primarily composed of the Company's investment portfolio, is considered to be the key driver of the Company's total return performance.

Materiality for the current year is higher than the level that we determined for the year ended 31 March 2015 to reflect the increased net asset value at the end of this year.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality. We also determine a lower level of specific materiality for certain areas such as the revenue column of the income statement, directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the audit committee to be £44,250. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Overview of the scope of our audit

A description of the generic scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

We conducted our audit in accordance with International Standards on Auditing (ISAs) (UK and Ireland). Our responsibilities under those standards are further described in the 'Responsibilities for the financial statements and the audit' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

Our audit approach was based on a thorough understanding of the Company's business and is risk based. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records is outsourced to Lindsell Train Limited, Northern Trust and Maitland Administration Services Limited respectively. Accordingly, our audit work included:

- obtaining an understanding of, and evaluating, internal controls at the Company and relevant service providers. This included a review of reports on the description, design and operating effectiveness of internal controls at relevant service providers; and
- undertaking substantive testing on significant transactions, account balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the design effectiveness of controls over individual systems and the management of specific risks.

Other reporting required by regulations

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

In our opinion:

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

Matters on which we are required to report by exception

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

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

Governance

Independent auditor's report to the members of The Lindsell Train Investment Trust plc continued

Under the Listing Rules, we are required to review:

- the Directors' statements in relation to going concern and longer-term viability, set out on pages 21 and 13 respectively; and
- the part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

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

- we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable; or
- the annual report does not appropriately disclose those matters that were communicated to the audit committee which we consider should have been disclosed.

We have nothing to report in respect of the above.

We also confirm that we do not have anything material to add or to draw attention to in relation to:

- the Directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in the financial statements about whether they have 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; and
- the Directors' explanation in the annual report 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.

Responsibilities for the financial statements and the audit

What the Directors are responsible for:

As explained more fully in the Statement of Directors' Responsibilities set out on pages 20 and 21 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

What we are responsible for:

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Chris Smith
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
9 June 2016

Financial Statements

Income Statement for the year ended 31 March 2016

	Notes	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
Gains on investments held at fair value through profit or loss	11	–	7,520	7,520	–	17,394	17,394
Exchange gains on currency		–	5	5	–	76	76
Gains on forward currency contracts held at fair value through profit or loss		–	–	–	–	273	273
Losses on futures contracts held at fair value through profit or loss		–	–	–	–	(411)	(411)
Income	2	3,358	–	3,358	2,657	–	2,657
Investment management fees	3	(603)	(362)	(965)	(427)	(1,533)	(1,960)
Other expenses	4	(403)	(2)	(405)	(336)	(3)	(339)
Net return before finance costs and tax		2,352	7,161	9,513	1,894	15,796	17,690
Interest payable and similar charges	7	–	–	–	(36)	–	(36)
Return on activities before tax		2,352	7,161	9,513	1,858	15,796	17,654
Tax on activities	8	(32)	–	(32)	(19)	–	(19)
Return on activities after tax for the financial year		2,320	7,161	9,481	1,839	15,796	17,635
Return per Ordinary Share	10	£11.60	£35.81	£47.41	£9.20	£78.98	£88.18

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

The total columns of this statement represent the profit and loss accounts of the Company. The revenue and capital return columns are supplementary to this and are prepared under the guidance published by the Association of Investment Companies.

The Company does not have any other recognised gains or losses. The net gains for the year disclosed above represents the company's total comprehensive income.

No operations were acquired or discontinued during the year.

The notes on pages 45 to 60 form part of these financial statements.

Financial Statements continued

Statement of Changes in Equity

	Share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 31 March 2016					
At 31 March 2015	150	19,850	57,370	3,215	80,585
Return on activities after tax for the financial year	–	–	7,161	2,320	9,481
Dividends paid (see note 9)	–	–	–	(1,440)	(1,440)
At 31 March 2016	150	19,850	64,531	4,095	88,626

	Share capital £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 31 March 2015					
At 31 March 2014	150	19,850	41,574	2,728	64,302
Return on activities after tax for the financial year	–	–	15,796	1,839	17,635
Dividends paid (see note 9)	–	–	–	(1,352)	(1,352)
At 31 March 2015	150	19,850	57,370	3,215	80,585

The notes on pages 45 to 60 form part of these financial statements.

Statement of Financial Position at 31 March 2016

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Fixed assets					
Investments held at fair value through profit or loss	11		88,219		80,608
Current assets					
Other receivables	12	174		215	
Cash at bank		852		1,376	
		1,026		1,591	
Creditors: amounts falling due within one year					
Other payables	13	(619)		(1,614)	
Net current assets/(liabilities)			407		(23)
Net assets			88,626		80,585
Capital and reserves					
Called up share capital	14		150		150
Special reserve			19,850		19,850
			20,000		20,000
Capital reserve	15		64,531		57,370
Revenue reserve			4,095		3,215
Equity Shareholders' funds	16		88,626		80,585
Net asset value per Ordinary Share	16		£443.13		£402.93

The financial statements on pages 41 to 60 were approved by the Board on 9 June 2016 and were signed on its behalf by:

Julian Cazalet
Chairman
The Lindsell Train Investment Trust plc
Registered in England, No: 4119429

The notes on pages 45 to 60 form part of these financial statements.

Financial Statements continued

Cash Flow Statement for the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Operating Activities			
Net return before finance costs and taxation		9,513	17,690
Gains on investments held at fair value		(7,520)	(17,394)
Movement in derivatives contracts held at fair value		–	41
Losses on exchange movements		(5)	(76)
Decrease in other receivables		10	3,755
Decrease/(increase) in accrued income		18	(16)
Decrease in other payables		(1,137)	(2,523)
Net cash inflow from operating activities before interest and taxation		879	1,477
Interest paid		–	(36)
Taxation on investment income		(16)	(21)
Net cash inflow from operating activities		863	1,420
Investing activities			
Purchases of investments held at fair value		(7,150)	(3,356)
Sale of investments held at fair value		7,198	4,154
Net cash inflow from investing activities		48	798
Financing activities			
Equity dividends paid	9	(1,440)	(1,352)
Net cash outflow from financing activities		(1,440)	(1,352)
(Decrease)/increase in cash and cash equivalents		(529)	866
Cash and cash equivalents at beginning of year		1,376	434
Losses on exchange movements		5	76
Cash and cash equivalents at end of year		852	1,376

The notes on pages 45 to 60 form part of these financial statements.

Notes to the Financial Statements

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below:

(a) Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention modified to include the revaluation of fixed assets in accordance with United Kingdom law and Accounting Standards and with the Statement of Recommended Practice ("SORP") "Financial Statements of Investment Trust Companies and Venture Capital Trusts", issued by the Association of Investment Companies (dated November 2014) to comply with the revised reporting standard.

For the year ended 31 March 2016 the Company is applying, for the first time, FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, effective for periods commencing on or after 1 January 2015. This forms part of the revised Generally Accepted Accounting Practice (New UK GAAP) issued by the Financial Reporting Council (FRC) in 2013.

As a result of the first time adoption of New UK GAAP and the revised SORP, there has been no impact on the Income Statement, Statement of Changes in Equity (previously called the Reconciliation of Movements in Shareholders' Funds) or the Statement of Financial Position (previously called the Balance Sheet).

The Company's Cash Flow Statement reflects the presentation requirements of FRS 102, which are different to that prepared under FRS 1. In addition, the Cash Flow Statement reconciles to cash and cash equivalents whereas under UK GAAP the Cash Flow Statement reconciled to cash.

After considering a schedule of the Company's current financial resources and liabilities for the next twelve months, and as a majority of the net assets of the Company are securities which are traded on recognised stock exchanges, the Directors have determined that its resources are adequate for continuing in business for the foreseeable future and that it is appropriate to prepare the financial statements on a going concern basis. The Company does not have a fixed life.

(b) Reporting currency

The financial statements are presented in Sterling which is the functional currency of the Company because it is the currency of the primary economic environment in which the Company operates.

(c) Dividends

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 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.

(d) Valuation of fixed asset investments

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

When a purchase or sale is made under a contract, the terms of which require delivery within the time frame of the relevant market, the investments concerned are recognised or derecognised on the trade date.

Investments are valued through profit or loss and accordingly are valued at fair value, deemed to be bid or last market prices depending on the convention of the exchange on which they are listed. As the Company’s business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value,

Financial Statements

Notes to the Financial Statements continued

investments are valued through profit or loss on initial recognition at fair value. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the Company is provided internally on this basis to the Board.

Lindsell Train fund products are valued monthly using prices supplied by the administrator of these funds.

Unquoted investments are valued by the Directors at fair value using market valuation techniques.

The investment in LTL (representing 24.31% of the Investment Manager) is held as part of the investment portfolio. Accordingly, the shares are accounted for and disclosed in the same way as other investments in the portfolio. The valuation of the investment (see note 17) is calculated at the end of each month on the basis of fair value as determined by the Directors of the Company. The valuation process is based upon a formula that takes into account, inter alia, the value of the funds under LTL's management and the moving average of its monthly earnings.

FRED 62, 'Draft amendments to FRS 102 - Fair value hierarchy disclosures', amends paragraphs 34.22 and 34.42 of FRS 102, revising the disclosure requirements for financial instruments held at fair value and aligning the disclosures with those require by EU-adopted IFRS. The Company has chosen to adopt early these amendments to FRS 102. There are no accounting policy or disclosure changes as a result of this adoption.

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 as follows:

- Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 – Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

(e) Income

Dividends are credited to the revenue column of the Income Statement on an ex-dividend basis. Where an ex-dividend date is not available, dividends received on or before the year end are treated as revenue for the year. The fixed return on a debt security is recognised on a time apportionment basis so as to reflect the effective interest rate on the debt security.

Bank and deposit interest is accounted for on an accruals basis.

(f) Expenses

All expenses are accounted for on an accruals basis. Finance costs are accounted for on an accruals basis using the effective interest rate method. Expenses are charged through the revenue column of the Income Statement except as follows:

– expenses which are incidental to the acquisition or disposal of an investment are charged to the capital column of the Income Statement;

– expenses are charged to the realised capital reserve, via the capital column of the Income Statement, where a connection with the maintenance or enhancement of the value of the investments can be demonstrated; and

– performance fees payable to the Investment Manager are charged 100% to capital.

(g) Taxation

Deferred taxation is provided on all differences which have originated but not reversed by the balance sheet date, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be recovered.

(h) Foreign currency

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

(i) Capital reserve

The following are taken to this reserve:

– Gains and losses on the disposal of investments;

– Exchange differences of a capital nature;

– Expenses, together with the related taxation effect, allocated to this reserve in accordance with the above policies; and

– Investment holding gains being the increase and decrease in the valuation of investments held at the year end.

(j) Significant judgements and estimates

The key significant judgement or estimate to report is the valuation of the LTL investment. Please refer to notes 1(d) and 17 for details of how this is valued.

(k) Registered address and nature of business

The Company is an investment company defined in Section 853 of the Companies Act 2006. Its registered office address is provided on page 72.

2 Income

	2016 £'000	2015 £'000
Income from investments		
Overseas dividends	165	193
UK dividends		
– Lindsell Train Limited	2,292	1,562
– Other UK dividends	855	730
UK fixed interest income	46	172
	3,358	2,657
Total income comprises:		
Dividends	3,312	2,485
Interest	46	172
	3,358	2,657

3 Investment Manager fees

	2016 £'000	2015 £'000
Investment management fee	664	486
Investment Manager's performance fee – charged to capital	362	1,533
Rebate of investment management fee (see below)	(61)	(59)
Total management fee	965	1,960

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Notes to the Financial Statements continued

3 Investment Manager fees continued

In accordance with an Investment Management Agreement dated 21 December 2000 (last revised in March 2016) between the Company and LTL, LTL has been providing investment management services to the Company. For their services, LTL receive an annual fee of 0.65% of the Adjusted Market Capitalisation of the Company, calculated on the last Business Day of each calendar month, and payable in arrears in respect of each calendar month. The amount charged during the year is shown in note 3, and £55,140 (2015: £41,432) of the fee for the year was outstanding as at the balance sheet date.

From 1 April 2016 the Investment Management Fee Calculation has been amended to ensure that LTL no longer earns a fee on the proportion of the Market Capitalisation that is attributable to any share price premium to the Company's Net Asset Value ('NAV'). In consequence, the Investment Management Fee is now being calculated by reference to the lower of the Market Capitalisation or the NAV of the Company.

A performance fee is payable at the rate of 10 per cent of the amount by which the growth in the lower of (i) the Adjusted Market Capitalisation per Ordinary Share of the Company and (ii) the Adjusted Net Asset Value per Ordinary Share of the Company in each performance period exceeds the annual average running yield on the longest-dated UK government fixed rate bond, currently Treasury 3.5% 2068, calculated using weekly data, plus a premium of 0.5% over the period, subject to a high watermark. The Company has twelve month performance periods, ending on 31 March in each year. The performance fee is payable in arrears in respect of each performance period.

The performance fee for the year to 31 March 2016 amounts to £362,239 (2015: £1,532,402).

For the avoidance of double charging management fees, the Investment Manager has agreed to rebate any periodic management fee that it receives from the Company by the amount of fees receivable by it from Lindsell Train fund products and other fund products where LTL is the Investment Manager in respect of the Company's investments in those funds. The amounts rebated on the Investment Management fee are shown above, of which £30,424 (2015: £27,597) relates to the Company's investment in the Lindsell Train Japanese Equity Fund, £20,290 (2015: £8,022) relates to the Company's investment in the Lindsell Train Global LLC and £10,017 (2015: £9,988) relates to the Company's investment in the Finsbury Growth & Income Trust PLC.

4 Other expenses

	2016 £'000	2015 £'000
Directors' emoluments (see note 5)	**123**	95
Administration fee	**80**	80
AIFM fee	**20**	–
Auditor's remuneration for:		
– audit of the financial statements of the Company*	**25**	25
Auditor's remuneration for the provision of tax services:		
– taxation compliance*	**13**	9
Safe custody fee	**20**	27
Printing fees	**16**	16
Registrars' fee	**19**	14
Listing fee	**18**	18
Legal fees	**11**	10
Employer's National Insurance	**8**	4
Directors' liability insurance	**7**	5
Key man insurance	**21**	21
Sundry	**22**	12
	403	336
Capital charges	**2**	3
	405	339

* Excluding VAT.

In accordance with an administration agreement dated 21 December 2000 between the Company and Maitland Administration Services Limited ("Maitland"), Maitland has been appointed to provide administration and company secretarial services to the Company for which Maitland receives an annual fee of £80,000.

5 Directors' emoluments

One Director's emolument are assigned to a consultancy of which he is the principal Director. It totals £12,731 (2015: £26,846) and is included in the table below:

	2016 £'000	2015 £'000
Directors' fees	**123**	95

Since 2 September 2014, the Chairman of the Board, Chairman of the Audit Committee, and other Directors receive fixed fees at rates of £30,000, £24,000 and £20,000 respectively per annum, and have no entitlement to any performance fees. Directors' fees amounting to £20,000 have been waived by Mr Michael Lindsell in view of his connection with the Investment Manager.

There were no pension contributions paid or payable.

Financial Statements

Notes to the Financial Statements continued

6 Disclosure of interests

As at 31 March 2016 the Company had investments in the following Lindsell Train managed funds: 6,555,661 shares in Lindsell Train Japanese Equity Fund at a cost of £2,718,038; 297,249 shares in Lindsell Train Global LLC at a cost of £1,853,089; 420,000 shares in Finsbury Growth & Income Trust PLC at a total cost of £758,721.

LTL is also the Investment Manager of Finsbury Growth & Income Trust PLC in which the Company has an investment (see page 6).

LTL's appointment as Investment Manager is subject to termination by either party on twelve months' notice.

7 Interest payable and similar charges

	2016 £'000	2015 £'000
On overdrafts	–	36

8 Taxation

The tax charge on the profit on activities for the year was as follows:

	2016 Revenue £'000	2016 Capital £'000	2016 Total £'000	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000
UK corporation tax	–	–	–	–	–	–
Overseas tax	20	–	20	20	–	20
Overseas tax recoverable	12	–	12	(1)	–	(1)
Tax charge per accounts	32	–	32	19	–	19

Factors affecting total tax charge for the year

The main rate of corporation tax in the UK was reduced from 21% to 20% on 1 April 2015. This change in the tax rate results in an average rate for the accounting year ended 31 March 2016 of 20.0% (2015: 21.0%) on a weighted average basis. The differences are explained below:

	2016 £'000	2015 £'000
Net return on ordinary activities before taxation	9,513	18,516
Theoretical tax at UK corporation tax rate of 20% (2015: 21%)	1,903	3,888
Effects of:		
– UK dividends which are not taxable	(629)	(481)
– Overseas dividends which are not taxable	(33)	(40)
– Capital gains not subject to corporation tax	(1,505)	(3,640)
– Current year excess expenses	192	132
– Unutilised capital expenses	72	322
– Overseas tax suffered	20	20
– Overseas tax recoverable	12	(1)
Actual current tax charge	32	19

As an investment trust the Company, whilst it obtains exemption under Sections 1158/1159 Corporation Tax Act 2010, is not subject to UK taxation on capital gains. In the opinion of the Directors, the Company has complied with the requirements of Section 1159 Corporation Tax Act 2010.

Factors that may affect future tax charges

The Company has not recognised a deferred tax asset of £1,533,000 (2015: £1,511,000) arising from management expenses exceeding taxable income. These expenses could only be utilised if the Company were to generate taxable profits in the future.

9 Dividends paid and payable

	2015 £'000	2014 £'000
Final dividend paid for the year ended 31 March 2015 of 642p per Ordinary Share (2014: 563p per Ordinary Share)	1,284	1,126
Special dividend paid for the year ended 31 March 2015 of 78p per Ordinary Share (2014: 113p per Ordinary Share)	156	226
Total Dividends	1,440	1,352

The total dividend forming the basis of Sections 1158 Corporation Tax Act 2010 payable in respect of the financial year is set out below:

	2016 **£'000**	2015 £'000
Final dividend payable for the year ended 31 March 2016 of 810p per Ordinary Share (2015: 642p per Ordinary Share)	**1,620**	1,284
Special dividend payable for the year ended 31 March 2016 of 80p per Ordinary Share (2015: 78p per Ordinary Share)	**160**	156
Total Dividends	**1,780**	1,440

10 Return per Ordinary Share

	2016	2015
Total return per Ordinary Share		
Total return	**£9,481,000**	£17,635,000
Weighted average number of Ordinary Shares in issue during the year	**200,000**	200,000
Total return per Ordinary Share	**£47.41**	£88.18

The total return per Ordinary Share detailed above can be further analysed between revenue and capital, as below:

Revenue return per Ordinary Share		
Revenue return	**£2,320,000**	£1,839,000
Weighted average number of Ordinary Shares in issue during the year	**200,000**	200,000
Revenue return per Ordinary Share	**£11.60**	£9.20
Capital return per Ordinary Share		
Capital return	**£7,161,000**	£15,796,000
Weighted average number of Ordinary Shares in issue during the year	**200,000**	200,000
Capital return per Ordinary Share	**£35.81**	£78.98

Financial Statements

Notes to the Financial Statements continued

11 Investments held at fair value through profit or loss

	2016 £'000	2015 £'000
Investments listed on a recognised investment exchange	57,112	55,779
Unlisted investments	31,107	24,829
Valuation at year end	88,219	80,608
Opening book cost	26,706	24,823
Opening investment holding gains	53,902	39,189
Opening valuation	80,608	64,012
Movements in the year:		
Purchases at cost	7,292	3,356
Sales – proceeds	(7,201)	(4,154)
– gains on sales	3,651	2,681
Increase in investment holding gains for the year	3,869	14,713
Closing valuation	88,219	80,608
Closing book cost	30,448	26,706
Closing investment holding gains	57,771	53,902
	88,219	80,608
Realised gains on sales	3,651	2,681
Increase in investment holding gains for the year	3,869	14,713
	7,520	17,394

Investment transaction costs on purchases and sales of investments during the year to 31 March 2016 amounted to £40,411 and £279 respectively (2015: £4,000 and £1,000 respectively).

During the year the investment holding gain attributable to the Company's holding in LTL amounted to £6,122,000 (2015: £7,161,000).

11 Investments held at fair value through profit or loss continued

Significant holdings

Included in the above are the following investments in which the Company has an interest exceeding 10% of the nominal value of the shares of that class in the investee company as at 31 March 2016.

Investments	Country of registration or incorporation	Class of capital	% of class held
Lindsell Train Limited*	England	Ordinary Shares of £100	24.31%
Lindsell Train Japanese Equity Fund†	Ireland	Class B Redeemable Participating Share	23.60%
Lindsell Train Global Equity LLC^	USA	Limited liability member	13.67%

*As at 31 January 2016, the latest year end for LTL, the audited aggregate capital and reserves amounted to £17,686,784 (2015: £10,894,381) and the profit for that year ended amounted to £16,176,723 (2015: £9,728,404). The total amount of dividends paid during the year was £9,384,230, equating to a dividend of £3,520 per share. The earnings per share was £6,534.20. The cost of the investment in LTL was £65,100.

† The unaudited aggregate net assets of Lindsell Train Japanese Equity Class B Redeemable Participating Shares as at 31 March 2016 were ¥3,797,442,924.

^ The unaudited aggregate net assets of Lindsell Train Global Equity LLC as at 31 March 2016 were US$24,723,238.

These companies have been accounted for as investments in accordance with the accounting policy in note 1(d).

The Company has arrangements in place with the Investment Manager to avoid double charging of fees and expenses on investments made in other Lindsell Train fund products (see note 3).

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Notes to the Financial Statements continued

12 Other receivables

	2016 £'000	2015 £'000
Amounts due from brokers	3	–
VAT recoverable	14	24
Prepayments and accrued income	157	191
	174	215

13 Other payables

	2016 £'000	2015 £'000
Amounts due to brokers	142	–
Accruals and deferred income	477	1,614
	619	1,614

14 Called up share capital

	2016		2015	
	No. of shares 000's	£'000	No. of shares 000's	£'000
Authorised:				
Ordinary Shares of 75p each	200	150	200	150
Allotted, called up and fully paid:				
Ordinary Shares of 75p each	200	150	200	150

There has been no change in the capital structure during the year to 31 March 2016.

15 Capital reserve

The capital reserve includes investment holding gains of £57,771,000 (2015: £53,902,000).

The Institute of Chartered Accountants in England and Wales has issued guidance stating that profits arising out of a change in fair value of assets, recognised in accordance with Accounting Standards, may be distributed provided the relevant assets can be readily convertible into cash. Securities listed on a recognised stock exchange are generally regarded as being readily convertible into cash. In accordance with the Company's Articles of Association, the capital reserve and special reserve may not be distributed by way of dividend but may be utilised for the purposes of share buybacks, and the Company may only distribute by way of dividend accumulated revenue profits.

16 Net asset value per share

The net asset value per Ordinary Share and the net asset value at the year end calculated in accordance with the Articles of Association were as follows:

	Net asset value per share attributable		Net asset value attributable	
	2016	2015	**2016**	2015
	£	£	**£'000**	£'000
	443.13	402.93	**88,626**	80,585

The movements during the year of the assets attributable to each Ordinary Share were as follows:

	Ordinary Shares £'000
Total net assets attributable at beginning of year	**80,585**
Total recognised gains for the year	**9,481**
Dividends paid during the year	**(1,440)**
Total net assets attributable at end of year	**88,626**

The net asset value per Ordinary Share is based on net assets of £88,626,000 (2015: £80,585,000) and on 200,000 Ordinary Shares (2015: 200,000), being the number of Ordinary Shares in issue at the year end.

17 Financial instruments and capital disclosures

Risk management policies and procedures

The investment objective of the Company is to maximise long-term total returns with a minimum objective to maintain the real purchasing power of Sterling capital. In pursuit of this objective, the Company may be exposed to various forms of risk, as described below.

The Board sets out its principal risks on pages 12 to 13 and its investment policy including its policy on gearing (bank borrowing), diversification and dividends on page 10.

The Board and its Investment Manager consider and review the number of risks inherent with managing the Company's assets which are detailed below.

Market risk

The fair values or future cash flows of the Company's financial instruments may fluctuate due to changes in market risk. Market risk encompasses mainly equity price risk but also foreign exchange risk and interest rate risk which are discussed below.

Market risk is monitored by the Board on a quarterly basis and on a continuous basis by the Investment Manager.

The Company transacts futures contracts, which alter the exposure to equity price risk.

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Notes to the Financial Statements continued

17 Financial instruments and capital disclosures continued

Foreign currency exposure as at 31 March 2016

	Sterling £'000	**US$ £'000**	**Euro £'000**	**JPY £'000**	**Total £'000**
Investments held at fair value through profit or loss that are monetary items	**–**	**–**	**–**	**–**	**–**
Receivables	**108**	**29**	**10**	**27**	**174**
Cash at bank	**376**	**434**	**8**	**34**	**852**
Payables	**(619)**	**–**	**–**	**–**	**(619)**
Foreign currency exposure on net monetary items	**(135)**	**463**	**18**	**61**	**407**
Investments held at fair value through profit or loss that are equities	**65,630**	**9,012**	**3,969**	**9,608**	**88,219**
Total net foreign currency exposure	**65,495**	**9,475**	**3,987**	**9,669**	**88,626**

Foreign currency exposure as at 31 March 2015

	Sterling £'000	US$ £'000	Euro £'000	JPY £'000	Total £'000
Investments held at fair value through profit or loss that are monetary items	5,878	–	–	–	5,878
Receivables	144	38	6	27	215
Cash at bank	1,112	233	–	31	1,376
Payables	(1,614)	–	–	–	(1,614)
Foreign currency exposure on net monetary items	5,520	271	6	58	5,855
Investments held at fair value through profit or loss that are equities	53,943	8,240	3,381	9,166	74,730
Total net foreign currency exposure	59,463	8,511	3,387	9,224	80,585

17 Financial instruments and capital disclosures continued

Over the year, against all of the Company's principal investing currencies, Sterling weakened against the US Dollar by 3.18% (2015: weakened by 10.96%), weakened against the Euro by 8.75% (2015: strengthened by 14.27%) and weakened against the Japanese Yen by 9.26% (2015: strengthened by 3.69%).

A 5% decline or rise of Sterling against foreign currency denominated (i.e. non Sterling) assets held at the year end (without any consequential move in equity prices) would have increased/decreased the Net Asset Value by £1,156,000 or 1.30% of Net Asset Value (2015: £1,056,000 or 1.31% of Net Asset Value). The impact on the profit and loss account is impossible to estimate since the profit or loss is the net result of all the transactions in the portfolio throughout the year.

Interest rate risk

The Company had no fixed rate financial assets at the year end and no borrowings.

Other price risk

If the fair value of the Company's investments (see portfolio holdings on page 6) at the year end increased/decreased by 10%, then it could affect the capital return by £8,822,000 or £44.11 per Ordinary Share (2015: £8,061,000 or £40.30 per Ordinary Share).

Liquidity risk

Liquidity risk is not significant in normal market conditions as the majority of the Company's investments are listed on recognised stock exchanges and for the most part readily realisable securities which can be easily sold to meet funding commitments if necessary.

Credit risk

Credit risk is mitigated by diversifying the counterparties through whom the Investment Manager conducts investment transactions. The credit-standing of all counterparties is reviewed periodically with limits set on amounts due from any one broker.

Cash and cash equivalents and other debtors of the Company at the year end as shown on the Balance Sheet was £1,026,000 (2015: £1,591,000).

Counterparty risk

Northern Trust Company (the "Bank") is the appointed custodian of the Company. It provides securities clearing, safe-keeping, foreign exchange, advance credits and overdrafts, and cash deposit services. The Bank has a credit rating for long-term deposits/debt of Aa2 from Moody's and AA- from Standard & Poor's.

As cash placed at the Bank is deposited in its capacity as a banker not a trustee in line with usual banking practice, such cash is not held in accordance with the Financial Conduct Authority's client money rules.

Financial Statements

Notes to the Financial Statements continued

17 Financial instruments and capital disclosures continued

Valuation of financial instruments

The Company's investments and derivative financial instruments as disclosed in the balance sheet are valued at fair value.

In preparing these financial statements the Company has adopted amendments to FRS 102 : Fair Value Hierarchy disclosures (March 2016) published by the FRC. FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. 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 as follows:

- Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 – Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

The tables below set out fair value measurements of financial instruments as at the year end, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Financial assets/liabilities at fair value through profit or loss

	Level 1	**Level 2**	**Level 3**	**Total**
At 31 March 2016	**£'000**	**£'000**	**£'000**	**£'000**
Equity investments	**57,112**	**2,352**	**28,755**	**88,219**
	57,112	**2,352**	**28,755**	**88,219**

	Level 1	Level 2	Level 3	Total
At 31 March 2015	£'000	£'000	£'000	£'000
Equity investments	49,902	2,238	22,591	74,731
Fixed interest bearing securities	5,877	–	–	5,877
	55,779	2,238	22,591	80,608

Note: Within the above tables, the entirety of level 2 represents the investment in Lindsell Train Global Equity LLC and the entirety of level 3 represents the investment in LTL, including the one share in LTL against which an option has been granted.

17 Financial instruments and capital disclosures continued

The valuation techniques used by the Company are explained in the accounting policies note on pages 45 to 46.

The valuation of the investment in LTL derives from a formula created after taking advice from an expert in the sector. The formula uses a simple average of two different components:

- 1.5% of LTL's most recent funds under management; and
- LTL's net earnings (adjusted for a notional increase in staff costs to 45% of revenues excluding performance fees) calculated on a three month rolling basis, one month in arrears and annualised, divided by the annual average running yield on the longest dated UK government fixed rate bond, currently UK Treasury 3.5% 2068, calculated using weekly data, plus a premium of 0.5%, subject to a minimum yield of 4% plus an equity risk premium of 4.5%.

The valuation of LT Global Equity LLC is based on the net asset value of the Fund. The net asset value of LT Global Equity Fund LLC is calculated on a monthly basis being the last New York (USA) business day of each month. The NAV of the Fund is the mid closing price of its investment plus other assets held by the Fund less operating expenses, accrued liabilities and the management fee.

There were no transfers between levels for financial assets and financial liabilities during the year recorded at fair value as at 31 March 2016 and 31 March 2015. A reconcilation of fair value measurements in Level 3 is set out below.

Level 3 Financial assets at fair value through profit or loss at 31 March

	2016 £'000	2015 £'000
Opening fair value	22,591	15,430
Purchases at cost	–	–
Sales proceeds	(129)	–
Total gains or losses included in gains on investments in the Income Statement		
– on sold assets	129	–
– on assets held at the end of the year	6,164	7,161
Closing fair value	**28,755**	22,591

Financial Statements

Notes to the Financial Statements continued

17 Financial instruments and capital disclosures continued

Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to maximise long-term total returns subject to the avoidance of loss of absolute value through an appropriate balance of equity capital and debt. The Directors' have discretion to permit borrowings up to 50% of the Net Asset Value. However, the Directors have decided it is in the best interests of the Company to not use gearing.

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

The Company's objectives, policies and processes for managing capital are unchanged from last year.

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 restriction tests imposed on investment companies by UK company law.

These requirements are unchanged since last year and the Company has complied with them at all times.

The Company intends to renew its authority to repurchase shares at a discount to net asset value in order to enhance value for Shareholders.

18 Guarantees, financial commitments and contingent liabilities

There were no financial commitments or contingent liabilities outstanding at the year end (2015: None).

19 Ongoing charges	**2016**		2015	
	£'000	**%**	£'000	%
Total operating expenses	**1,006**	**1.20**	763	1.10

Total operating expenses include £61,000 (2015: £59,000) in respect of a management fee waiver (see note 3). They exclude the Investment Manager's performance fee of £362,000 charged to capital in 2016 (2015: £1,533,000).

The above ongoing charge is based on the average Shareholders' Funds of £83,795,000 (2015: £69,361,000) calculated at the end of each month during the year.

It should be noted that administrative expenses borne by the Lindsell Train Funds are excluded from the above.

20 Related Party transactions

LTL acts as the Investment Manager of the Company. The amounts paid to the Investment Manager and further details of the relationship between the Company and the Investment Manager are set out in note 3. Full details of Directors' interests are set out in the Report of the Directors on page 35.

Appendices

DISCLAIMER

The information contained in these Appendices has not been audited by the Auditor and does not constitute any form of financial statement. The appendices are for information purposes and should not be regarded as any offer or solicitation of an offer to buy or sell shares in the Company.

Appendix 1

Annual Review of Lindsell Train Limited ('LTL')

The Investment Manager of the Lindsell Train Investment Trust

Background

LTL was established in 2000 by Michael Lindsell and Nick Train and was founded on the shared investment philosophy that developed while they worked together during the 1990s. The company's aim is to foster a work environment in which the investment team can manage capital consistent with this philosophy, which entails managing concentrated portfolios invested strategically in durable franchises. Essential to success is maintaining a relatively simple business structure encompassing an alignment of interests between, on one side LTL's clients, and, on the other, its founders and employees.

People

LTL's board of directors consists of the two founders Michael Lindsell and Nick Train, the Chief Operating Officer Michael Lim, the Head of Marketing and Client Servicing Jane Orr and James Alexandroff, the only non-executive director. James is a co-founder of a specialist investment boutique, Arisaig Partners, and is a Shareholder in the Lindsell Train Investment Trust. LTL's executive staff number 16, up from 14 a year ago. All staff are based in the UK aside from our North American Marketing and Client Servicing representative, who works out of Boston.

The Board recognises that key employees should share in the ownership of the company in order to provide adequate incentives for them as well as to further the alignment of interests to which we aspire. The founders and the Lindsell Train Investment Trust have sold shares periodically to incentivise staff. *The current ownership of LTL is detailed on page 63.*

Business

LTL's strategy is to build excellent long-term performance records for its funds in a way that is consistent with its investment principles and that meet the aims of their clients. *Long term performance is detailed on page 64.*

Success in achieving satisfactory investment performance should allow the company to expand its assets under management ('AUM') in its three product areas: UK, Global and Japanese equities. LTL aspires to manage multiple billions of pounds in each product, whilst recognising that there will be a size per product above which their ability to achieve clients' performance objectives may be compromised. LTL thinks this growth is possible without significantly expanding the investment staff (currently numbering five).

Appendix 1 continued

To achieve this growth in a manageable way, LTL intends to direct net flows into LT badged pooled funds and to limit the number of separately managed accounts. The open-ended pooled funds represented 53% of AUM at end March, up from 45% the year before. Additionally, LTL manages 16 separate client relationships, up from 15 last year. The largest pooled fund (the UK Equity fund) represented 30% of total AUM and the largest segregated portfolio accounted for 11.7%.

In the year to January 2016 LTL's total AUM grew 24% from £5.0bn to £6.2bn, with total net new inflows amounting to £855m. This reflected net new inflows to the UK (£476m) and Global (£534m) strategies and an outflow from the Japan strategy (-£155m). Although the Japanese strategy's relative performance was good in 2015 and over the long term (see below), it had lagged behind the index over the prior three years. The marketing and client servicing team solicit institutional clients directly or through investment consultants, primarily in the UK but increasingly in the USA now that there is a marketing presence there. The funds are also widely represented on the major UK retail and IFA platforms.

Financials

In 2016 LTL's total revenues grew 67%, made up of a rise in investment management fees (46%) and a jump in performance fees. LTL's biggest cost item, direct staff remuneration, is capped at 25% of fees (other than those earned from the Lindsell Train Investment Trust), as governed by LTL's Shareholders' agreement. Employer national insurance costs are excluded from the restriction. Total staff remuneration, including employer national insurance, amounted to 34% of total revenues, up slightly from a year earlier. Fixed overheads were up from £0.8m to £1.3m owing to operational upgrades and office relocation costs. Operating profits were up 64% registering a margin on sales of 63%.

LTL intends to distribute to Shareholders dividends equivalent to 80% of its retained profits in respect of each accounting year end, subject to retaining sufficient working and fixed or regulatory capital to enable it to continue its business in a prudent manner. Total dividends paid in the year to January 2016 were £3,520 per share, up from £2,400 per share in 2015.

At the end of January 2016, LTL's balance sheet was made up of Shareholders' funds of £17.7m backed by £17.5m of net current assets including £16.1m of cash.

Valuing LTL

LTL's shares are valued at the end of each month by LTIT's directors using a formula adopted by the LTIT Board in October 2007, after taking professional advice. It uses a simple average of two different components:

- 1.5% of LTL's most recent AUM (excluding any LTL funds held by LTIT); and

- LTL's net earnings (adjusted for a notional increase in staff cost to 45% of revenues excluding performance fees) calculated on a three month rolling basis, one month in arrears and annualised, divided by the annual average running yield on the longest dated UK government fixed rate bond, currently UK Treasury 3.5% 2068, calculated using weekly data, plus a premium of 0.5%, subject to a minimum yield of 4.0% plus an equity risk premium of 4.5%.

The latest calculation is detailed on page 64.

The Future

LTL has no plans to hire new staff currently and there are no significant capital investment requirements expected in the current financial year.

With the support of a stable and dedicated team of investment managers and a strong performance track record, LTL hopes to continue to grow its AUM. But there are risks that could impinge on that growth. The greatest is the demise of either of the founders. Currently, they are in their mid-fifties, in good health and remain strongly committed to LTL. It is encouraging to see LTL's other investment staff progressing and taking on more responsibility. The other key risks would be a significant fall in markets and/or a bout of sustained underperformance from LTL's strategies, which could lead to a fall in AUM. Any of these eventualities could have a material impact on the value of LTL and its dividend paying potential.

Assets Under Management

By Strategy	Jan 2016 £m	Jan 2015 £m
UK Equity	**3,710**	3,188
Global	**2,400**	1,635
Japan Equity	**79**	199
Total AUM	**6,189**	5,022

Ownership

	Jan 2016	Jan 2015
Michael Lindsell & spouse	**969**	974
Nick Train & spouse	**969**	974
Lindsell Train Investment Trust plc	**651**	651
Other Directors	**77**	67
Total shares	**2,666**	2,666

Employees

	Jan 2016	Jan 2015
Investment Team	**5**	4
Client Servicing & Marketing	**4**	4
Operations & Administration	**7**	6
Total number of employees	**16**	14

Appendix 1 continued

Lindsell Train Fund Performance

Annualised data to 31 January 2016		1 Year %	3 Years %	5 Years %	10 Years %
GBP	UK Equity Fund (Accumulation)	2.4	13.9	14.6	
	FTSE All Share (total return)	(4.6)	4.0	5.5	
GBP	Global Equity Fund (B share)	10.8	16.1		
	MSCI World (total return)	0.5	9.6		
JPY	Japanese Equity Fund (A share)	12.2	19.9	14.1	2.7
	TOPIX (total return)	3.2	17.3	11.8	(0.5)

Source: CitywireGlobal/Money website (Lipper) for all data except for Indices performance (Morningstar Direct).

Financials

Profit & Loss	**Jan 2016 £**	Jan 2015 £
Fee Revenue:		
Investment Management fee	**26,950,341**	18,519,732
Performance Fee	**5,306,165**	761,610
Bank Interest	**26,299**	17,741
	32,282,805	19,299,083
less		
Staff Remuneration*	**(11,028,028)**	(6,142,053)
Fixed Overheads	**(1,325,254)**	(786,004)
FX Currency Translation Gain	**340,771**	0
Operating Profit	**20,270,294**	12,371,026
Taxation	**(4,256,761)**	(2,642,622)
Net Profit	**16,176,723**	9,728,404
Dividends	**(9,384,320)**	(7,784,720)
Retained profit	**6,792,403**	1,943,684
Balance Sheet		
Fixed Assets	**155,112**	52,201
Current Assets (inc cash at bank)	**22,445,316**	13,503,720
Liabilities	**(4,913,644)**	(2,661,540)
Net Assets	**17,686,784**	10,894,381

* No more than 25% of fees (other than LTIT fees) can be paid as staff remuneration. Employer national insurance costs are excluded from this limit.

Five Year History of Key Business Measures

	Jan 2016	Jan 2015	Jan 2014	Jan 2013	Jan 2012
Operating Margin	**63%**	64%	59%	61%	57%
Earnings per share (£)	**6,068**	3,649	2,934	1,686	333
Dividends per share (£)	**3,520**	2,400	2,640	550	940
Total Staff Cost as % of Revenue	**34%**	32%	38%	32%	36%

Five Year History of Assets Under Management

	Jan 2016	Jan 2015	Jan 2014	Jan 2013	Jan 2012
Opening FUM (in £ million)	**5,022**	3,392	2,396	1,644	1,320
Changes in AUM (in £ million)	**1,167**	1,630	996	752	324
– from market/portfolio performance	**312**	707	550	456	81
– from net new inflows	**855**	923	446	296	243
Closing AUM (in £ million)	**6,189**	5,022	3,392	2,396	1,644
Open ended funds as % of total	**53%**	43%	35%	33%	16%

Company Valuation*

	Jan 2016	Jan 2015
	£	£
AUM excluding LTIT holdings	**6,217,438,904**	5,013,074,633
*Value based on 1.5% of AUM (**A**)*	**93,261,584**	75,196,119
Annualised revenue ex performance fee**	**29,040,682**	21,302,622
Notional Staff Costs (45% of revenues)	**(13,068,307)**	(9,586,180)
Annualised interest income**	**34,179**	22,108
Annual operating costs**	**(1,809,515)**	(979,922)
Notional Tax	**(3,123,349)**	(2,582,071)
Notional post tax earnings	**11,073,690**	8,176,557
LTIT's Benchmark yield***	**4.0%**	3.9%
Equity Risk Premium	**4.5%**	4.5%
Total yield + premium	**8.5%**	8.4%
*Value of Company (Earnings base) (**B**)*	**130,278,711**	97,583,929
*Shares in Issue (**C**)*	**2,666**	2,666
Average Value per share = ((A+B)/2)/C	**41,924**	32,404

* LTL shares are now valued monthly. Prior to October 2015 LTL shares were valued quarterly. The January 2015 valuation was based on December 2014 quarterly figures.

** Annualised figures are prior three months' data.

*** Prior to 1st April 2015, the Benchmark yield was derived from the annual average of 2.5% Consolidated Loan Stock, an undated government security.

Appendix 2

Share Capital

At 31 March 2016 and 31 March 2015, and up to the date of this report, the Company had an authorised and issued share capital comprising 200,000 Ordinary Shares of 75p nominal each. At 31 March 2016 the Ordinary Share price was £570.00 (31 March 2015: £426.50).

Income entitlement
The Company's revenue earnings are distributed to holders of Ordinary Shares by way of dividends (if any) as may from time to time be declared by the Directors and approved by the Shareholders.

Capital entitlement
On a winding up of the Company, after settling all liabilities of the Company, holders of Ordinary Shares are entitled to a distribution of any surplus assets in proportion to the respective amounts paid up or credited as paid up on their shares.

Voting entitlement
Holders of Ordinary Shares are entitled to one vote on a show of hands, and on a poll to one vote for each Ordinary Share held. Notices of Meetings and Proxy Forms set out the deadlines for the valid exercise of voting rights and, other than with regard to Directors not being permitted to vote on matters upon which they have an interest, there are no restrictions on the voting rights of Ordinary Shareholders.

Transfers
There are no restrictions on transfers of Ordinary Shares except: a) dealings by Directors, Persons Discharging Managerial Responsibilities and their connected persons which may constitute insider dealing or are otherwise prohibited by the rules of the UKLA; b) transfers to more than four joint holders; c) transfers to US persons other than as specifically permitted by the Directors; d) if, in the Directors' opinion, the assets of the Company might become "plan assets" for the purposes of US ERISA 1974; and e) transfers which in the opinion of the Directors would cause material legal, regulatory, financial or tax disadvantage to the Company.

Appendix 3

Supplier Agreements

Investment Management Agreement

The Investment Manager, LTL, is engaged under the terms of a contract dated 13 August 2014, details of which are given in note 6 to the financial statements, terminable on twelve months' notice by either party. During the year the Directors reviewed the performance of the Investment Manager and consider that the continued engagement of LTL under the existing terms is in the best interests of the Company and Shareholders. Michael Lindsell did not participate in the review as he is an employee and Shareholder of the Investment Manager.

On 31 March 2016 the Company announced that it had agreed with LTL an amendment to the calculation of the Investment Management Fee. Both parties have agreed that the Investment Management Fee should be amended to ensure that LTL no longer earns a fee on the proportion of the Market Capitalisation that is attributable to any share price premium to the Company's Net Asset Value ('NAV'). In consequence, with effect from 1 April 2016, the Investment Management Fee will be calculated by reference to the lower of the Market Capitalisation or the NAV of the Company.

In addition to the day to day management of investments, the Investment Manager advises the Board on liquidity and borrowings and liaises with major Shareholders. The Investment Manager has a stated policy on stewardship and engagement with investee companies, which the Board has reviewed and endorses, and provides verbal reports to the Board where any concerns or issues have been raised.

Administration and Secretarial Agreement

Accounting, company secretarial and administrative services are provided by Maitland Administration Services Limited ("Maitland") pursuant to an agreement dated 21 December 2000. The agreement is terminable by either party on not less than three months' notice. Details of the fees paid to Maitland are given in note 4 to the financial statements. The services provided by Maitland were also reviewed during the year and the Board considered it to be in the best interests of the Company to continue Maitland's appointment under the existing terms.

Other third party service providers

In addition to the Investment Manager and Administrator the Company has engaged Capita Registrars to maintain the share register of the Company and Northern Trust Company, London Office ("Northern Trust") as the Company's custodian. The agreements for these services were only entered into after careful consideration of their terms and their cost-effectiveness for the Company.

Shareholder Information

Notice of Annual General Meeting

Notice is hereby given that the thirteenth Annual General Meeting of The Lindsell Train Investment Trust Plc will be held at the **St Ermin's Hotel, 2 Caxton Street, London, SW1H 0QW** on 31 August 2016 at 2.30 pm for the following purposes:

Ordinary business

1. To receive the Financial Statements and Reports of the Directors and the Auditor for the year ended 31 March 2016;
2. To approve the Annual Report on Remuneration for the year ended 31 March 2016;
3. To approve the payment of a final dividend for the year ended 31 March 2016 of 810p per Ordinary Share;
4. To approve the payment of a special dividend for the year ended 31 March 2016 of 80p per Ordinary Share;
5. To re-elect Mr Julian Cazalet as a Director of the Company;
6. To re-elect Ms Vivien Gould as a Director of the Company;
7. To re-elect Mr Rory Landman as a Director of the Company;
8. To re-elect Mr Michael Lindsell as a Director of the Company;
9. To re-elect Mr Michael Mackenzie as a Director of the Company;
10. To re-appoint Grant Thornton UK LLP as Auditor to the Company and authorise the Directors to determine the Auditor's remuneration.

Special Business

To consider and, if thought fit, pass resolutions 11 and 12 as Ordinary Resolutions:

11. To approve and ratify the amendment to the management agreement dated 31 March 2016 consequent to the change of investment management fee calculation described in appendix 3 to the annual report and accounts for the year ended 31 March 2016.
12. To receive and adopt the Directors' Remuneration Policy.

To consider and, if thought fit, pass resolutions 13 and 14 as Special Resolutions:

13. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary Shares of 75p each ("Ordinary Shares") in the capital of the Company provided that:

    a. the maximum number of Ordinary Shares hereby authorised to be purchased shall be 29,999;

    b. the minimum price which may be paid for an Ordinary Share shall be 75p;

    c. the maximum price (excluding expenses) which may be paid for an Ordinary Share shall be the higher of (a) 5% above the average of the mid market values for the Ordinary Shares in the Stock Exchange Daily Official List for the five business days immediately preceding the date of the purchase and (b) the higher of the last independent trade and highest independent bid;

    d. any purchase of Ordinary Shares will be made in the market for cash at prices below the then prevailing Net Asset Value per Ordinary Share;

    e. any Ordinary Shares so purchased shall be cancelled unless the Directors otherwise determine that they shall be held in treasury and treated as treasury shares; and

    f. unless renewed, such authority hereby conferred shall expire at the end of the next following Annual General Meeting of the Company to be held after the passing of this resolution, or if earlier, the date fifteen months from the passing of the resolution, save that the Company may, prior to such expiry, enter into contract(s) to purchase shares which will or may be completed or executed wholly or partly after such expiry.

14. THAT the Directors be and are hereby generally and unconditionally authorised in accordance with Section 573 of the Companies Act 2006 ("Act") to sell and/or transfer Ordinary Shares held by the Company in treasury for cash as if Section 561 of the Act did not apply to such sale or transfer, provided that the authority hereby granted shall expire at the earlier of the conclusion of the next following Annual General Meeting of the Company or the date fifteen months after the passing of this resolution, save that the Directors may before such expiry enter into offer(s) or agreement(s) which may or shall require Ordinary Shares held in treasury to be sold or transferred after such expiry and the Directors shall be entitled to sell or transfer Ordinary Shares pursuant to such offer(s) or agreement(s) as if the authority hereby granted had not so expired.

Dated this 9th day of June 2016

By order of the Board
Maitland Administration Services Limited
Secretary

Shareholder Information

Notice of Annual General Meeting continued

Notes

(i) This Report & Financial Statements is sent to holders of Ordinary Shares, all of whom are entitled to attend, speak and vote at the above Annual General Meeting ("AGM").

(ii) Members entitled to attend and vote at the AGM are also entitled to appoint one or more proxies to exercise all or any of their rights to attend and speak and vote on their behalf. Where multiple proxies are appointed they must be appointed to exercise the rights in relation to different Ordinary Shares. Proxies need not be members of the Company.

(iii) A form of proxy is sent to members with the Report & Financial Statements. To be valid the form of proxy and any power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of that power of attorney or authority) must be sent to the Company's registrar – Capita Registrars, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF – so as to arrive no later than 2.30 pm on 26 August 2016. Where multiple proxies are being appointed the form of proxy should be copied and a separate one completed for each proxy identifying, that the form of proxy is a multiple form and the different Ordinary Shares that each proxy represents. Completion and return of form(s) of proxy will not preclude a member from attending, speaking and voting in person at the AGM.

(iv) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

(v) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent Capita Registrars (ID: RA10) by 2.30 pm on 26 August 2016. In this respect the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message in the manner prescribed by CREST.

(vi) CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by the particular time the CREST member requires.

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

(viii) A person who is not a member of the Company and receives this notice of meeting as a person nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 ("Act") does not have a right to appoint proxies. However, if a nominated person has an agreement with the member who nominated them, the nominated person may have a right to be appointed as a proxy or a right to instruct the member as to the exercise of voting rights at the AGM.

(ix) Shareholders entered on the Register of Members of the Company at the close of business on 26 August 2016, or the close of business on the day two days prior to the time of an adjourned meeting, shall be entitled to attend and vote at the AGM. Any changes to the Register of Members after such dates shall be disregarded in determining the rights of any Shareholders to attend and vote at the AGM.

(x) Under Section 319(A) of the Act, the Company must cause to be answered any question relating to the business being dealt with at the AGM put by a member attending the AGM unless answering the question would interfere unduly with the preparation for the meeting, would involve the disclosure of confidential information, an answer has already been given on a website, or is undesirable in the interests of the Company or the good order of the AGM.

(xi) Members may not use any electronic address provided in this notice or any related document(s) to communicate with the Company for any purpose other than as specifically stated.

(xii) As at 1 June 2016, the latest practicable date prior to the publication of this notice, the Company's issued share capital comprised 200,000 Ordinary Shares of 75p each, of which none are held in treasury. Each Ordinary Share carries a right to one vote at general meetings of the Company and accordingly the total number of voting rights in the Company as at 1 June 2016 is 200,000.

(xiii) Information regarding the AGM, including the information required by Section 311A of the Act, can be found on the Company's web-pages by following the appropriate links at www.lindselltrain.com.

(xiv) No Director has a service agreement with the Company. Directors' letters of appointment will be available for inspection at the AGM venue from 15 minutes before the time for the meeting until the conclusion of the meeting.

(xv) Member(s) have a right in accordance with Section 338 of the Act to require the Company to give to members of the Company entitled to receive the above notice of meeting, notice of any resolution which they may properly move at the meeting. Under Section 338A of the Act member(s) may request the Company 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 that business.

(xvi) Members may require the Company, under Section 527 of the Act, to publish on a website a statement setting out any matter relating to the audit of the Company's Financial Statements being laid before the meeting, including the Auditor's report and the conduct of the audit at the Company's expense. Where the Company is required to place such a statement on a website it must forward the statement to the Auditor not later than the time it makes the statement available on that website, and include the statement in the business to be dealt with at the meeting.

Company Information

Directors
Julian Cazalet (Chairman)
Dominic Caldecott (retired 1 June 2016)
Vivien Gould
Rory Landman
Michael Lindsell
Michael Mackenzie

Investment Manager
Lindsell Train Limited
5th Floor
66 Buckingham Gate
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SW1E 6AU
Tel: 020 7808 1210
(Authorised and Regulated by the Financial Conduct Authority)

Company Secretary and Registered Office
Maitland Administration Services Limited
Springfield Lodge
Colchester Road
Chelmsford
Essex
CM2 5PW
Tel: 01245 398950
www.maitlandgroup.com
email: cosec@phoenixfundservices.com

Registrar
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0871 664 0300
Calls cost 10p per minute plus network extras (from outside the UK: +44 208 639 3399)

Solicitor
Stephenson Harwood LLP
1 Finsbury Circus
London
EC2M 7SH

Auditor
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

Broker
JP Morgan Cazenove Ltd
25 Bank Street
Canary Wharf
London
E14 5JP

Custodian
Northern Trust Company
50 Bank Street
Canary Wharf
London
E14 5NT

Shareholder relations

The Company's share price for Ordinary Shares is listed daily in the Financial Times. For further information visit: www.lindselltrain.com and follow the links.

Individual Savings Account ("ISA")

The Company's shares are eligible to be held in an ISA account subject to HM Revenue & Customs' limits.

Registered in England, No: 4119429

Company Secretary and Registered Office
Maitland Administration Services Limited
Springfield Lodge
Colchester Road
Chelmsford
Essex CM2 5PW
Tel: 01245 398950
Fax: 01245 398951
www.maitlandgroup.com

The Lindsell Train Investment Trust plc
Registered in England, No: 4119429