THE CITY OF LONDON INVESTMENT TRUST PLC

Annual Report for the year ended 30 June 2015

This announcement contains regulated information

Chairman's Comment

"I am confident that City of London's strategy, which is focussed on providing long term growth in income and capital, will continue to enhance shareholder value over the longer term. This year has been one of steady progress and our dividend was increased for the 49th consecutive year."

Philip Remnant CBE, Chairman

Performance Highlights

	2015	2014
Total Return Performance:		
Net asset value per share('NAV')	**6.4%**	14.7%
Share Price	**7.2%**	15.1%
AIC UK Equity Income sector (Benchmark)	**6.2%**	15.7%
FTSE All-Share Index	**2.6%**	13.1%
UK Equity Income OEIC sector	**7.0%**	14.3%
Total Returns:		
NAV per share	**386.3p**	377.5p
NAV per share (debt at market value)	**382.7p**	373.7p
Share Price	**392.5p**	380.8p
Gearing at year end	**6.0%**	7.1%
Earnings per share	**16.8p**	15.3p
Dividends per share	**15.3p**	14.8p
Revenue Reserve per share	**12.5p**	11.6p
Ongoing Charge for the year	**0.42%**	0.43%
Premium	**1.6%**	0.9%
Premium (debt at market value)	**2.6%**	1.9%

Sources: Morningstar for the AIC, Henderson, Datastream.

Chairman's Statement

This year has been one of steady progress. City of London produced a net asset value total return of 6.4% for the year to 30 June 2015. This follows on from returns of 14.7% and 23.8% for the two previous financial years. Our performance was marginally better than the average for the AIC UK Equity Income sector, a little behind the average for the UK Equity Income OEIC sector but significantly ahead of the FTSE All-Share Index which returned only 2.6%. The dividend was increased for the 49th consecutive year, by 3.7%.

The Markets

UK and US economic growth continued over the year and the outlook for the Eurozone improved with the European Central Bank starting its programme of quantitative easing. The fall in the oil price had a beneficial impact on consumers' disposable income in oil importing countries and helped reduce inflation to a very low level. After the sharp gains of the previous two years when share prices rose faster than profits growth, equity markets moved sideways over the twelve month period. The FTSE 100 Index of large companies was held back by the poor share price performance of oil and mining companies and returned only 0.2%, while the more domestically focussed FTSE Mid 250 Index of medium-sized companies returned 14.5%.

Performance

Earnings and Dividends

Earnings per share rose by 9.8% to 16.84p, partly reflecting the underlying dividend growth from investments held but also the rise in the US dollar compared with sterling, enhancing the sterling value of dividend payments from those UK companies which declare their dividends in US dollars. In addition, special dividends rose from £1.29 million last year to £4.21 million.

City of London increased its own dividend by 3.7% over the previous year and added £3.83 million to revenue reserves. This is the third successive year where we have raised the dividend ahead of the rate of inflation and yet increased revenue reserves to underpin future dividends. Revenue reserves per share now stand at 12.5p, an increase of 6.9% over last year despite continued share issuance by the Company.

This is the 49th consecutive year of unbroken dividend growth, a record unrivalled by any other investment trust.

The quarterly dividend will next be considered by the Board when the third interim is declared in April 2016.

Net Asset Value Total Return

City of London's net asset value total return was 6.4% which was 0.2% ahead of the size weighted average for the AIC UK Equity Income sector, 3.8% ahead of the FTSE All-Share Index and 0.6% behind the UK Equity Income OEIC sector average.

City of London's portfolio remains predominantly invested in large capitalisation (FTSE 100) companies which yield around 1% more than the average for medium-sized and small companies. During the year we did reduce our weighting in the large capitalisation stocks from 69% to 66% but some of our competitors produced superior capital gains due to their greater exposure to medium-sized and small companies.

Relative to the FTSE All-Share Index, City of London benefited from being significantly underrepresented in the oil and mining sectors. The best three stocks held in the portfolio which contributed to performance were all housebuilders: Taylor Wimpey, Persimmon and Berkeley Group. The two large Real Estate Investment Trust holdings in the portfolio, Land Securities and British Land, were also significant contributors. Overall, stock selection contributed 4.08% to performance. Given relatively flat markets, gearing was held in a range of 5.7% to 9.4% over the twelve months and contributed marginally to performance.

Active Share

Over the last year active share, which measures how much a portfolio's holdings differ from its benchmark constituents, has received some attention. The theory is that it is necessary to have a high active share to achieve meaningful outperformance. There has been ensuing criticism of some investment vehicles which have low active shares, follow the benchmark in a passive fashion and yet charge high fees more normally associated with actively managed funds.

This is not an accusation that can be validly levelled against City of London. Although the Company's active share (relative to the FTSE All-Share Index) is considered by some to be low, it has still achieved significant outperformance. Over five years, City of London has outperformed the FTSE All- Share Index by 33.5% and our ongoing charges have been further reduced to 0.42%, which remain the lowest in the AIC UK Equity Income sector.

In my view, active share is a potentially misleading metric, particularly if used in isolation and without taking a more informed view of the risk profile of a fund. Other measures such as information ratios are often more insightful as they seek to assess risk-adjusted returns. Over the last five years, the Company's information ratio is the second best in the AIC UK Equity Income sector in terms of the returns achieved relative to the degree of risk taken in achieving those returns.

Share Issues

There was again strong appetite during the year for the Company's shares. 22.9 million shares were issued at a premium to net asset value, for proceeds of £86.9 million, enhancing net asset value by 0.13%. In the past five years, City of London has issued 99.1 million new shares which has increased its share capital by 47.5%.

City of London's shares continue to trade consistently at a premium to net asset value, despite the sector generally moving to a discount during the year. It was particularly encouraging to see that in the months leading up to the general election, a period of uncertainty when demand for the Company's shares was uncharacteristically muted, City of London's rating stood up well and indeed improved relative to its peers.

The Board

On 1 September 2015, we appointed Samantha Wren to the Board. She brings to the Board valuable experience from her background in finance, operations and business risk and control. She is currently chief operating officer of the global broking division of ICAP plc, where she has held several senior finance roles, including group treasurer.

We take the appointment of directors, and governance generally, very seriously. We employed a specialist external search firm to find Samantha. Each year, we assess the composition of the Board and its performance, including that of individual directors. Every three years we conduct an external review and the next one is due to be carried out during the forthcoming year.

In accordance with best practice, all directors stand for annual re-election. I refer you to the directors' biographies in the Annual Report for further details of their background and expertise.

Annual General Meeting
The Annual General Meeting will be held at the office of Henderson Global Investors, 201 Bishopsgate, London EC2M 3AE on Friday 23 October 2015 at 2:30pm. I would encourage as many shareholders as possible to attend for the opportunity to meet the Board and to watch a presentation from Job Curtis, our Fund Manager. For the first time, the Company's AGM will be broadcast live on the internet. If you are unable to attend in person, you can watch the meeting as it happens by visiting www.henderson.com/trustslive.

Outlook
With the general election now behind us, and as the economy continues to strengthen, the prospect of higher interest rates looms large. Such increase is likely to be gradual and should be regarded as an integral part of normalising monetary policy. A key question for investors is whether such an extended period of low interest rates has caused some, in their quest for yield, to invest in more risky, more volatile and more illiquid assets, and more generally has inflated asset prices beyond their fair value.

In this context, it is worth reminding shareholders of City of London's investment approach. We focus on companies with cash generative businesses able to grow their dividends with attractive yields. Our portfolio is well diversified, predominantly invested in well known blue chip UK companies with international exposure. We aim to provide shareholders with dividends which yield significantly more than the market and which will grow at or above the rate of inflation. The Company itself has gross assets of over £1.2 billion and provides shareholders with a ready, liquid market in its shares.

In the short term, equities may produce lower returns than they have done on average over the last three years, and be more volatile, as they have been since the end of June. Yet they are still attractive relative to the alternatives in fixed interest and bank deposits, both in terms of yield and capital appreciation. I am confident that City of London's strategy, which is focussed on providing long term growth in income and capital, will continue to enhance shareholder value over the longer term.

Philip Remnant CBE
Chairman

Fund Manager's Report

Investment Background
During the period under review, the UK equity market, as measured by the FTSE All-Share Index, produced a total return of 2.6%. Economic fundamentals were reasonable but the lacklustre return from the equity market reflected its higher valuation after share price gains in excess of corporate profits growth since the market low in March 2009. Growth in the UK was helped by the boost to consumer spending from rising real wages and the lower oil price. The US economy continued to grow and the Eurozone improved helped by quantitative easing from the European Central Bank and the fall in the Euro. Emerging markets were mixed with a notable fall in the growth rate of the Chinese economy.

There was a significant fall in the oil price which began the period at $107/bbl (as measured by Brent Crude) reached a low of $54 in January and ended the period at $64. The weakness in the oil price was partly caused by a softening in demand from China. More importantly, the oil price slump was a reaction to the significant growth in supply in the US due to the increased scope and efficiency of techniques to extract oil from shale rock. The lower oil price was effectively a tax cut for consumers in oil importing countries. The consumer price index fell to zero in both the UK and the US in the first quarter of 2015 and moved to negative (or mild deflation) in the Eurozone.

The key feature in the foreign exchange market was the strengthening in the US dollar compared with the Euro because of higher economic growth in the US and the start of quantitative easing in the Eurozone. Sterling also strengthened against the Euro but weakened against the US dollar for the first nine months of the period. The surprise result of the overall majority for the Conservatives in the UK general election in May compared with expectation of a hung parliament led to a strengthening of Sterling against both the US dollar and the Euro.

Throughout the twelve months, the UK equity dividend yield remained significantly in excess of both the yield of ten year gilts and base rates. Companies in City of London's portfolio on average increased their dividends by 7.2% (excluding special dividends) partly helped by the strength of the US dollar enhancing the sterling value of dividend payments from those UK companies that declare their dividends in US dollars. Given the equity market's combination of dividend yield and growth, the fixed rate borrowing remained fully invested over the year and gearing was maintained in a range of 5.7% to 9.4%. The highest gearing was in October 2014 when some of the bank facility was utilised in response to a temporary correction in the equity market. As shown in the table, gearing contributed 0.05% and stock selection 4.08% to performance relative to the FTSE All-Share Index.

Estimated Performance Attribution Analysis (Relative to FTSE All-Share Index Total Return)

	2015	2014
Stock selection	**+4.08**	+1.14
Gearing	**+0.05**	+0.66
Expenses	**-0.42**	-0.43
Share Issues	**+0.13**	+0.19
Total	**+3.84**	+1.56

Source: Henderson

Performance of Higher Yielding Shares Compared with Lower Yielding Shares
Over the twelve month period, the FTSE 350 Lower Yield significantly outperformed the FTSE 350 Higher Yield which was adversely affected by the poor performance of several large constituents: oil companies, Royal Dutch Shell and BP, as well as HSBC and GlaxoSmithKline.

Portfolio Review
Reflecting the weakness in the oil price, the oil sector was a major underperformer over the year with a negative return of 21.6%. As the oil price fell in the second half of 2014, the portfolio's holdings in the sector were reviewed and what were considered the two weakest companies, Statoil and ENI, were sold. Holdings were maintained in Royal Dutch Shell and BP although the portfolio was under represented in the two stocks relative to the FTSE All-Share Index. In April 2015, Royal Dutch Shell bid for oil independent BG which owns valuable LNG operations as well as oil interests off the coast of Brazil. On a long term basis, this was a good moment to acquire BG with its valuation relatively depressed. At the beginning of July 2015 and slightly over five years after the Macondo oil spill disaster in the Gulf of Mexico, BP reached a settlement with the US authorities for penalties, damages and claims in-line with market expectations. Looking forward, both Royal Dutch Shell and BP should benefit from improved profitability of their downstream (refining and marketing) operations. In addition, both companies will be looking to preserve upstream oil exploration and production profit margins by reducing the costs they pay to suppliers. With this in mind, the portfolio's two small holdings in the oil equipment and services sector, Cape and Prosafe, were sold because they operate in areas that appeared to be particularly vulnerable to cost cutting from oil companies.

The mining sector faced similar pressure to the oil sector with supply increasing at the same time as demand softened. The multi-year growth in demand from China for commodities such as iron ore (used for steel) had encouraged mining companies to invest in new capacity.

The two main mining holdings in the portfolio, BHP Billiton and Rio Tinto, are among the lowest cost producers. BHP Billiton spun out its non-core assets into a new company, South 32, and this holding was sold. In addition, the holding in Anglo American was reduced given its above average balance sheet gearing although it has an impressive, diverse range of assets, including the De Beers diamonds business.

In contrast to the underperforming oil and mining companies, the star performers in the portfolio over the twelve months were the three housebuilders. Taylor Wimpey which was originally bought in July 2014 returned 71%, while the holdings of Persimmon (bought 2012) returned 64% and Berkeley (bought 2013) returned 49%. The quoted housebuilders benefited from strong demand for new houses given low interest rates and the shortage of available homes. All three housebuilders in the portfolio have land banks of over five years and are committed to returning a substantial proportion of profits to shareholders in the form of dividends. At the end of the financial year, the Company's stake in its three housebuilding holdings was worth 4.3% of the portfolio.

In addition a further 4.9% of the portfolio was held in Real Estate Investment Trusts (REITs) which own offices, shopping centres and industrial property. Over the year, REITs benefited from strong investor demand for good quality property and rising rents for London Offices. Land Securities and British Land remained the two largest REIT holdings in the portfolio and returned 19.4% and 17.2% respectively. Two new REITs were bought. Hansteen is a specialist in high yielding industrial property in the UK and Europe. Tritax Big Box owns large warehouses needed by retailers to fulfil orders for the online market.

In the general retail sector, a new holding was bought in N.Brown, an online catalogue and stores retailer with a particular focus on the plus-size apparel sector. Profits were taken in Card Factory. In food retailing, trading conditions were very tough because of the growth of the deep discounters Aldi and Lidl. The holdings in Tesco and WM Morrison were sold given significant uncertainty over their profits and dividends. A holding was retained in J.Sainsbury where it was felt the business had been better managed in recent years and its brand was relatively strong.

In media, a new holding was bought in ITV while Euromoney Institutional Investor was sold. ITV, the UK's leading commercial free to air broadcaster, is a beneficiary of improving advertising as a result of better UK economic growth. It is also a successful maker of television programmes for both the UK and overseas markets.

Reed Elsevier, which had a good year with a share price total return of 15.8%, had a corporate reorganisation and was renamed RELX. The portfolio holding was consolidated into the cheaper Dutch line (from the UK line).

In the banks sector, a holding was bought in Lloyds, some six years after it was sold at the time of its acquisition of HBOS. In the intervening period, Lloyds has rebuilt its capital base, the UK government has significantly reduced its stake and the bank has started paying a dividend again (in May 2015). Lloyds has a leading position in UK retail banking and significant dividend growth is expected. There is scope for Lloyds' share price rating to improve as its recovery continues.

In utilities, the water sector had a tough regulatory review and the holding in Pennon was sold where there was also concern about its waste treatment business. In food producers, Dairy Crest was sold following a sharp rise in its share price after it announced the sale of its milk business.

Three other new stocks were bought. Capita is the UK's leading provider of outsourced administration and customer services. Its revenues are split equally between the private and public sectors (and the majority of public sector contracts are for local government). Given the cost savings that Capita can give its customers, outsourcing is likely to continue to be a structural growth area. Low & Bonar designs and manufactures polymers and other specialist materials with significant recovery potential in European markets. XP Power is a designer and manufacturer of power conversion components for industrial, health care and technology products. It is an international business with leading companies in those sectors as customers.

Distribution of the Portfolio as at 30 June 2015
The portion of the portfolio invested in large UK listed companies declined over the year from 69% to 66% and was matched by an increase in medium-sized and small UK listed companies from 20% to 23%. The portion in overseas listed companies remained the same at 11%. The increase in medium-sized and small UK companies partly reflected their outperformance and partly the greater opportunities for new investment in this area over the year.

Medium-sized and small companies benefited from their greater exposure to the UK domestic economy. The FTSE 100 was weighed down by its overrepresentation of the underperforming oil and mining sectors.

Outlook
UK economic growth is well-established with GDP some 5% above its pre-financial crisis peak. It is likely that interest rates will start to increase over the next six months having been at the historically low, crisis level of 0.5% for the last six years. However, interest rate increases are likely to be gradual given low inflation and the high levels of consumer debt. Overseas, the US is set to continue with steady economic growth. The outlook for growth in the Eurozone has improved helped by quantitative easing, the lower Euro and cheap oil. In China, the nature of economic growth is likely to change with less investment and more consumption.

Against this economic background and taking into account relative sector valuations, a balanced approach is considered appropriate. The portfolio's overweight position in UK housebuilders and REITs should continue to benefit from strong market conditions. The large consumer staples holdings, such as British American Tobacco, Diageo and Unilever, have long-term growth prospects from growth in emerging markets although they face some short-term softer demand and weaker currencies. The portfolio has significantly below average exposure to the oil sector but holdings are maintained in Royal Dutch Shell and BP given their attractive dividend yields and long-term potential for the oil price to recover. The portfolio also has below average exposure to the banks sector but as capital rebuilds and dividends improve the sector becomes more interesting. The life assurance sector has produced strong dividend growth in recent years and an above average exposure for the portfolio has been maintained.

The outlook for telecommunications has improved with the growth in data and fourth generation mobile services as well as consolidation within the sector all of which should benefit the large holding in Vodafone. In pharmaceuticals, a wave of improved productivity in the discovery of new medicines appears to be happening. The four pharmaceutical companies in the portfolio should be able to capture some of this growth. Investment in the UK's infrastructure remains important and reasonable returns for equity investors must be part of the industry structure agreed between the government, regulators and the companies.

Overall, there remain plenty of opportunities for dividend growth and share price gains for the Company.

Job Curtis
Fund Manager

Forty Largest Investments at 30 June 2015

Position	Company	Sector	Market Value £'000	Portfolio %
1	**HSBC**	Banks	**50,454**	4.01
2	**British American Tobacco**	Tobacco	**50,200**	3.99
3	**Royal Dutch Shell**	Oil & Gas Producers	**49,559**	3.94
4	**Vodafone**	Mobile Telecommunications	**39,074**	3.10
5	**BP**	Oil & Gas Producers	**33,612**	2.67
6	**Diageo**	Beverages	**29,916**	2.38
7	**GlaxoSmithKline**	Pharmaceuticals & Biotechnology	**26,450**	2.10
8	**Unilever**	Personal Goods	**25,252**	2.01
9	**National Grid**	Gas, Water & Multiutilities	**24,516**	1.95
10	**AstraZeneca**	Pharmaceuticals & Biotechnology	**24,114**	1.91
Top 10			**353,147**	**28.06**
11	**SSE**	Electricity	**21,504**	1.71
12	**RELX**	Media	**20,980**	1.67
13	**Imperial Tobacco**	Tobacco	**20,856**	1.66
14	**Prudential**	Life Insurance	**19,922**	1.58
15	**Land Securities**	Real Estate Investment Trusts	**19,866**	1.58
16	**BT**	Fixed Line Telecommunications	**19,359**	1.54
17	**Legal & General**	Life Insurance	**18,667**	1.48
18	**Taylor Wimpey**	Household Goods & Home Construction	**18,580**	1.48
19	**Persimmon**	Household Goods & Home Construction	**18,269**	1.45
20	**Barclays Bank**	Banks	**17,974**	1.43
Top 20			**549,124**	**43.64**
21	**Verizon Communications**	Fixed Line Telecommunications	**17,824**	1.42
22	**Berkeley**	Household Goods & Home Construction	**17,566**	1.39
23	**Schroders**	Financial Services	**16,948**	1.35
24	**British Land**	Real Estate Investment Trusts	**16,584**	1.32
25	**BAE Systems**	Aerospace & Defence	**15,566**	1.24
26	**Provident Financial**	Financial Services	**15,367**	1.22
27	**Lloyds Banking Group**	Banks	**15,215**	1.21
28	**Sky**	Media	**15,036**	1.19
29	**Reckitt Benckiser**	Household Goods & Home Construction	**14,621**	1.16
30	**Pearson**	Media	**14,460**	1.15
Top 30			**708,311**	**56.29**
31	**Rio Tinto**	Mining	**14,377**	1.14
32	**Standard Life**	Life Insurance	**14,250**	1.13
33	**Novartis**	Pharmaceuticals & Biotechnology	**13,793**	1.10
34	**Greene King**	Travel & Leisure	**13,512**	1.07
35	**Capita**	Support Services	**12,999**	1.03
36	**Phoenix**	Life Insurance	**12,717**	1.01
37	**Croda International**	Chemicals	**12,659**	1.01
38	**BHP Billiton**	Mining	**12,490**	0.99
39	**Centrica**	Gas, Water & Multiutilities	**11,871**	0.94
40	**Compass**	Travel & Leisure	**11,583**	0.92
Top 40			**838,562**	**66.63**

The ten largest investments represent 28.06% of the portfolio (all classes of equity in one company being treated as one investment). The constituents of the top ten stocks have not changed from 2014.

Principal Risks and Uncertainties

The Board has drawn up a matrix of risks facing the Company and has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, in order to mitigate these risks as far as practicable. The principal risks which have been identified and the steps taken by the Board to mitigate these are as follows:

- **Portfolio and market price**
  Although the Company invests almost entirely in securities that are listed on recognised markets, share prices may move rapidly. The companies in which investments are made may operate unsuccessfully, or fail entirely. A fall in the market value of the Company's portfolio would have an adverse effect on equity shareholders' funds. The Board reviews the portfolio at the seven Board meetings held each year. The Fund Manager closely monitors the portfolio between meetings and mitigates this risk through diversification of investments.

- **Investment activity, gearing and performance**
  An inappropriate investment strategy (for example, in terms of asset allocation or the level of gearing) may result in underperformance against the Company's benchmark. The Board monitors investment performance at each Board meeting and regularly reviews the level of gearing.

- **Tax and regulatory**
  A breach of Section 1158 of the Corporation Tax Act 2010 could lead to a loss of investment trust status, resulting in capital gains realised within the portfolio being subject to corporation tax. A breach of the UKLA ("UK Listing Authority") Listing Rules could result in suspension of the Company's shares, while a breach of the Companies Act 2006 could lead to criminal proceedings, or financial or reputational damage. The Company must also ensure compliance with the listing rules of the New Zealand Stock Exchange. Henderson provides investment, company secretarial, administration and accounting services through qualified professionals. The Board receives internal control reports produced by Henderson on a quarterly basis, which confirm regulatory compliance.

- **Operational**
  Disruption to, or failure of, Henderson's or its administrator's (BNP Paribas Securities Services) accounting, dealing or payment systems could prevent the accurate reporting and monitoring of the Company's financial position. The Company is also exposed to the operational risk that one or more of its suppliers may not provide the required level of service.

  The Board considers the loss of the Fund Manager as a risk but this is mitigated by the experience of the team at Henderson as detailed in the Annual Report.

Related Party Transactions

The Company's transactions with related parties in the year were with the Directors and Henderson. There have been no material transactions between the Company and its Directors during the year and the only amounts paid to them were in respect of expenses and remuneration for which there were no outstanding amounts payable at the year end. Directors' shareholdings are disclosed in the Annual Report.

In relation to the provision of services by Henderson, other than fees payable by the Company in the ordinary course of business and the provision of sales and marketing services there have been no material transactions with Henderson affecting the financial position of the Company during the year under review. More details on transactions with Henderson, including amounts outstanding at the year end, are given in the Annual Report.

Statement of Directors' Responsibilities

In accordance with Disclosure and Transparency Rule 4.1.12, each of the Directors confirms that, to the best of his or her knowledge:

- the Company's financial statements, which have been prepared in accordance with UK Accounting Standards on a going concern basis, give a true and fair view of the assets, liabilities , financial position and profit of the Company; and

- the Strategic Report and financial statements include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board of Directors
Philip Remnant CBE
Chairman
17 September 2015

Audited Income Statement

for the year ended 30 June

Notes		Year ended 30 June 2015 Revenue return £'000	Capital return £'000	Total £'000	Year ended 30 June 2014 Revenue return £'000	Capital return £'000	Total £'000
	Gains on investments held at fair value through profit or loss	**-**	**28,010**	**28,010**	-	93,811	93,811
2	Income from investments held at fair value through profit or loss	**54,171**	**-**	**54,171**	44,972	-	44,972
3	Other interest receivable and similar income	**302**	**-**	**302**	605	-	605
	Gross revenue and capital gains	**54,473**	**28,010**	**82,483**	45,577	93,811	139,388
	Management fees	**(1,254)**	**(2,926)**	**(4,180)**	(1,115)	(2,602)	(3,717)
	Other administrative expenses	**(653)**	**(5)**	**(658)**	(601)	-	(601)
	Net return on ordinary activities before finance charges and taxation	**52,566**	**25,079**	**77,645**	43,861	91,209	135,070
	Finance charges	**(1,836)**	**(3,917)**	**(5,753)**	(1,735)	(3,681)	(5,416)
	Net return on ordinary activities before taxation	**50,730**	**21,162**	**71,892**	42,126	87,528	129,654
	Taxation on net return on ordinary activities	**(604)**	**-**	**(604)**	(428)	-	(428)
	Net return on ordinary activities after taxation	**50,126**	**21,162**	**71,288**	41,698	87,528	129,226
4	**Return per ordinary share basic and diluted**	**16.84p**	**7.11p**	**23.95p**	15.33p	32.19p	47.52p

The total columns of this statement represent the Profit and Loss Account of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. All revenue and capital items in the above statement derive from continuing operations. The Company has no recognised gains or losses other than those recognised in the Income Statement. There is no material difference between the net return on ordinary activities before taxation and the net return for the financial year stated above and their historical cost equivalents.

Audited Reconciliation of Movements in Shareholders' Funds

for the year ended 30 June

Notes	**Year ended 30 June 2015**	**Called up share capital £'000**	**Share premium account £'000**	**Capital redemption reserve £'000**	**Other capital reserves £'000**	**Revenue reserve £'000**	**Total £'000**
	At 1 July 2014	**71,202**	**265,004**	**2,707**	**703,217**	**33,120**	**1,075,250**
	Net return on ordinary activities after taxation	**-**	**-**	**-**	**21,162**	**50,126**	**71,288**
7	**Issue of 22,875,000 new ordinary shares**	**5,719**	**81,145**	**-**	**-**	**-**	**86,864**
6	**Dividends paid**	**-**	**-**	**-**	**-**	**(44,890)**	**(44,890)**
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	At 30 June 2015	**76,921**	**346,149**	**2,707**	**724,379**	**38,356**	**1,188,512**
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	Year ended 30 June 2014	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
	At 1 July 2013	64,496	172,471	2,707	615,689	31,034	886,397
	Net return on ordinary activities after taxation	-	-	-	87,528	41,698	129,226
7	Issue of 26,825,000 new ordinary shares	6,706	92,533	-	-	-	99,239
6	Dividends paid	-	-	-	-	(39,612)	(39,612)
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	At 30 June 2014	71,202	265,004	2,707	703,217	33,120	1,075,250
		======	======	=====	======	=====	======

Audited Balance Sheet
at 30 June

Notes		2015 £'000	2014 £'000
	Investments held at fair value through profit or loss		
	Listed at market value in the United Kingdom	**1,127,209**	1,026,603
	Listed at market value overseas	**132,106**	124,874
	Investment in subsidiary undertakings	**347**	347
		1,259,662	1,151,824
	Current assets		
	Debtors	**7,243**	7,073
	Cash at bank	**3,150**	2,929
		10,393	10,002
	Creditors: amounts falling due within one year	**(5,575)**	(10,639)
	Net current assets/(liabilities)	**4,818**	(637)
	Total assets less current liabilities	**1,264,480**	1,151,187
	Creditors: amounts falling due after more than one year	**(75,968)**	(75,937)
	Net assets	**1,188,512**	1,075,250
	Capital and reserves		
7	Called up share capital	**76,921**	71,202
	Share premium account	**346,149**	265,004
	Capital redemption reserve	**2,707**	2,707
	Other capital reserves	**724,379**	703,217
	Revenue reserve	**38,356**	33,120
5	**Total shareholders' funds**	**1,188,512**	1,075,250
5	**Net asset value per ordinary share – basic and diluted**	**386.28p**	377.53p

Audited Cash Flow Statement
for the year ended 30 June

	2015		2014	
	£'000	**£'000**	£'000	£'000
Net cash inflow from operating activities		**47,647**		41,303
Servicing of finance				
Debenture interest paid	**(5,510)**		(4,265)	
Bank and loan interest paid	**(73)**		(289)	
Dividends paid on preference and preferred ordinary stocks	**(157)**		(157)	

Net cash outflow from servicing of finance		**(5,740)**		(4,711)
Taxation				
Withholding tax recovered	**241**		215	
	----------		----------	
Net tax recovered		**241**		215
Financial investment				
Purchases of investments	**(192,423)**		(162,184)	
Sales of investments	**113,912**		57,765	
	----------		----------	
Net cash outflow from financial investment		**(78,511)**		(104,419)
Equity dividends paid		**(44,890)**		(39,612)

Net cash outflow before financing		**(81,253)**		(107,224)
Financing				
Proceeds from issue of ordinary shares	**87,808**		100,013	
Issue of 4.53% secured notes	**-**		35,000	
Issue costs paid in respect of the 4.53% secured notes	**-**		(449)	
Repayment of 11.5% debenture stock 2014	**(6,000)**		-	
Net cash inflow from financing		**81,808**		134,564
		----------		----------
Increase in net cash		**555**		27,340
		=====		=====

Notes to the financial statements

1. Accounting policies

Basis of accounting

The City of London Investment Trust plc (the "Company") is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The financial statements have been prepared in accordance with the Companies Act 2006 on a going concern basis and under the historical cost basis of accounting, as modified to include the revaluation of investments and derivative financial instruments at fair value through profit or loss. The financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Statement of Recommended Practice ("the SORP") for investment trusts issued by the Association of Investment Companies ("the AIC") in January 2009. The Company's subsidiaries are dormant and immaterial and therefore consolidated financial accounts are not produced. The Company's accounting policies are consistent with the prior year.

2. Income from investments held at fair value through profit or loss

	2015 £'000	2014 £'000
Franked UK dividends:		
Listed – ordinary dividends	**39,883**	35,800
Listed – special dividends	**4,210**	1,293
	44,093	37,093
Unfranked – listed investments:		
Dividend income – overseas investments	**7,997**	6,036
Dividend income – UK REIT	**1,581**	1,285
Scrip dividends	**500**	125
Fixed interest income	**-**	433
	10,078	7,879
	54,171	44,972

3. Other interest receivable and similar income

	2015 £'000	2014 £'000
Bank interest	**1**	5
Underwriting commission (allocated to revenue)*	**106**	215
Stock lending revenue	**195**	254
Option premium income †	**-**	131
	302	605

* During the year the Company was not required to take up shares in respect of its underwriting commitments (2014: none).

† Options were mainly written against low or zero dividend yielding holdings, which would not normally form part of the portfolio. These transactions had no material impact on the capital account of the Company.

During the prior year, the Company sold (or wrote) call options for the purpose of generating revenue income. No options were sold (or written) in the current year. In accordance with the SORP, the premiums received are recognised in the revenue return shown in the Income Statement evenly over the life of the option with an appropriate amount taken to the capital account such that the total return reflects the change in fair value of the options. The Company received total premiums of £nil (2014: £77,000) from this activity during the year of which £nil was recognised as revenue in the year ended 30 June 2015 (2014: £77,000). In the previous year, revenue of £54,000 not recognised in 2013 was recognised giving total option premium income of £131,000. There was no such revenue in the current year.

At 30 June 2015 the total value of securities on loan by the Company for stock lending purposes was £31,221,000 (2014: £13,947,000). The maximum aggregate value of securities on loan at any one time during the year ended 30 June 2015 was £98,988,000 (2014: £102,980,000). The Company's agent holds collateral at 30 June 2015, with a value of £32,784,000 (2014: £14,645,000) in respect of securities on loan, the value of which is reviewed on a daily basis and comprises CREST Delivery By Value ("DBVs") and Government Bonds with a market value of 105% (2014: 105%) of the market value of any securities on loan.

4. Return per ordinary share – basic and diluted

The return per ordinary share is based on the net return attributable to the ordinary shares of £71,288,000 (2014: £129,226,000) and on 297,668,020 ordinary shares (2014: 271,915,690), being the weighted average number of ordinary shares in issue during the year.

The return per ordinary share is analysed between revenue and capital below:

	2015 £'000	2014 £'000
Net revenue return	**50,126**	41,698
Net capital return	**21,162**	87,528
	----------	----------
Net total return	**71,288**	129,226
	======	======
Weighted average number of ordinary shares in issue during the year	**297,668,020**	271,915,690

	2015 Pence	2014 Pence
Revenue return per ordinary share	**16.84**	15.33
Capital return per ordinary share	**7.11**	32.19
	----------	----------
Total return per ordinary share	**23.95**	47.52
	======	======

The Company does not have any dilutive securities. Therefore, the basic and diluted returns per share are the same.

5. Net asset value per ordinary share

The net asset value per ordinary share is based on the net assets attributable to the ordinary shares of £1,188,512,000 (2014: £1,075,250,000) and on 307,684,868 (2014: 284,809,868) shares in issue on 30 June 2015.

6. Dividends paid on the ordinary shares	**Record date**	**Payment date**	**2015 £'000**	2014 £'000
Fourth interim dividend (3.63p) for the year ended 30 June 2013	2 Aug 2013	30 Aug 2013	**-**	9,423
First interim dividend (3.63p) for the year ended 30 June 2014	25 Oct 2013	29 Nov 2013	**-**	9,713
Second interim dividend (3.63p) for the year ended 30 June 2014	24 Jan 2014	28 Feb 2014	**-**	9,942
Third interim dividend (3.75p) for the year ended 30 June 2014	2 May 2014	30 May 2014	**-**	10,551
Fourth interim dividend (3.75p) for the year ended 30 June 2014	1 Aug 2014	29 Aug 2014	**10,763**	-
First interim dividend (3.75p) for the year ended 30 June 2015	24 Oct 2014	28 Nov 2014	**11,014**	-
Second interim dividend (3.75p) for the year ended 30 June 2015	23 Jan 2015	27 Feb 2015	**11,345**	-
Third interim dividend (3.90p) for the year ended 30 June 2015	1 May 2015	29 May 2015	**11,816**	-
Unclaimed dividends over 12 years old			**(48)**	(17)
			--------	--------
			44,890	39,612
			=====	=====

7. Called up share capital

	Shares in issue	Nominal value of total shares in issue £'000
Allotted and issued ordinary shares of 25p each		
At 1 July 2014	**284,809,868**	**71,202**
Issue of new ordinary shares	**22,875,000**	**5,719**
	----------	-----------
At 30 June 2015	**307,684,868**	**76,921**
	======	======
Allotted and issued ordinary shares of 25p each		
At 1 July 2013	257,984,868	64,496
Issue of new ordinary shares	26,825,000	6,706
	----------	-----------
At 30 June 2014	284,809,868	71,202
	======	======

During the year, the Company issued 22,875,000 (2014: 26,825,000) ordinary shares with total proceeds of £86,864,000 (2014: £99,239,000) after deduction of issue costs of £68,000 (2014: £62,000). The average price of the shares that were issued was 379.7p (2014: 369.9p).

8. Dividends paid

A fourth interim dividend of 3.90p (2014: 3.75p) per ordinary share in respect of the year ended 30 June 2015 was paid on 28 August 2015 to shareholders for a total consideration of £12,119,000.

9. Going concern statement

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements as the assets of the Company consist mainly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. In reviewing the position as at the date of this report, the Board has considered the "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009", published by the Financial Reporting Council in October 2009.

10. 2015 Financial information

The figures and financial information for the year ended 30 June 2015 are extracted from the Company's annual financial statements for that period and do not constitute statutory accounts. The Company's annual financial statements for the year to 30 June 2015 have been audited but have not yet been delivered to the Registrar of Companies. The Independent Auditors' Report on the 2015 annual financial statements was unqualified, did not include a reference to any matter to which the Auditors drew attention without qualifying the report, and did not contain any statements under sections 498(2) or 498(3) of the Companies Act 2006.

11. 2014 Financial information

The figures and financial information for the year ended 30 June 2014 are compiled from an extract of the published financial statements for that year and do not constitute statutory accounts. Those financial statements have been delivered to the Registrar of Companies and included the report of the Auditors which was unqualified, did not include a reference to any matter to which the auditors drew attention without qualifying the report, and did not contain any statements under sections 498(2) or 498(3) of the Companies Act 2006.

12. Annual Report and Annual General Meeting

The Annual Report will be posted to shareholders in late September 2015 and will be available on the Company's website (www.cityinvestmenttrust.com) or in hard copy format from the Company's registered office, 201 Bishopsgate, London, EC2M 3AE thereafter.

The Annual General Meeting will be held at the offices of Henderson Global Investors, 201 Bishopsgate, London EC2M 3AE on Friday 23 October 2015 at 2.30pm. The Notice of Meeting will be sent to shareholders with the Annual Report.
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