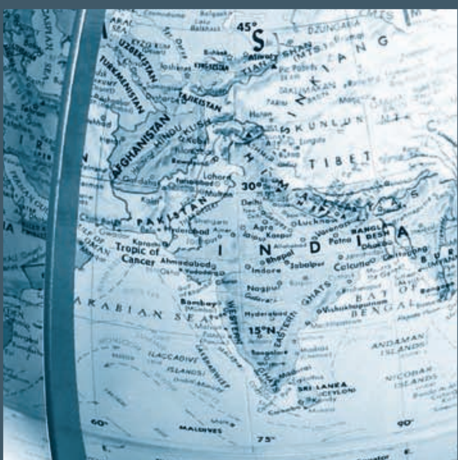
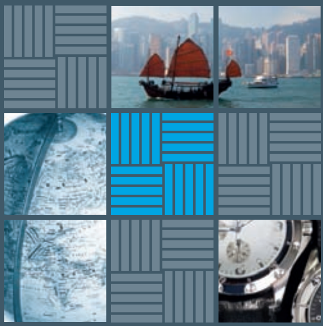
EDINBURGH WORLDWIDE INVESTMENT TRUST plc



Annual Report and Financial Statements
31 October 2013



Edinburgh Worldwide's objective is the achievement of long term capital growth by investing in listed companies throughout the world.

Contents

Notes

None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

Investment trusts are UK public listed companies and as such comply with the requirements of the UK Listing Authority. They are not authorised or regulated by the Financial Conduct Authority.

Edinburgh Worldwide Investment Trust plc currently conducts its affairs, and intends to continue to conduct its affairs, so that the Company's Ordinary Shares can be recommended by Independent Financial Advisers (IFAs) to ordinary retail investors in accordance with the rules of the Financial Conduct Authority (FCA) in relation to non-mainstream investment products.

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

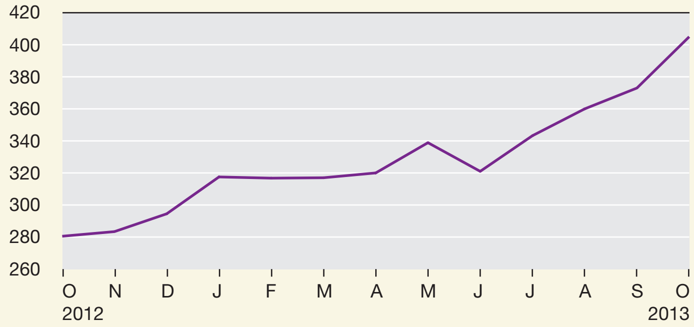
Images courtesy of FEI Company, Lululemon Athletica, Facebook, BMW Group, iRobot Corporation, ARM.
Image sources: © iStockphoto.com/hippostudio, © Image Source/Getty Images.

Financial Highlights – Year to 31 October 2013

Share Price 44.4% **NAV 35.6%** **Comparative Index 21.0%**

Share Price (pence)

Share price

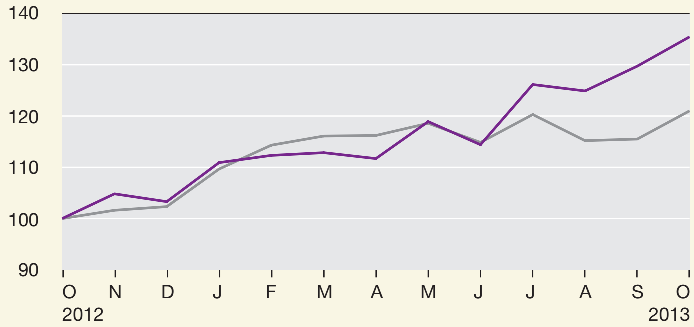


NAV and Benchmark

(rebased to 100 at 31 October 2012)

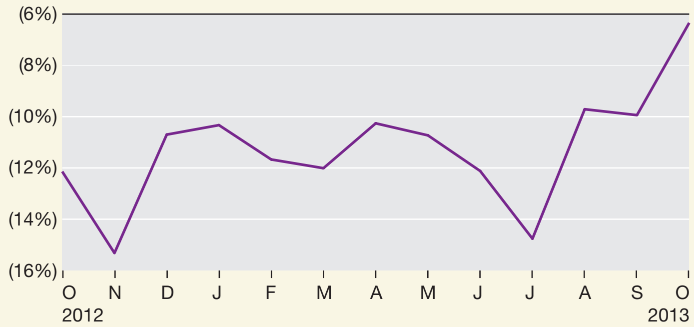
NAV (after deducting borrowings at fair value)

Comparative Index*



Discount

Discount (after deducting borrowings at fair value) plotted as at month end dates



* The comparative index is MSCI All Countries World Index (in sterling terms).
Source: Thomson Reuters Datastream/Baillie Gifford & Co.

Past performance is not a guide to future performance.

Strategic Report

This Strategic Report, which includes pages 2 to 14 and incorporates the Chairman's Statement has been prepared in accordance with the Companies Act 2006. This report is a new requirement and contains many of the disclosures previously contained within the Business Review section of the Directors' Report.

Chairman's Statement

David Reid, Chairman

Performance

It is pleasing to note that performance has been strong over the past year. In the year to 31 October 2013, the Company's net asset value per share increased by 35.6% and the share price rose 44.4%. The MSCI All Countries World Index (in sterling terms) increased 21.0% during this period. The Company's discount narrowed over the year from 12.1% to 6.3%.

Over the ten years that Baillie Gifford & Co has been managing the Company's assets, in total return terms, net asset value per share has increased by 191%, the share price by 245% and the MSCI All Countries World Index by 132%.

Despite this performance, the Company's discount has been in double digits for most of the year. Liquidity in the Company's shares has been suboptimal in comparison to alternative offerings, with only sporadic periods of notable trading activity. Disappointingly, this has been the pattern over recent years. These points are of concern to your Board and Managers as they dissuade current and potential shareholders from investing, so we are proposing to address this.

Proposed Change to Investment Policy

The Company's investment objective is to achieve long term capital growth by investing in listed companies throughout the world. At this year's Annual General Meeting, shareholder authority is being sought to broaden the Company's investment policy.

In 2003, the Company adopted a long term concentrated approach to investment. At the time such a strategy was relatively unconventional amongst global growth sector funds. This is no longer the case and the lack of differentiation has potentially contributed to a decline in liquidity of the Company's shares and resulted in greater discount volatility, despite periods of good performance. Such factors are becoming ever more important areas for consideration by key investment trust buyers, many of which are aggregating an increasing amount of business, and also to those investors new to the investment trust sector.

Having liaised with a number of shareholders, your Board believes that, in order to address the areas of concern, a shift in emphasis should be made within the portfolio, resulting in the Company investing principally in smaller, less mature companies at the time of initial investment than at present. This approach would result in a less concentrated portfolio of holdings. Research would remain based on the same process and the objective would continue to be one of trying to achieve long term capital appreciation. Therefore, the strategy employed would be an extension of that used at present although focusing on taking a stake in companies at an earlier stage in their growth cycle.

A fuller outline of the proposal is set out in the accompanying circular. With a well resourced management team, a global perspective and clear focus, the Board is of the view that the Managers are able to identify some of the most attractive growth opportunities in such companies.

Management Fee

With effect from 1 April 2013, the annual management fee payable to Baillie Gifford & Co has been 0.95% on the first £50m of net assets and 0.65% on the remainder, with no separate secretarial or performance fee element. Further information is contained in note 3 on page 31. The simplification of the fee structure removes the volatility created by the performance fee and reduces the ongoing charges as the Company grows. Had the former fee structure been in place for the entire year, approximately a further £274,000 would have been payable to the Managers.

Gearing

The Managers invest in companies that are believed to have long term attractions, over at least five years, and the Company will therefore typically be geared to maximise potential returns. Gearing was maintained throughout the year and was 8% at the year end (2012: 17%).

The Company has a £29.8m fixed rate multi-currency loan with National Australia Bank which expires in September 2014. Borrowings are drawn in USD, EUR and GBP.

Earnings and Dividend

The net revenue return per share for the year was 1.68p, notably lower than the 2.50p in 2012, reflecting the sale of some higher yielding investments. Although the Company's objective is one of capital growth, with any income received from the underlying holdings being subsidiary to this objective, the Board is mindful of the importance some shareholders place on the dividend. The Company has revenue reserves equating to around two years' of dividend payments. Accordingly, an unchanged final dividend of 1.50p is being recommended, making the total for the year 2.00p, unchanged from last year.

The Company's registrar operates a dividend reinvestment plan which can be used to buy additional shares. Further details can be found on page 43.

Regulation

The Alternative Investment Fund Managers Directive came into law in July 2013 although the Company has until July 2014 to comply fully with the requirements. This EU legislation is an attempt to prevent some of the issues that have occurred as a result of perceived poor oversight of the financial services industry. The legislation requires the Company to appoint a depositary as well as an Alternative Investment Fund Manager (AIFM). Following a period of discussion, the Board has agreed in principle to appoint Baillie Gifford & Co Ltd as the Company's AIFM and BNY Mellon as depositary.

Annual General Meeting

The Annual General Meeting of the Company will be held at Baillie Gifford's offices in Edinburgh at 12 noon on Monday 27 January 2014. The Company will again seek to renew its share buyback, issuance and treasury share powers. The Notice of the Annual General Meeting and an explanation of each resolution are set out in the separate circular which is being sent to shareholders with the Annual Report.

Mark Urquhart, the Partner at Baillie Gifford who manages the portfolio at present, as well as Douglas Brodie and John MacDougall, the proposed manager and deputy manager, will give a presentation and answer any questions. Your Board will also be available to respond to any questions that you may have. I hope that you will be able to attend.

Outlook

Developed markets on the whole have been buoyant whilst Emerging Markets have lagged. However, markets have been volatile, fuelled in part by talk of Federal Reserve tapering and debate about how robust economic growth will prove if monetary stimulus is removed. The extent of quantitative easing by Japan may counter-act this but its potential effects are unknown. China's GDP slowing to a 'mere' 7.8% has re-ignited worries about a Chinese 'hard landing' although details of economic and social reforms announced at the Communist Party's recent Third Plenum of the 18th Party Congress has seemingly turned market sentiment bullish.

Despite the uncertain macro outlook, many companies remain in rude health operationally, notably those exposed to themes such as transformational technology. The speed of developments in robotics, 3D printing, genomics, mobile computing and the cloud has been staggering. Being able to identify the companies best placed to take advantage of these developments, or the respective market leaders of the future, are the Managers' key focus.

An overview is provided by the Managers on page 8.

David HL Reid

Year's Summary

The following information illustrates how Edinburgh Worldwide has performed over the year to 31 October 2013.

	31 October 2013	31 October 2012	% change
Total assets (before deduction of loan)	£241.9m	£186.2m	
Loan	£29.8m	£29.3m	
Shareholders' funds	£212.1m	£156.9m	
Net asset value per ordinary share (after deducting borrowings at fair value)	432.31p	318.93p	35.6
Net asset value per ordinary share (after deducting borrowings at par)	432.91p	320.16p	35.2
Share price*	405.00p	280.50p	44.4
MSCI All Countries World Index (in sterling terms)	247.17	204.26	21.0
Dividends paid and proposed per ordinary share	2.00p	2.00p	–
Revenue earnings per ordinary share	1.68p	2.50p	(32.8)
Ongoing charges	0.99%	1.02%	
Discount (borrowings at fair value)	6.3%	12.1%	
Discount (borrowings at par)	6.4%	12.4%	

Year to 31 October	2013	2012
Total returns (%)†		
Net asset value (after deducting borrowings at par value)	36.3	5.6
Share price	45.3	7.1
MSCI All Countries World Index (in sterling terms)	24.3	9.4

Year to 31 October	2013	2013	2012	2012
Year's high and low	**High**	**Low**	**High**	**Low**
Share price*	409.25p	274.25p	299.00p	232.00p
Net asset value (after deducting borrowings at fair value)	437.07p	310.64p	336.22p	270.22p
Net asset value (after deducting borrowings at par)	437.73p	311.87p	337.66p	271.36p
Discount (borrowings at fair value)	5.8%	15.7%	9.1%	17.0%
Discount (borrowings at par)	6.0%	16.0%	9.6%	17.4%

	31 October 2013	31 October 2012
Net return per ordinary share		
Revenue	1.68p	2.50p
Capital	113.07p	14.30p
Total	**114.75p**	**16.80p**

* At mid market price.
†Source: Thomsons Reuters Datastream.

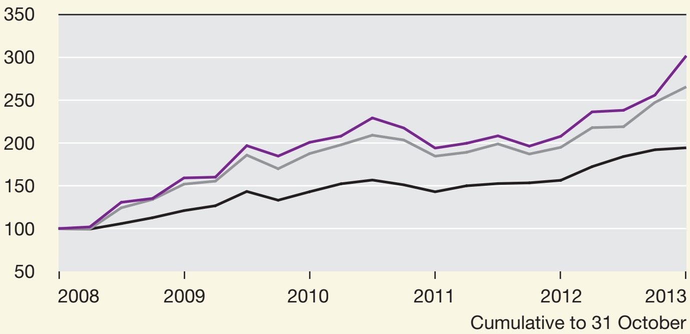
Past performance is not a guide to future performance.

Five Year Summary

The following charts indicate how Edinburgh Worldwide has performed relative to its comparative index, the MSCI All Countries World Index (in sterling terms), and the relationship between share price and net asset value over the five year period to 31 October 2013.

Five Year Total Return Performance

(figures rebased to 100 at 31 October 2008)



Source: Thomson Reuters Datastream.

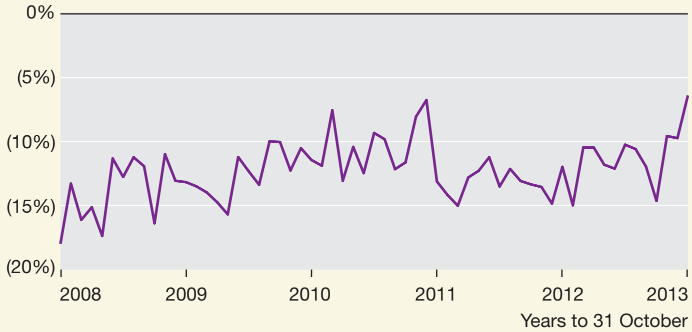
Share price total return

NAV (par) total return

MSCI All Countries World Index (in sterling terms) total return

Discount to Net Asset Value

(plotted on a monthly basis)

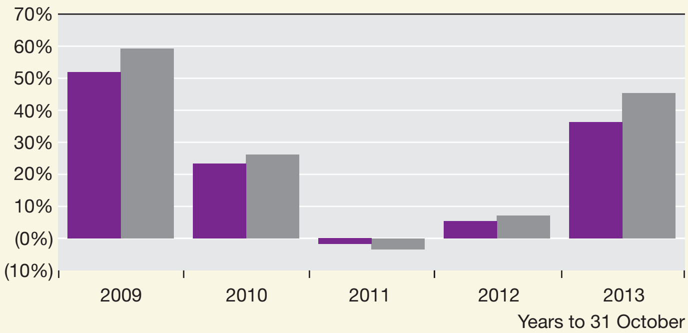


Source: Thomson Reuters Datastream/Baillie Gifford & Co.

Edinburgh Worldwide discount

The discount is the difference between Edinburgh Worldwide's quoted share price and its underlying net asset value (after deducting borrowings at par).

Annual Net Asset Value and Share Price Total Returns

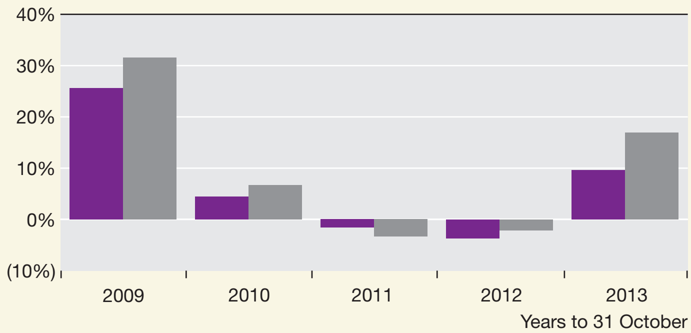


Source: Thomson Reuters Datastream.

NAV (par) total return

Share price total return

Relative Annual Net Asset Value and Share Price Total Returns (relative to the benchmark total return)



Source: Thomson Reuters Datastream.

NAV (par) total return relative to MSCI All Countries World Index (in sterling terms) total return

Share price total return relative to MSCI All Countries World Index (in sterling terms) total return

Past performance is not a guide to future performance.

Business Review

Business and Status

The Company is an investment company within the meaning of section 833 of the Companies Act 2006. The Company carries on business as an investment trust. It was approved as an investment trust under section 1158 of the Corporation Tax Act 2010 for the year ended 31 October 2012, subject to matters that may arise from any subsequent enquiry by HM Revenue & Customs into the Company's tax return. In accordance with recent changes to section 1158, the Company has obtained approval as an investment trust from HM Revenue & Customs for accounting periods commencing on or after 1 November 2012. The Company intends to conduct its affairs so as to enable it to comply with the ongoing requirements of section 1158.

Objective and Policy

Edinburgh Worldwide's objective is the achievement of long term capital growth by investing in listed companies throughout the world.

Shareholders' authority is being sought at the forthcoming Annual General Meeting to broaden the Company's investment policy to allow a greater level of investment in companies at a much earlier point in their growth cycles. This proposal is explained in the circular which is being sent to shareholders with this Annual Report. The current investment policy is set out below.

While the policy is global investment, the approach adopted is to construct a portfolio through the identification of individual companies which offer long term growth potential, typically over at least a five year horizon. The portfolio is actively managed and does not seek to track the comparative index hence a degree of volatility against the index is inevitable.

In constructing the equity portfolio a spread of risk is achieved by diversifying the portfolio through investment in:

— 25 to 50 holdings

— a minimum of six countries

— a minimum of six sectors

On acquisition, no holding shall exceed 5% of total assets and no more than 15% of the Company's gross assets will be invested in other listed investment companies.

From time to time, fixed interest holdings, or non equity or unlisted investments, may be held on an opportunistic basis. On acquisition of any unlisted equity investments, the Company's aggregate holdings in unlisted equity investments shall not exceed 1% of total assets.

Derivative instruments are not normally used but, in certain circumstances and with the prior approval of the Board, their use may be considered either as a hedge or to exploit an investment opportunity.

The Company recognises the long term advantages of gearing and would seek to have a maximum equity gearing level of 30% of shareholders' funds in the absence of exceptional market conditions.

Borrowings are invested in equity markets when it is considered that investment grounds merit the Company taking a geared position to equities. Gearing levels, and the extent of equity gearing, are discussed by the Board and Managers at every Board meeting.

An overview and portfolio review by the Managers is given on pages 8 to 11 and the investments held at the year end are listed on page 12.

Discount

The Board considers that a key driver of the discount is a good long term performance record. The Company has buyback powers which are to be used on occasions when the Board considers that there is a need to balance supply and demand factors in the interest of all shareholders. The discount is discussed at every Board meeting. Shares which are bought back may be held in treasury with a view to possible future re-issue at a premium should there be demand from appropriate potential long term holders. No shares were bought back during the year.

Performance

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives.

Key Performance Indicators

The key performance indicators (KPIs) used to measure the progress and performance of the Company over time are established industry measures and are as follows:

— the movement in net asset value per ordinary share compared to the comparative index;

— the movement in the share price; and

— the discount.

The one, five, and ten year records of the KPIs are shown on pages 4, 5 and 14.

Borrowings

There were no changes during the year to the Company's loan facilities, being a three year fixed rate multi-currency loan from National Australia Bank of £10m, €11.4m and US$16.35m. Further information can be found in note 11 on page 35.

Results and Dividends

The net asset value per share (after deducting borrowings at fair value) increased by 35.6% during the year, compared to an increase in the comparative index of 21.0%. The discount narrowed from 12.1% to 6.3%.

The Board recommends a final dividend of 1.50p per ordinary share which, together with the interim of 0.50p already paid, makes a total of 2.00p for the year.

Review of the Year and Future Trends

A review of the year and the investment outlook is contained in the Chairman's Statement on pages 2 and 3 and the Managers' Overview and Portfolio Review on pages 8 to 11.

Principal Risks

As explained on page 17 there is an ongoing process for identifying, evaluating and managing the risks faced by the Company. The principal risks associated with the Company are as follows:

Market Risk – The Company's assets consist of listed securities and its principal risks are therefore market related and include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. An explanation of those risks and how they are managed is contained in note 19 to the accounts on pages 37 to 41.

Regulatory Risk – failure to comply with applicable legal and regulatory requirements such as the tax rules for investment companies, the UKLA Listing Rules and the Companies Act could lead to suspension of the Company's Stock Exchange listing, financial penalties, a qualified audit report or the Company being subject to tax on capital gains. Baillie Gifford's Business Risk & Internal Audit and Regulatory Risk Departments provide regular reports to the Audit and Management Engagement Committee on Baillie Gifford's monitoring programmes.

Major regulatory change could impose disproportionate compliance burdens on the Company. In such circumstances representation is made to ensure that the special circumstances of investment trusts are recognised.

Operational/Financial Risk – failure of the Managers' accounting systems or those of other third party service providers could lead to an inability to provide accurate reporting and monitoring or a misappropriation of assets. The Managers have a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption or major disaster. The Board reviews the Managers' Report on Internal Controls and the reports by other key third party providers are reviewed by the Managers on behalf of the Board.

Discount Volatility – the discount at which the Company's shares trade can widen. The Board monitors the level of discount and the Company has authority to buy back its own shares.

Gearing Risk – the Company may borrow money for investment purposes. If the investments fall in value, any borrowings will magnify the extent of this loss. If borrowing facilities are not renewed, the Company may have to sell investments to repay borrowings.

All borrowings require the prior approval of the Board and gearing levels are discussed by the Board and Managers at every meeting. Covenant levels are monitored regularly. The Company's investments are in listed securities that are readily realisable.

Employees, Human Rights and Community Issues

The Board recognises the requirement to provide information about employees, human rights and community issues. As the Company has no employees, all its Directors are non-executive and all its functions are outsourced, these requirements do not apply to the Company.

Gender Representation

The Board comprises five Directors, four male and one female. The Company has no employees. The Board's policy on diversity is set out on page 16.

Environmental Social and Governance Policy

Details of the Company's policy on socially responsible investment can be found under Corporate Governance and Stewardship on page 19.

The Strategic Report which includes pages 2 to 14 was approved by the Board on 12 December 2013.

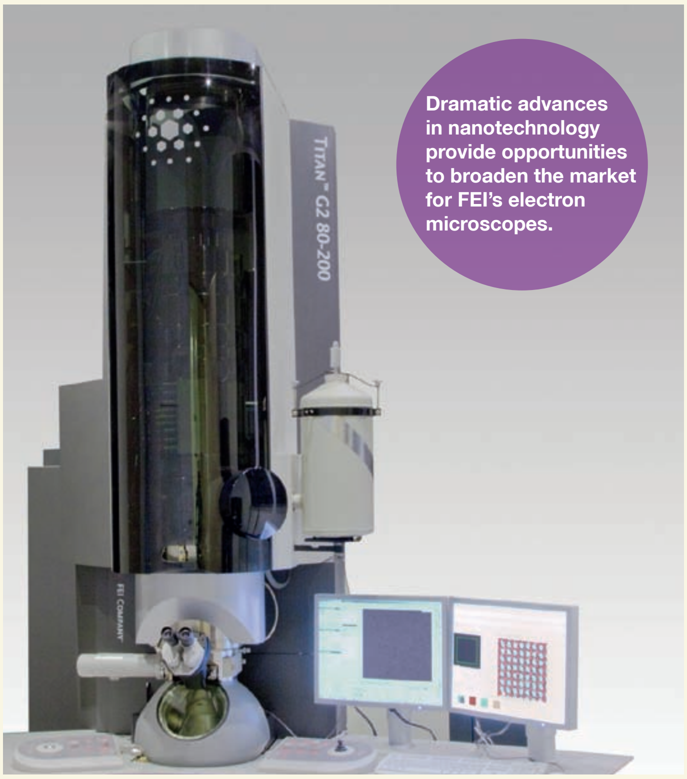
David HL Reid
Chairman

Managers' Overview

Mark Urquhart, Manager

Once again I would like to reiterate, as every year, that our objective in managing Edinburgh Worldwide is to run a concentrated portfolio of companies with good growth prospects for the long-term. Whilst it is pleasing that many of the businesses in the portfolio have produced strong returns over the last twelve months our focus is on returns over five years and more. It is notable that several of the strongest absolute performers over the last year were sizeable laggards in the previous period – most publicly Facebook which has risen almost 140% in the last twelve months and most spectacularly Ctrip which is up over 170% over the same period. Such are the vagaries of measurement over short periods of time...

Having managed the portfolio for ten years it feels appropriate to spend a short amount of time looking back over this period. As the Chairman has noted the ten year performance record is a good one and many of the holdings which have delivered these returns have been held for many years. However it is also very pertinent how much the world has changed in the last ten years. In 2003 when we took over the management of Edinburgh Worldwide the world was a pretty different place – stockmarkets were slowly emerging from the bursting of the TMT bubble, China's economy was gaining increasing momentum and banks were storing up a myriad of future problems. Smartphones were several years away from being invented, no-one had heard of the term 'social network' and the cost of sequencing the human gene was still prohibitive.



Dramatic advances in nanotechnology provide opportunities to broaden the market for FEI's electron microscopes.

Lululemon Athletica
A high-end sportswear brand expanding internationally.

The technological changes over the intervening ten years in terms of the capability of devices and the speed of connection have created a plethora of investment opportunities and concomitant disruption to existing industries. Who could have predicted ten years ago that a tablet computer as thin as a pad of paper would allow one to read e-mails, browse the web, stream movies, share documents and all the other features we already take for granted? As we survey the next decade from the vantage point of 2013 the one thing we can be sure of is that there will be large unexpected changes and many investable companies which have not yet been formed. This sense of nascent opportunity is one of the reasons for the proposed change in emphasis in the investment approach described in the Chairman's Statement.

As we survey the portfolio holdings over the last year, the most pleasing feature is the consistently strong operational performance across many of the businesses in very different industries. We have seen strong results from Google where the move to mobile search is helping to accelerate its growth rates and the company is starting to monetise YouTube effectively; Illumina where the demand for genetic sequencing equipment continues to rise as more governments look to genetic solutions as a way to reduce the ever increasing healthcare burdens and Tesla where the demand for well-designed electric-powered vehicles seems to be taking off rapidly.

Portfolio turnover for the year was 21% which compares to 13% in the previous year. New holdings were purchased in ARM – a Cambridge based developer of the intellectual property which goes into myriad smartphone and tablet semiconductors; LinkedIn which we think has an excellent opportunity to disrupt the recruitment industry with its growing network of professional contacts; Lululemon which is expanding its brand of high-end sports clothing internationally; Tesla which is spectacularly disrupting the automotive market; FEI – a company which produces very powerful microscopes which we think will benefit from an increasing trend to nanotechnology; China Financial Services which has a strong position in the growing market for lending to Chinese SMEs; IP Group which provides exposure to several different UK university-led entities and Splunk which is a leader in the nascent market of data diagnostics. We also added to Google, HDFC and Aggreko during the year trying to use short-term weakness in share prices to our long-term advantage.

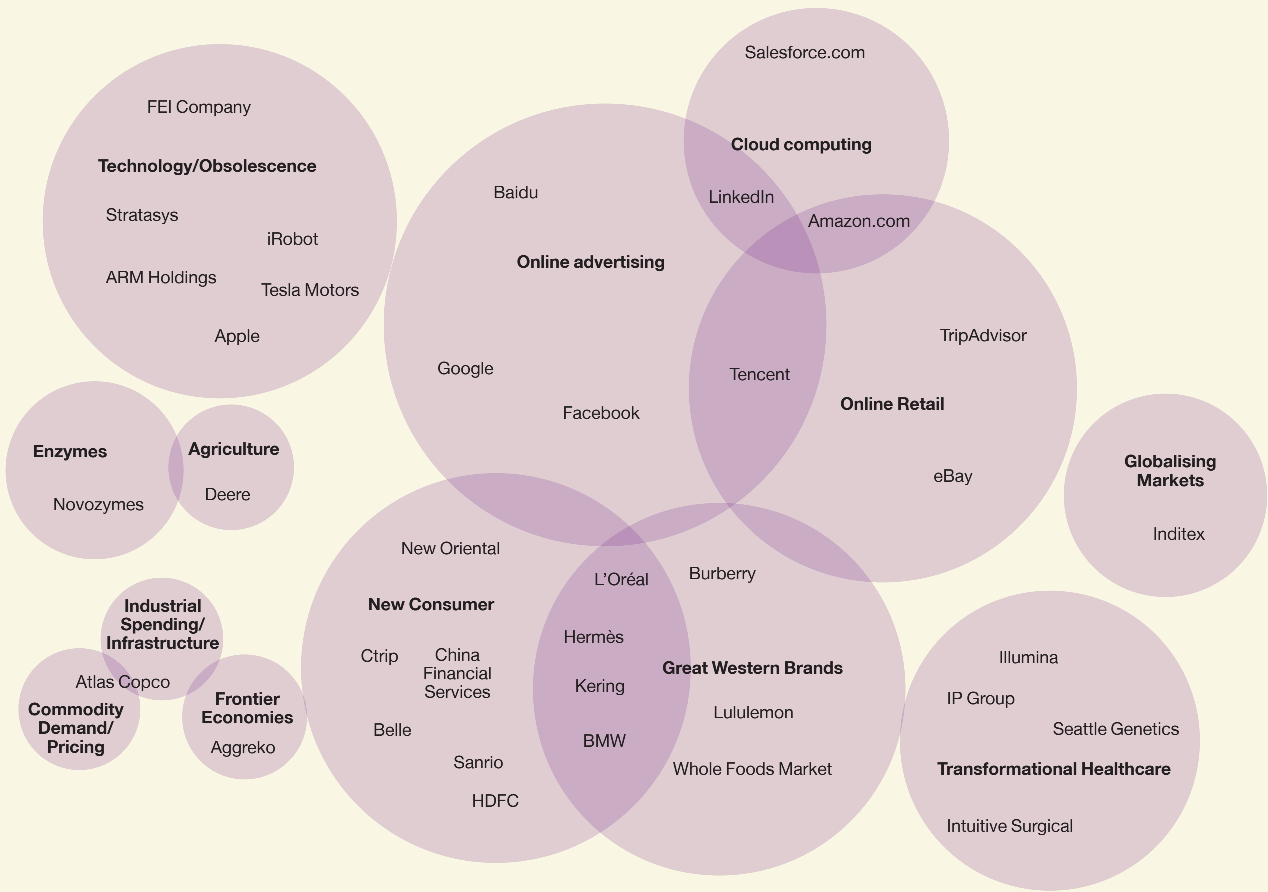
Sales were made of America Latina Logistica where we fear the Brazilian government's more interventionist tone means less good future returns for minority shareholders; Pactera Technologies where the pressures of rising wages in China have capped the potential growth rate of the business; Sandvik where the outlook for mining equipment demand has deteriorated and new management have underwhelmed us and FLIR where we worry about the cost of its expansion. Other sales through the year included the remaining small holding in the Brazilian miner, Vale, and small holdings in Noah and Hengdeli – two small Chinese companies where the investment case had not gone as planned.

We made reductions in Apple, eBay, L'Oréal and Kering to help fund the purchases outlined above.

We believe we are experiencing a period where the ability of companies to use technology to disrupt existing business models and grow is unparalleled and the rewards in terms of profitability for those businesses which are the winners in new areas can be very large indeed. These trends are arguably even stronger in some of the smaller businesses which Edinburgh Worldwide has owned – companies such as IP Group and Tesla described above or iRobot which has experienced strong growth in domestic robots and Stratasys where the market for 3D printing continues to expand rapidly. As such, as we look forward to the next ten years it is my strong belief that investing in a more focused manner in some of these less mature businesses should prove a very rewarding long-term strategy.

Mark A. Urquhart
Baillie Gifford & Co

Portfolio Concentration



Managers' Portfolio Review

Edinburgh Worldwide's portfolio is constructed entirely from the attractions of individual stocks paying no heed to regional or sectoral weights.

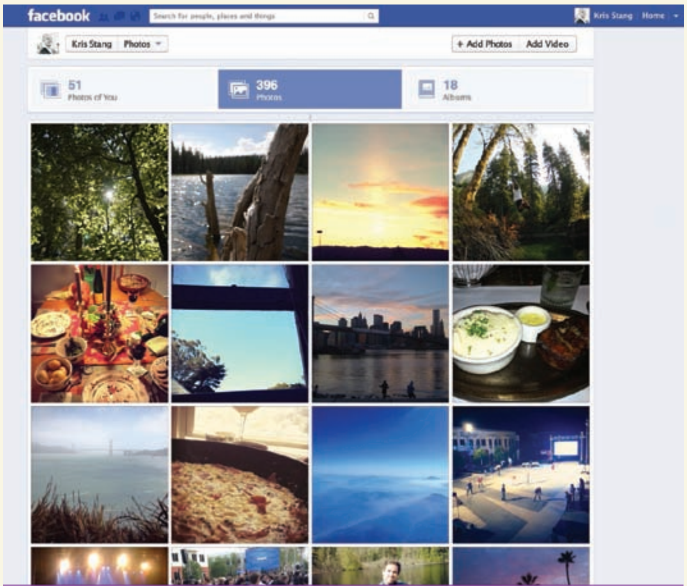
We have selected the following ten companies from different regions and sectors and we hope to provide an insight into our long-term rationale for holding them.

ARM

ARM is the world's leading semiconductor intellectual property supplier. It designs chips which are used in a range of applications, most notably smartphones. The chip designs are licensed to semiconductor and technology hardware companies for inclusion in their products and ARM receives licence and subsequent royalty fees. We expect ARM's growth to accelerate over the coming years as smartphones become ubiquitous. ARM's chips also look set to gain share in the mobile computing (tablet) market and in other applications such as smart TVs, microcontrollers and perhaps even servers. Rising royalties should lead to improving margins and rapid earnings growth.

BMW

We believe that BMW is one of the world's best car manufacturers. Over the last decade, the company has been focusing its R&D on its core brand whilst the Mini has been a very strong performer in the small car sector. We believe that BMW can increase sales to well over 2m units over the next decade as it expands its geographical reach from Europe both West to the US and east to Asia. BMW is also at the vanguard of moves to new well-styled, electric vehicles and we think its brand and technological leads can translate to this exciting new area. Importantly BMW is also profitable within the different areas of the car market – the premium pricing which it charges attests to the power of this quintessentially German brand.



Facebook
The dominant social network with potential to become a disruptive force in the global advertising market.

BMW i3
The new i3 and i8 bring BMW's technical excellence and premium image to the expanding market for electric vehicles.

Facebook

We think Facebook has a very good opportunity to be a major disruptive force in the $650bn+ global advertising market. With over 1bn users who willingly provide a host of personal information, around half of whom visit the site every day, Facebook has both an unparalleled reach and depth of data. Having met with founder Mark Zuckerberg, we share his belief that the way companies relate to their consumers will change radically over the next ten years. Zuckerberg has instilled a strong culture of experimentation in the business as evidenced by its very successful moves to monetise mobile over the last twelve months.

FEI

FEI manufactures and distributes electron microscope systems which are used to visualise, analyse and manipulate objects at far higher levels of magnification than can be achieved with a conventional optical microscope. These systems are underpinning dramatic advances in the field of nanotechnology and are being applied increasingly widely within the fields of materials science, healthcare and energy exploration. Historically, such equipment has mainly been used in academic research environments but we anticipate that demand for FEI's systems will increase substantially as it is used in commercial applications. The company has a stable management team with a clear long-term vision and, we believe, a sustainable technical edge over its less focussed competitors.

Hermès

Hermès is a unique asset within the luxury goods business. It is 75% family-owned and has displayed exemplary long-term orientation in the management of its brand as it has expanded beyond the European market to the US and Asia. Its brand appears to have the same cachet in newer markets such as China as it has elsewhere, as illustrated by the difficulty consumers have in securing leather goods due to the restrictions on supply imposed by Hermès' very high standards of artisanship. Whilst other competitors introduce lower priced articles to stimulate demand Hermès has stuck resolutely to its premium price strategy which has proved a very lucrative area to be in.

Illumina

Illumina is the global leader in gene sequencing equipment and associated services. We believe that this industry will become increasingly important in the coming decade as rapid technological improvement drives down the price of sequencing and as understanding of the implications grows. Diagnostic improvements are especially impressive at this point. We think that technological improvements, human skills and radical price declines will accelerate this process. The field of gene sequencing is growing rapidly and although Illumina's future leadership of this area is far from assured, we believe that the company has the most appealing and dynamic culture in the industry.

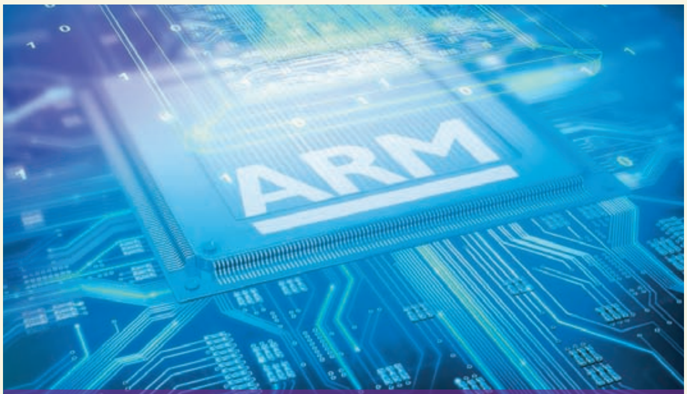
iRobot

iRobot is a listed spin out from MIT that has developed various commercial and military applications, including a home vacuuming robot. We see great scope for margins to rise from current low levels and anticipate potential for significant new inventions that might transform what is a fairly young company with a rapidly growing top line and a very strong pedigree in its field of technology.

iRobot
From home vacuuming robots to military applications, iRobot enjoys rapid sales growth. © iRobot Corporation

Novozymes

Novozymes is a manufacturer of industrial enzymes, a business in which it has a dominant market share. It sells to a wide variety of customers including detergent manufacturers, food producers and the bio fuels industry. The prospects for greater use of enzymes in all of these markets have created an exciting growth opportunity for the company. In particular, the development of more sophisticated bio fuels which require large quantities of enzymes in their production could be transformational.



ARM
The leading chip designer is well positioned to benefit from the rapid shift towards mobile devices for accessing internet services.

Salesforce

Salesforce has rapidly become the most important disruptive force in the software industry. By providing software as a service, rather than through a license model, it has driven prices down and demand higher. Both simplicity and price have proven to be powerful business drivers. Strikingly, Salesforce has also shown signs of considerable (and pleasing) adaptability in taking advantage of the move to cloud computing and corporate social media and expanding away from its original narrow customer relationship management origins.

Tesla

Tesla is a Silicon Valley start-up that is trying to rid the automotive industry of its reliance on gasoline-powered internal combustion vehicles in favour of earth-friendly electronic vehicles, and has done so without compromising on design, performance and running economy. It is an innovative disruptor chipping away at a two trillion dollar industry. We are attracted by the spirit and vision of the company and by the scale of the potential opportunity.

Portfolio Performance

Name Equities:	Business	Fair value 2013 £'000	% of total assets	Absolute † performance %	Relative † performance %	Fair value 2012 £'000
Amazon.com	E-commerce and cloud computing	18,013	7.4	56.6	26.0	13,870
Tencent	Chinese social network	14,039	5.8	55.3	25.0	9,085
Google	Web-based search engine	12,683	5.2	52.0	22.3	7,495
Baidu	Chinese online search engine	10,955	4.5	51.3	21.7	7,240
Whole Foods Market	Organic food stores	10,351	4.3	37.1	10.3	7,746
Apple	Phones, tablets and computers	10,053	4.2	(10.1)	(27.7)	14,258
Facebook	Social networking site	9,747	4.0	138.7	92.0	4,084
Kering	Luxury brand conglomerate	9,433	3.9	34.1	7.9	8,068
Inditex	Fashion retail	9,116	3.8	31.5	5.8	7,047
Salesforce	Cloud-based software	8,881	3.7	46.6	18.0	6,059
Illumina	Gene sequencing equipment	8,797	3.6	97.3	58.7	4,577
eBay	Internet auction and payments	7,967	3.3	9.5	(11.9)	9,472
Novozymes	Enzyme manufacturer	7,104	2.9	43.8	15.7	5,762
Hermès	Luxury goods	6,307	2.6	26.4	1.7	5,044
Atlas Copco	Industrial compressors and mining equipment	5,938	2.5	16.8	(6.1)	6,129
Housing Development Finance Corporation	Indian mortgage provider	5,766	2.4	0.3	(19.3)	3,633
TripAdvisor	Travel advice website	5,689	2.4	89.5 *	62.8 *	–
Intuitive Surgical	Robotic surgery	5,087	2.1	(31.3)	(44.7)	7,404
LinkedIn Corp	Professional networking site	5,044	2.1	93.9 *	67.2 *	–
FEI	Electron microscopes	4,696	1.9	18.9 *	17.1 *	–
Lululemon Athletica	Athletics clothing	4,059	1.7	(3.6) *	(10.6) *	–
New Oriental Education and Technology	English-language schools	3,971	1.6	58.3	27.3	2,548
L'Oréal	Personal care	3,965	1.6	37.4	10.5	3,572
Ctrip	Travel agent – China	3,964	1.6	171.9	118.7	1,456
Stratasys	3D printing	3,735	1.5	70.3	37.0	2,193
BMW	Premium car manufacturer	3,733	1.6	47.3	18.5	2,613
ARM Holdings	Semiconductor design	3,527	1.5	39.8 *	11.6 *	–
Aggreko	Power equipment rental	3,471	1.4	(24.0)	(38.8)	2,803
Sanrio	Hello Kitty and Mr Men franchise owner	3,359	1.4	67.8	35.0	1,654
Seattle Genetics	Biotech cancer drugs	3,256	1.4	54.0	23.9	2,115
Burberry	Luxury fashion	3,151	1.3	34.5	8.2	2,395
iRobot	Robots for domestic and military use	2,955	1.2	89.0	52.1	1,565
IP Group	UK university start-up funding	2,933	1.2	8.6	4.1	–
Deere	Farm and construction machinery	2,718	1.1	(2.0)	(21.1)	3,429
Belle International	Footwear – China	1,852	0.8	(22.8)	(37.9)	2,436
Tesla Motors	Premium electric vehicles	1,350	0.6	219.0 *	197.1 *	–
China Financial Services	SME lending – China	1,030	0.4	33.7 *	31.8 *	–
Splunk	Data diagnostics	330	0.1	3.5 *	4.3 *	–
Total Equities		**229,025**	**94.6**			
Net Liquid Assets		**12,944**	**5.4**			
Total Assets at Fair Value**		**241,969**	**100.0**			

† Absolute and relative performance has been calculated on a total return basis over the period 1 November 2012 to 31 October 2013. For investments held for part of the year the return is for the period they were held. Absolute performance is in sterling terms; relative performance is against MSCI All Countries World Index (in sterling terms).

* Figures relate to part-period returns.

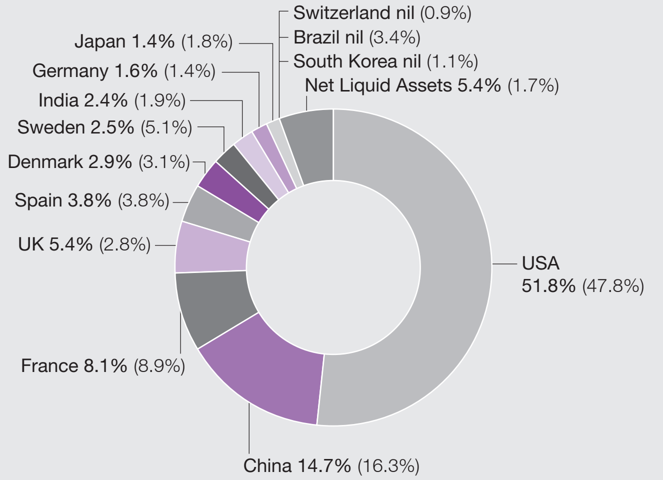
** Before deduction of loans.

Source: Baillie Gifford & Co/StatPro.

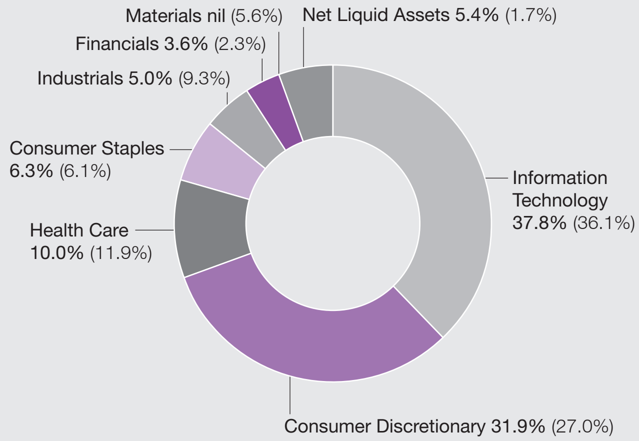
Past performance is not a guide to future performance.

Distribution of Total Assets

Geographical 2013 (2012)



Sectoral 2013 (2012)



Investment Changes

	Valuation at 31 October 2012 £'000	Net acquisitions/ (disposals) £'000	Appreciation/ (depreciation) £'000	Valuation at 31 October 2013 £'000
Equities:				
UK	5,198	7,138	746	13,082
Continental Europe	43,253	(9,259)	11,602	45,596
North America	89,036	3,333	33,042	125,411
Japan	3,386	(288)	261	3,359
Asia Pacific	32,372	(8,385)	11,824	35,811
Emerging Markets	9,830	(4,323)	259	5,766
Total equities	**183,075**	**(11,784)**	**57,734**	**229,025**
Net current assets	3,134	10,004	(194)	12,944
Total assets	**186,209**	**(1,780)**	**57,540**	**241,969**

The figures above for total assets are made up of total assets less current liabilities before deduction of loans.

Ten Year Record

Capital

At 31 October	Total assets * £'000	Borrowings £'000	Shareholders' funds £'000	Net asset value per share (at par) p	Share price p	Discount (at par) † %
2003	109,008	(29,255)	79,753	162.75	130.50	19.8
2004	110,796	(27,604)	83,192	169.76	138.50	18.4
2005#	135,861	(27,825)	108,036	220.46	200.00	9.3
2006	150,098	(26,062)	124,036	253.11	234.00	7.6
2007	173,633	(24,326)	149,307	304.68	267.75	12.1
2008	105,856	(21,600)	84,256	171.94	141.00	18.0
2009	149,312	(23,501)	125,811	256.73	220.75	14.0
2010	177,716	(24,803)	152,913	312.04	275.00	11.9
2011	179,621	(29,981)	149,640	305.36	264.00	13.5
2012	186,209	(29,318)	156,891	320.16	280.50	12.4
2013	**241,969**	**(29,823)**	**212,146**	**432.91**	**405.00**	**6.4**

* Total assets comprise total assets less current liabilities, before deduction of bank loans.

† Discount is the difference between Edinburgh Worldwide's quoted share price and its underlying net asset value (deducting borrowings at par) expressed as a percentage of net asset value.

The figures prior to 2005 have not been restated for changes in accounting policies implemented in 2006.

Revenue

Year to 31 October	Income £'000	Net return on ordinary activities after tax £'000	Revenue earnings per ordinary share p	Dividend paid and proposed per ordinary share (net) p	Ongoing charges ‡ %	Ongoing charges (incl. performance fee) ¶ %
2003	2,251	1,007	2.06	2.20	1.38	1.38
2004	1,940	869	1.77	2.20	1.16	1.21
2005	2,379	1,105	2.26	2.00	1.17	2.11
2006	2,116	817	1.67	2.00	1.22	1.29
2007	2,827	1,287	2.63	2.00	1.04	1.57
2008	3,280	1,705	3.48	2.70 **	1.10	1.10
2009	3,088	1,816	3.71	3.00 **	1.08	1.08
2010	1,931	910	1.86	2.00	1.03	1.06
2011	2,412	1,231	2.51	2.00	1.02	1.02
2012	2,414	1,225	2.50	2.00	1.02	1.02
2013	**1,987**	**823**	**1.68**	**2.00**	**0.99**	**0.99**

Gearing Ratios

Year to 31 October	Gearing § %	Potential gearing ^ %
2003	6	37
2004	19	33
2005	15	25
2006	15	21
2007	12	16
2008	22	26
2009	13	19
2010	14	16
2011	14	20
2012	17	19
2013	**8**	**14**

‡ Total operating costs divided by average net asset value (with debt at fair value). Figures prior to 2012 have not been recalculated as the change in methodology is not considered to result in a materially different figure.

¶ Ratio of total operating costs to average shareholders' funds including any performance fee charged. No performance fee is payable under the new management fee arrangements (see note 3 on page 31).

§ Total assets (including all debt used for investment purposes) less cash divided by shareholders' funds.

^ Total assets (including all debt used for investment purposes) divided by shareholders' funds.

** Includes special dividend.

Cumulative Performance (taking 2003 as 100)

At 31 October	Net asset value per share (at par)	Net asset value total return (at par) ††	Comparative index ^^	Comparative index total return ††	Share price	Share price total return ††	Revenue earnings per ordinary share	Dividend paid and proposed per ordinary share (net)	Retail price index
2003	100	100	100	100	100	100	100	100	100
2004	104	106	103	106	106	108	86	100	103
2005	135	138	120	126	153	158	110	91	106
2006	156	160	134	143	179	187	81	91	110
2007	187	194	150	164	205	215	128	91	114
2008	106	110	106	120	108	114	169	123	119
2009	158	167	125	145	169	182	180	136	118
2010	192	205	144	171	211	230	90	91	124
2011	188	202	140	171	202	222	122	91	130
2012	197	214	149	187	215	238	121	91	135
2013	**266**	**291**	**180**	**232**	**310**	**345**	**82**	**91**	**138**
Compound annual returns									
5 year	20.3%	21.6%	11.1%	14.2%	23.5%	24.7%	(13.6%)	(5.8%)	3.0%
10 year	10.3%	11.3%	6.0%	8.8%	12.0%	13.2%	(2.0%)	(0.9%)	3.3%

†† Source: Thomson Reuters Datastream.

^^ On 1 November 2003 the comparative index was changed from MSCI World Index (in sterling terms) to MSCI All Countries World Index (in sterling terms).

The figures prior to 2005 have not been restated for the changes in accounting policies implemented in 2006.

Past performance is not a guide to future performance.

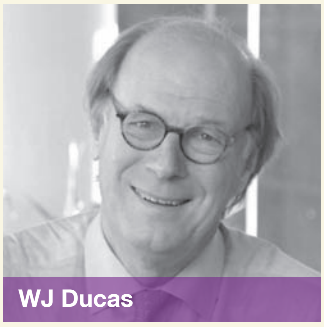
Directors and Management

Members of the Board come from a broad variety of backgrounds. The Board can draw on a very extensive pool of knowledge and experience. Baillie Gifford & Co, a leading UK investment management firm, who act as Managers and Secretaries to the Company have done so since November 2003.

Directors

David Reid was appointed a Director on 1 May 1998. He was appointed Chairman on 1 February 2011 and is Chairman of the Nomination Committee. He was previously a director of Smith and Williamson and of Fleming Private Asset Management.

Donald Cameron was appointed a Director on 2 December 2010. He is an advocate at the Scottish Bar where he has a general civil practice, with a particular emphasis on public law. He is also a qualified barrister in England and Wales, and a director of Murray Income Trust.



William Ducas was appointed a Director on 22 March 2002 and is the Senior Independent Director. He is a member of the board of the Weir Foundation charitable trust and is on the International Advisory board of Zamorano University. He was previously a director of West LB Mellon Asset Management and a managing director of F&C Management Ltd of North America.

Helen James was appointed a Director on 2 December 2010. She is the CEO of Investis, a leading digital corporate communications company. Previously, she was Head of Pan-European Equity Sales at Paribas. She is also a non-executive director of The Mercantile Investment Trust.

Henry Strutt was appointed a Director on 1 November 2011 and is Chairman of the Audit & Management Engagement Committee. He qualified as a chartered accountant in 1979, following which he spent over twenty years with the Robert Fleming Group, seventeen of which were in the Far East. He is a non-executive director of Smith & Williamson Holdings Ltd.

All Directors are members of the Nomination and Audit & Management Engagement Committees.

Managers and Secretaries

Edinburgh Worldwide is managed by Baillie Gifford & Co, an investment management firm formed in 1927 out of the legal firm Baillie & Gifford, WS, which had been involved in investment management since 1908.

Baillie Gifford is one of the largest investment trust managers in the UK and currently manages eight investment trusts. Baillie Gifford also manages unit trusts and open ended investment companies, together with investment portfolios on behalf of pension funds, charities and other institutional clients, both in the UK and overseas. Funds under the management or advice of Baillie Gifford total over £102 billion as at 12 December 2013. Based in Edinburgh, it is one of the leading privately owned investment management firms in the UK, with 39 partners and a staff of around 780.

The manager of Edinburgh Worldwide's portfolio is Mark Urquhart, a partner of Baillie Gifford. Stock selection is primarily the responsibility of the Global Growth team which covers all the regions of the world.

The firm of Baillie Gifford & Co is authorised and regulated by the Financial Conduct Authority.

Directors' Report

The Directors present their Report together with the financial statements of the Company for the year to 31 October 2013.

Corporate Governance

The Board is committed to achieving and demonstrating high standards of Corporate Governance. This statement outlines how the principles of the 2012 UK Corporate Governance Code (the 'Code') which can be found at www.frc.org.uk and the principles of the Association of Investment Companies (AIC) Code of Corporate Governance were applied throughout the financial year. The AIC Code provides a framework of best practice for investment companies and can be found at www.theaic.co.uk.

Compliance

The Board confirms that the Company has complied throughout the year under review with the relevant provisions of the Code and the recommendations of the AIC Code.

The Board

The Board has overall responsibility for the Company's affairs. It has a number of matters reserved for its approval including strategy, investment policy, currency hedging, gearing, treasury matters, dividend and corporate governance policy. A separate strategy session is held annually. The Board also reviews the financial statements, investment transactions, revenue budgets and performance. Full and timely information is provided to the Board to enable the Board to function effectively and to allow Directors to discharge their responsibilities.

The Board currently comprises five Directors all of whom are non-executive. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. Mr WJ Ducas is the Senior Independent Director. The executive responsibilities for investment management have been delegated to the Company's Managers and Secretaries, Baillie Gifford & Co, and in the context of a Board comprising entirely non-executive Directors, there is no chief executive officer.

The Directors believe that the Board has a balance of skills and experience which enable it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on page 15.

There is an agreed procedure for Directors to seek independent professional advice if necessary at the Company's expense.

Appointments

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for inspection on request.

Under the provisions of the Company's Articles of Association, a Director appointed during the year is required to retire and seek election by shareholders at the next Annual General Meeting. Directors are required to submit themselves for re-election at least once every three years and Directors who have served for more than nine years offer themselves for re-election annually.

Independence of Directors

All of the Directors are considered by the Board to be independent of the Managers and free of any business or other relationship which could interfere with the exercise of their independent judgement.

The Directors recognise the importance of succession planning for company boards and review the Board composition annually. The Board is of the view that length of service will not necessarily compromise the independence or contribution of Directors of an investment trust company, where continuity and experience can be a benefit to the Board. The Board concurs with the view expressed in the AIC Code that long serving Directors should not be prevented from being considered independent.

Mr DHL Reid and Mr WJ Ducas have served on the Board for more than nine years. Following formal performance evaluation the Board considers that Mr DHL Reid and Mr WJ Ducas continue to be independent in character and judgement and their skills and experience add significantly to the strength of the Board.

Meetings

There is an annual cycle of Board meetings which is designed to address in a systematic way overall strategy, review of investment policy, investment performance, marketing, revenue budgets, dividend policy and communication with shareholders. The Board considers that it meets sufficiently regularly to discharge its duties effectively. The following table shows the attendance record for the Board and Committee meetings held during the year.

Directors' Attendance at Meetings

	Board	Audit & Management Engagement Committee	Nomination Committee
Number of meetings	**6**	**2**	**1**
DHL Reid	6	2	1
DAJ Cameron	6	2	1
WJ Ducas	6	2	1
H James	6	2	1
HCT Strutt	6	2	1

Nomination Committee

The Nomination Committee consists of the whole Board and the Chairman of the Board is Chairman of the Committee. The Committee meets on an annual basis and at such other times as may be required. The Committee has written terms of reference which include reviewing the Board, identifying and nominating new candidates for appointment to the Board, Board appraisal, succession planning and training. The Committee also considers whether Directors should be recommended for re-election by shareholders. The Committee is responsible for considering Directors' potential conflicts of interest and for making recommendations to the Board on whether or not the potential conflicts should be authorised.

Appointments to the Board are made on merit with due regard for the benefits of diversity including gender. The priority in appointing new Directors is to identify the candidate with the best range of skills and experience to complement existing Directors. The Board therefore does not consider it appropriate to set diversity targets.

The Committee's terms of reference are available on request from the Company and on the Company's page on the Managers' website: www.edinburghworldwide.co.uk.

Performance Evaluation

An appraisal of the Chairman, each Director and a performance evaluation and review of the Board as a whole and its Committees was carried out during the year. After considering and responding to an evaluation questionnaire each Director had an interview with the Chairman. The appraisal of the Chairman was led by Mr WJ Ducas. The appraisals and evaluations considered, amongst other criteria, the balance of skills of the Board, training and development requirements, the contribution of individual Directors and the overall effectiveness of the Board and its Committees. Following this process it was concluded that the performance of each Director, the Chairman, the Board and its Committees continues to be effective and each Director and the Chairman remain committed to the Company.

A review of the Chairman's and other Directors' commitments was carried out and the Nomination Committee is satisfied that they are capable of devoting sufficient time to the Company. There were no significant changes to the Chairman's other commitments during the year.

Induction and Training

New Directors appointed to the Board are provided with an induction programme which is tailored to the particular circumstances of the appointee. Briefings were provided during the year on industry and regulatory matters. The Directors receive other relevant training as necessary.

Remuneration

As all the Directors are non-executive, there is no requirement for a separate Remuneration Committee. Directors' fees are considered by the Board as a whole within the limits approved by shareholders. The Company's policy on remuneration is set out in the Directors' Remuneration Report on page 21.

Internal Controls and Risk Management

The Directors acknowledge their responsibility for the Company's risk management and internal controls systems and for reviewing their effectiveness. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company in accordance with the guidance 'Internal Control: Revised Guidance for Directors on the Combined Code'.

The Directors confirm that they have reviewed the effectiveness of the Company's risk management and internal controls systems and they have procedures in place to review their effectiveness on a regular basis. No significant weaknesses were identified in the year under review.

The practical measures to ensure compliance with regulation and company law, and to provide effective and efficient operations and investment management, have been delegated to the Managers and Secretaries, Baillie Gifford & Co, under the terms of the Management Agreement. The practical measures in relation to the design, implementation and maintenance of control policies and procedures to safeguard the assets of the Company and to manage its affairs properly, including the maintenance of effective operational and compliance controls and risk management have also been delegated to Baillie Gifford & Co. The Board acknowledges its responsibilities to supervise and control the discharge by the Managers and Secretaries of their obligations.

The Baillie Gifford & Co Business Risk & Internal Audit and Regulatory Risk Departments provide the Board with regular reports on Baillie Gifford & Co's monitoring programmes. The reporting procedures for these departments are defined and formalised within a service level agreement. Baillie Gifford & Co conducts an annual review of its system of internal controls which is documented within an internal controls report which complies with ISAE 3402 and Technical Release AAF 01/06 – Assurance Reports on Internal Controls of Service Organisations made available to Third Parties. This report is independently reviewed by Baillie Gifford & Co's auditors and a copy of the report is submitted to the Audit and Management Engagement Committee.

The Company's investments are segregated from those of Baillie Gifford & Co and its other clients through the appointment of RBC Investor Services as independent custodian of the Company's investments. The custodian prepares a report on its key controls and safeguards which is independently reviewed by Deloitte LLP.

A detailed risk map is prepared which identifies the significant risks faced by the Company and the key controls employed to manage these risks.

These procedures ensure that consideration is given regularly to the nature and extent of the risks facing the Company and that they are being actively monitored. Where changes in risk have been identified during the year they also provide a mechanism to assess whether further action is required to manage the risks identified. The Board confirms that these procedures have been in place throughout the Company's financial year and continue to be in place up to the date of approval of this Report.

Accountability and Audit

The respective responsibilities of the Directors and the Auditors in connection with the financial statements are set out on pages 23 to 25.

Going Concern

In accordance with the Financial Reporting Council's guidance on going concern and liquidity risk, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Company's principal risks are market related and include market risk, liquidity risk and credit risk. An explanation of these risks and how they are managed is contained in note 19 to the financial statements. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis.

Accordingly, the financial statements have been prepared on the going concern basis as it is the Directors' opinion that the Company will continue in operational existence for the foreseeable future.

Audit and Management Engagement Committee

An Audit and Management Engagement Committee has been established consisting of all independent Directors. The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee. Mr HCT Strutt, Chairman of the Committee, is a Chartered Accountant.

The Committee's authority and duties are clearly defined within its written terms of reference which are available on request from the Company Secretary and at www.edinburghworldwide.co.uk. The terms of reference are reviewed annually and were updated during the year to ensure best practice and compliance with the 2012 UK Corporate Governance Code.

The Committee's effectiveness is reviewed on an annual basis as part of the Board's performance evaluation process.

At least once a year the Committee meets with the external auditor without any representative of the Manager being present.

Main Activities of the Committee

The Committee met twice during the year and KPMG Audit Plc, the external auditor, attended both meetings. Representatives from the Manager's Business Risk & Internal Audit and Regulatory Risk Departments also attended these meetings and provided reports on their monitoring programmes.

The matters considered, monitored and reviewed by the Committee during the course of the year included the following:

— The preliminary results announcement and the annual and half-yearly reports;

— The Company's accounting policies and practices;

— The fairness, balance and understandability of the Annual Report and whether it provided the information necessary for shareholders to assess the Company's performance, business model and strategy;

— The effectiveness of the Company's internal control environment;

— Reappointment, remuneration and engagement letter of the external auditor;

— The independence, objectivity and effectiveness of the external auditor;

— The need for the Company to have its own internal audit function;

— Internal controls reports received from the Managers and custodian;

— The terms of the Investment Management Agreement and the continuing appointment of the Manager; and

— The arrangements in place within Baillie Gifford & Co whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Internal Audit

The Committee continues to believe that the compliance and internal controls systems and the internal audit function in place within the Investment Managers provide sufficient assurance that a sound system of internal control which safeguards shareholders' investment and the Company's assets is maintained. An internal audit function, specific to the Company is therefore considered unnecessary.

Financial Reporting

The Committee considers that the most significant issue likely to impact the financial statements is the existence and valuation of investments as they represent 94.6% of total assets.

All of the investments are in quoted securities and market prices are readily available from independent external pricing sources. The Committee reviewed the Managers' Report on Internal Controls which details the controls in place regarding recording and pricing of investments.

The Auditor confirmed to the Committee that the investments had been valued in accordance with the stated accounting policies. The value of all the investments had been agreed to external price sources and the portfolio holdings agreed to confirmations from the Company's custodian.

The Managers and Auditor confirmed to the Committee that they were not aware of any material misstatements.

External Auditor

To fulfil its responsibility regarding the independence of the external auditor, the Committee reviewed:

— The audit plan for the current year;

— A report from the auditor describing their arrangements to identify, report and manage any conflicts of interest; and

— The extent of non-audit services provided by the external auditors. Non-audit fees for the year to 31 October 2013 were £1,000 and related to the provision of Indian tax services. The Committee does not believe that this has impaired the Auditor's independence.

To assess the effectiveness of the external auditors, the Committee reviewed and considered:

— The Auditor's fulfilment of the agreed audit plan;

— Feedback from the Secretaries on the performance of the audit team; and

— The Audit Quality Inspection Report from the FRC.

To fulfil its responsibility for oversight of the external audit process the Committee considered and reviewed:

— The Auditor's engagement letter;

— The Auditor's proposed audit strategy;

— The audit fee; and

— A report from the Auditor on the conclusion of the audit.

Although KPMG Audit Plc has been auditor for fifteen years, the audit partners responsible for the audit are rotated at least every five years in accordance with professional and regulatory standards in order to protect independence and objectivity and to provide fresh challenge to the business. Ms Burnet, the current partner, was appointed over a year ago and will continue as partner until the conclusion of the 2016 audit.

Having carried out the review described above, the Committee is satisfied that the Auditor remains independent and effective and as such, has not considered it necessary to conduct a tender process for the appointment of its Auditor. KPMG Audit Plc has instigated an orderly wind down of its business and has proposed that KPMG LLP be appointed as Auditor in succession to KPMG Audit Plc. On the recommendation of the Committee, the Board has decided to put KPMG LLP forward to be appointed as Auditor and a resolution concerning their appointment will be put to the forthcoming AGM of the Company. There are no contractual obligations restricting the Committee's choice of external auditor.

Relations with Shareholders

The Board places great importance on communication with shareholders. The Company's Managers meet regularly with shareholders and their representatives and report shareholders' views to the Board. The Chairman is available to meet with shareholders as appropriate. Shareholders wishing to communicate with any member of the Board may do so by writing to them at the Company's registered office.

The Company's Annual General Meeting provides a forum for communication with all shareholders. The level of proxies lodged for each resolution is announced at the Meeting and published at www.edinburghworldwide.co.uk. The notice period for the Annual General Meeting is at least twenty working days. Shareholders and potential investors may obtain up-to-date information on the Company at www.edinburghworldwide.co.uk.

Corporate Governance and Stewardship

The Company has given discretionary voting powers to the Investment Managers, Baillie Gifford & Co. The Managers vote against resolutions they consider may damage shareholders' rights or economic interests.

The Company believes that it is in the shareholders' interests to consider environmental, social and governance (ESG) factors when selecting and retaining investments and have asked the Managers to take these issues into account as long as the investment objectives are not compromised. The Managers do not exclude companies from their investment universe purely on the grounds of ESG factors but adopt a positive engagement approach whereby matters are discussed with management with the aim of improving the relevant policies and management systems and enabling the Managers to consider how ESG factors could impact long term investment returns. The Managers' statement of compliance with the UK Stewardship Code can be found on the Managers' website at www.bailliegifford.com. The Managers' policy has been reviewed and endorsed by the Board.

The Managers are signatories to the United Nations Principles for Responsible Investment and the Carbon Disclosure Project and are also members of the Asian Corporate Governance Association and International Corporate Governance Network.

Greenhouse Gas Emissions

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

Conflicts of Interest

Each Director submits a list of potential conflicts of interest to the Nomination Committee on an annual basis. The Committee considers these carefully, taking into account the circumstances surrounding them and makes a recommendation to the Board on whether or not the potential conflicts should be authorised. Board authorisation is for a period of one year. Having considered the lists of potential conflicts there were no situations which gave rise to a direct or indirect interest of a Director which conflicted with the interests of the Company.

Bribery Act

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Managers also adopt a zero tolerance approach and have policies and procedures in place to prevent bribery.

Investment Managers

An Investment Management Agreement between the Company and Baillie Gifford & Co sets out the matters over which the Managers have authority in accordance with the policies and directions of, and subject to restrictions imposed by, the Board. The Management Agreement is terminable on not less than 3 months' notice. With effect from 1 April 2013 the annual management fee changed from 0.80% of the market value of the Company's shares, plus performance and secretarial fees to 0.95% on the first £50m of net assets and 0.65% on the remaining net assets, calculated quarterly. Details of the fee arrangements with Baillie Gifford & Co are shown in note 3 on page 31.

The Board considers the Company's investment management and secretarial arrangements on a continuing basis and a formal review is conducted by the Audit and Management Engagement Committee annually. The Board commissioned an independent report from Edison Investment Research which the Committee considered as part of its annual review. The Committee considered the following topics amongst others in its review:

— investment process;

— investment performance;

— the quality of the personnel assigned to handle the Company's affairs;

— developments at the Managers, including staff turnover;

— the administrative services provided by the Secretaries;

— share price and discount; and

— charges and fees.

Following the most recent review the Audit and Management Engagement Committee concluded that the continuing appointment of Baillie Gifford & Co as Managers and Secretaries, on the terms agreed, is in the interests of shareholders as a whole. This was subsequently approved by the Board.

Directors

Information about the Directors, including their relevant experience can be found on page 15.

Mr DHL Reid and Mr WJ Ducas, both having served for more than nine years, offer themselves for re-election. It has been three years since Mrs H James and Mr D Cameron were last elected and they therefore offer themselves for re-election.

Following formal performance evaluation, their performance continues to be effective and each remains committed to the

Company. Their contribution to the Board is greatly valued and the Board recommends their re-election to shareholders.

Director Indemnification and Insurance

The Company has entered into deeds of indemnity in favour of each of its Directors. The deeds cover any liabilities that may arise to a third party, other than the Company, for negligence, default or breach of trust or duty. The Directors are not indemnified in respect of liabilities to the Company, any regulatory or criminal fines, any costs incurred in connection with criminal proceedings in which the Director is convicted or civil proceedings brought by the Company in which judgement is given against him. In addition, the indemnity does not apply to any liability to the extent that it is recovered from another person.

The Company maintains Directors' and Officers' Liability Insurance.

Dividends

The Board recommends a final dividend of 1.50p per ordinary share which together with the interim dividend of 0.50p already paid makes a total of 2.00p for the year. If approved, the recommended final dividend will be paid on 6 February 2014 to shareholders on the register at the close of business on 10 January 2014. The ex-dividend date is 8 January 2014. The registrars offer a dividend reinvestment plan (see page 43). The final date for the receipt of elections for the dividend reinvestment plan is 16 January 2014.

Major Interests in the Company's Shares

Name	No. of ordinary 5p shares held at 31 Oct 2013	% of issue
Lazard Asset Management LLC (indirect)	3,603,330	7.4

There have been no changes to the major interests in the Company's shares intimated up to 11 December 2013.

Share Capital

Capital Structure

The Company's capital structure consists of 49,004,319 ordinary shares of 5p each at 31 October 2013 (2012 – 49,004,319 ordinary shares). There are no restrictions concerning the holding or transfer of the Company's ordinary shares and there are no special rights attached to any of the shares.

Dividends

The ordinary shares carry a right to receive dividends. Interim dividends are determined by the Directors, whereas the proposed final dividend is subject to shareholder approval.

Capital Entitlement

On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to ordinary shareholders in proportion to their shareholdings.

Voting

Each ordinary shareholder present in person or by proxy is entitled to one vote on a show of hands and, on a poll, to one vote for every share held.

Information on the deadlines for proxy appointments can be found within the circular which is being sent to shareholders with this Annual Report.

Share Buy-backs and Share Issuance

At the last Annual General Meeting the Company was granted authorities to buy-back shares at a discount to net asset value and to issue shares or sell shares held in treasury at a premium to net asset value. No shares were bought back or issued during the year and no shares were held in treasury at 11 December 2013. The Directors will be seeking to renew the authorities to buy-back shares and to issue shares at the forthcoming Annual General Meeting. Details of these resolutions are contained in the circular sent to shareholders with this Annual Report.

Disclosure of Information to Auditors

The Directors confirm that so far as each of the Directors is aware there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board
David HL Reid
Chairman
12 December 2013

Directors' Remuneration Report

This report has been prepared in accordance with the requirements of the Companies Act 2006.

Statement by the Chairman

The requirements regarding the content of the Directors' Remuneration Report and its approval by shareholders have recently changed. Resolutions will be proposed at the forthcoming Annual General Meeting for the approval of the Directors' Remuneration Policy and the Annual Report on Remuneration as set out below. Thereafter, shareholders will be asked to approve the Annual Report on Remuneration each year and the Directors' Remuneration Policy every three years or sooner if an alteration to the policy is proposed.

As explained in last year's Annual Report, following a review of the Directors' fees during 2012, with effect from 1 November 2012 the Chairman's fee was increased from £23,000 to £28,000 and the Directors' fees were increased from £15,500 to £18,500. The last increase prior to this was on 1 February 2010. The Board reviewed the level of fees during the year and it was agreed that there would be no further increase to the Chairman's and Directors' fees. It was also agreed that, in line with other investment trusts, Mr HCT Strutt in his role as the Chairman of the Audit and Management Engagement Committee would receive an additional fee of £3,000 per annum with effect from 1 November 2013 in recognition of the additional responsibility and time commitment this role entails.

Directors' Remuneration Policy

An ordinary resolution for the approval of the Remuneration Policy will be put to the members at the forthcoming Annual General Meeting. If approved by shareholders, the Directors' Remuneration Policy will be effective immediately upon the passing of the resolution.

The Board is composed wholly of non-executive Directors, none of whom has a service contract with the Company. There is no separate remuneration committee and the Board as a whole considers changes to Directors' fees from time to time. Baillie Gifford & Co, who have been appointed by the Board as Managers and Secretaries, provide comparative information when the Board considers the level of Directors' fees.

The Board's policy is that the remuneration of Directors should be set at a reasonable level that is commensurate with the duties and responsibilities of the role and consistent with the requirement to attract and retain Directors of the appropriate quality and experience. The Board believes that the fees paid to the Directors should reflect the experience of the Board as a whole, be fair and should take account of the level of fees paid by comparable investment trusts. Any views expressed by shareholders on the fees being paid to Directors will be taken into consideration by the Board when reviewing the Board's policy on remuneration.

The fees for the non-executive Directors are payable quarterly in arrears and are determined within the limit set out in the Company's Articles of Association which is currently £150,000 in aggregate. Any change to this limit requires shareholder approval. Non-executive Directors are not eligible for any other remuneration or benefits. There are no performance conditions relating to Directors' fees and there are no long-term incentive schemes or pension schemes. No compensation is payable on loss of office.

The basic and additional fees payable to Directors in respect of the year ended 31 October 2013 and the fees payable in respect of the year ending 31 October 2014 are set out in the table below. The fees payable to the Directors in the subsequent financial periods will be determined following an annual review of the Directors' fees. The total aggregate annual fees payable to the Directors shall not exceed £150,000 as set out in the Company's Articles of Association.

	Expected fees for year ending 31 Oct 2014 £	Fees for year ending 31 Oct 2013 £
Chairman's fee	28,000	28,000
Non-executive Director fee	18,500	18,500
Additional fee for Chairman of the Audit and Management Engagement Committee	3,000	–
Total aggregate annual fees that can be paid to the Directors in any year under the Directors' Remuneration Policy, as set out in the Company's Articles of Association	150,000	150,000

Annual Report on Remuneration

An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's Auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on page 24.

Directors' Remuneration for the Year (audited)

The Directors who served during the year received the following remuneration in the form of fees. This represents the entire remuneration paid to the Directors.

Name	2013 £	2012 £
DHL Reid	28,000	23,000
DAJ Cameron	18,500	15,500
WJ Ducas	18,500	15,500
The Hon. Kim Fraser (retired 31 October 2012)	–	15,500
H James	18,500	15,500
J Leslie Melville (retired 31 December 2011)	–	2,583
HCT Strutt	18,500	15,500
	102,000	**103,083**

Directors' Interests (audited)

Name	Nature of interest	Ordinary 5p shares held at 31 Oct 2013	Ordinary 5p shares held at 31 Oct 2012
DHL Reid	Beneficial	514,715	474,715
DAJ Cameron	–	–	–
WJ Ducas	Beneficial	35,000	35,000
H James	Beneficial	2,300	2,300
HCT Strutt	Beneficial	61,000	61,000

The Directors are not required to hold shares in the Company. The Directors at the year end, and their interests in the Company, were as shown above. There have been no changes intimated in the Directors' interests up to 11 December 2013.

Statement of Voting at Annual General Meeting

At the last Annual General Meeting, of the proxy votes received in respect of the Directors' Remuneration Report, 96.5% were in favour, 3.1% were against and votes withheld were 0.4%.

Relative Importance of Spend on Pay

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

Directors' Service Details

Name	Date of appointment	Due date for re-election
DHL Reid	1 May 1998	AGM in 2014
DAJ Cameron	2 December 2010	AGM in 2014
WJ Ducas	22 March 2002	AGM in 2014
H James	2 December 2010	AGM in 2014
HCT Strutt	1 November 2011	AGM in 2015

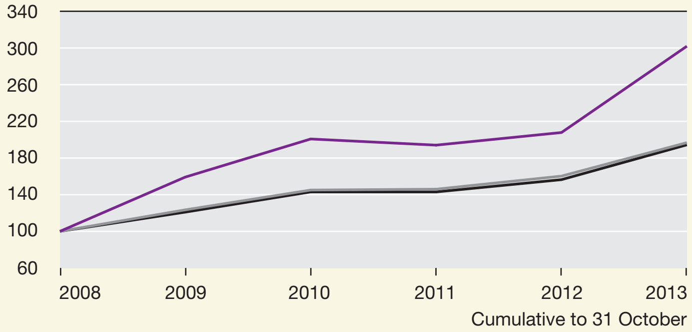
Company Performance

The following graph compares the total return (assuming all dividends are reinvested) to ordinary shareholders compared to the total shareholder return on a notional investment made up of shares in the component parts of the FTSE All-Share Index. This index was chosen for comparison purposes as it is a widely used measure of performance for UK listed companies. (Comparative Index provided for information purposes only).

Performance Graph

Edinburgh Worldwide's Share Price, FTSE All-Share Index and Comparative Index*

(figures have been rebased to 100 at 31 October 2008)



Source: Thomson Reuters Datastream.

Edinburgh Worldwide share price

FTSE All-Share

MSCI All Countries World Index (in sterling terms)

All figures are total return (assuming all dividends reinvested).

* MSCI All Countries World Index (in sterling terms).

Past performance is not a guide to future performance.

Approval

The Directors' Remuneration Report on pages 21 and 22 was approved by the Board of Directors and signed on its behalf on 12 December 2013.

David HL Reid
Chairman

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

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). 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 or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

— select suitable accounting policies and then apply them consistently;

— make judgements and accounting estimates that are reasonable and prudent;

— state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

— prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements 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 have delegated responsibility to the Managers for the maintenance and integrity of the Company's page of the Managers' website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed within the Directors and Management section, confirm that, to the best of their knowledge:

— the financial statements, which have been prepared in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), give a true and fair view of the assets, liabilities, financial position and net return of the Company; and

— the annual report and financial statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

— the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board
David HL Reid
Chairman
12 December 2013

Independent Auditor's Report

to the members of Edinburgh Worldwide Investment Trust plc only

Opinions and conclusions arising from our audit

Opinion on financial statements

We have audited the financial statements of Edinburgh Worldwide Investment Trust plc for the year ended 31 October 2013 set out on pages 26 to 41. In our opinion the financial statements:

— give a true and fair view of the state of the company's affairs as at 31 October 2013 and of its net return for the year then ended;

— have been properly prepared in accordance with UK Accounting Standards; and

— have been prepared in accordance with the requirements of the Companies Act 2006.

Our assessment of risks of material misstatement

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

Valuation and existence of investments: The Company's portfolio investments make up 94.6% of total assets (by value) and are considered to be the key driver of operations and performance results. We do not consider these investments to be at high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit. Our procedures over the existence, completeness and valuation of the Company's investment portfolio included, but were not limited to:

— documenting and assessing the processes in place to record investment transactions and to value the portfolio;

— agreeing the valuation of 100% of portfolio investments to externally quoted prices;

— agreeing 100% of portfolio investment holdings to independently received third party confirmations.

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

The materiality for the financial statements as a whole was set at £3.6m. This has been determined with reference to a benchmark of Total Assets. Total Assets, which is primarily composed of the company's investment portfolio, is considered the key driver of the company's capital and revenue performance and, as such, we consider it to be one of the principal considerations for members of the company in assessing the financial performance of the company.

We agreed with the Audit and Management Engagement Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £182,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our audit of the company was undertaken to the materiality level specified above and was all performed at the head office of the Managers, Baillie Gifford & Co, in Edinburgh.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

— the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and

— the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

— we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy; or

— the Audit and Management Engagement Committee section of the Directors' Report does not appropriately address matters communicated by us to the Audit and Management Engagement Committee.

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

— adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or

— the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

— certain disclosures of Directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

— the Directors' statement, set out on page 17, in relation to going concern;

— the part of the Corporate Governance Statement on pages 16 to 19 relating to the company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review; and

— certain elements of the report to shareholders by the Board on Directors' remuneration.

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

Scope of report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 23, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at **www.frc.org.uk/auditscopeukprivate**. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at **www.kpmg.com/uk/auditscopeukco2013a**, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Catherine Burnet (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
20 Castle Terrace
Edinburgh
EH1 2EG
12 December 2013

Income Statement

For the year ended 31 October

	Notes	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Gains on investments	9	–	57,734	**57,734**	–	7,680	**7,680**
Currency (losses)/gains	14	–	(699)	**(699)**	–	725	**725**
Income	2	1,987	–	**1,987**	2,414	–	**2,414**
Investment management fee	3	(341)	(1,024)	**(1,365)**	(269)	(807)	**(1,076)**
Other administrative expenses	4	(435)	–	**(435)**	(479)	–	**(479)**
Net return before finance costs and taxation		1,211	56,011	**57,222**	1,666	7,598	**9,264**
Finance costs of borrowings	5	(200)	(599)	**(799)**	(197)	(592)	**(789)**
Net return on ordinary activities before taxation		1,011	55,412	**56,423**	1,469	7,006	**8,475**
Tax on ordinary activities	6	(188)	–	**(188)**	(244)	–	**(244)**
Net return on ordinary activities after taxation		**823**	**55,412**	**56,235**	**1,225**	**7,006**	**8,231**
Net return per ordinary share	8	**1.68p**	**113.07p**	**114.75p**	**2.50p**	**14.30p**	**16.80p**

The total column of this statement is the profit and loss account of the Company.

All revenue and capital items in this statement derive from continuing operations. No operations were acquired or discontinued during the year.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above statement.

The accompanying notes on pages 30 to 41 are an integral part of the financial statements.

Balance Sheet

As at 31 October

	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Fixed assets					
Investments held at fair value through profit or loss	9		229,025		183,075
Current assets					
Debtors	10	715		235	
Cash and short term deposits	19	13,081		3,357	
		13,796		3,592	
Creditors					
Amounts falling due within one year	11	(30,675)		(458)	
Net current (liabilities)/assets			(16,879)		3,134
Total assets less current liabilities			212,146		186,209
Creditors					
Amounts falling due after more than one year	12		–		(29,318)
Total net assets			**212,146**		**156,891**
Capital and reserves					
Called up share capital	13		2,450		2,450
Share premium	14		82,180		82,180
Special reserve	14		35,220		35,220
Capital reserve	14		89,678		34,266
Revenue reserve	14		2,618		2,775
Shareholders' funds			**212,146**		**156,891**
Net asset value per ordinary share (after deducting borrowings at fair value)	15		**432.31p**		**318.93p**
Net asset value per ordinary share (after deducting borrowings at par)	15		**432.91p**		**320.16p**

The Financial Statements of Edinburgh Worldwide Investment Trust plc (Company registration number SC184775) were approved and authorised for issue by the Board on 12 December 2013.

David HL Reid
Chairman

The accompanying notes on pages 30 to 41 are an integral part of the financial statements.

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 October 2013

	Notes	Called up share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 November 2012		2,450	82,180	35,220	34,266	2,775	**156,891**
Net return on ordinary activities after taxation	14	–	–	–	55,412	823	**56,235**
Dividends paid during the year	7	–	–	–	–	(980)	**(980)**
Shareholders' funds at 31 October 2013		**2,450**	**82,180**	**35,220**	**89,678**	**2,618**	**212,146**

For the year ended 31 October 2012

	Notes	Called up share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 November 2011		2,450	82,180	35,220	27,260	2,530	**149,640**
Net return on ordinary activities after taxation		–	–	–	7,006	1,225	**8,231**
Dividends paid during the year	7	–	–	–	–	(980)	**(980)**
Shareholders' funds at 31 October 2012		**2,450**	**82,180**	**35,220**	**34,266**	**2,775**	**156,891**

The accompanying notes on pages 30 to 41 are an integral part of the financial statements.

Cash Flow Statement

For the year ended 31 October

	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Net cash inflow from operating activities	16		365		868
Servicing of finance					
Interest paid		(801)		(787)	
Net cash outflow from servicing of finance			(801)		(787)
Taxation					
Overseas tax incurred		(199)		(248)	
Total tax paid			(199)		(248)
Financial investment					
Acquisitions of investments		(30,133)		(27,653)	
Disposals of investments		41,666		22,973	
Realised currency (loss)/gain		(194)		62	
Net cash inflow/(outflow) from financial investment			11,339		(4,618)
Equity dividends paid	7		(980)		(980)
Increase/(decrease) in cash	17		**9,724**		**(5,765)**
Reconciliation of net cash flow to movement in net debt	17				
Increase/(decrease) in cash in the period			9,724		(5,765)
Exchange movement on bank loans			(505)		663
Movement in net debt in the year			9,219		(5,102)
Net debt at 1 November			(25,961)		(20,859)
Net debt at 31 October			**(16,742)**		**(25,961)**

The accompanying notes on pages 30 to 41 are an integral part of the financial statements.

Notes to the Financial Statements

1 Principal Accounting Policies

The financial statements for the year to 31 October 2013 have been prepared on the basis of the accounting policies set out below, which are unchanged from the prior year and have been applied consistently.

(a) Basis of Accounting

All of the Company's operations are of a continuing nature and the financial statements are prepared on a going concern basis under the historical cost convention, modified to include the revaluation of fixed asset investments and derivatives, and on the assumption that approval as an investment trust under section 1158 of the Corporation Tax Act 2010 will be retained.

The financial statements have been prepared in accordance with The Companies Act 2006, applicable UK Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' issued in January 2009.

In order to reflect better the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the profit and loss account between items of a revenue and capital nature has been presented in the income statement.

The Company has only one material segment being that of an investment trust company, investing in listed companies throughout the world.

Financial assets and financial liabilities are recognised in the Company's balance sheet when it becomes a party to the contractual provisions of the instrument.

The Directors consider the Company's functional currency to be sterling as the Company's shareholders are predominantly based in the UK and the Company and its investment manager, who are subject to the UK's regulatory environment, are also UK based.

(b) Investments

Purchases and sales of investments are accounted for on a trade date basis.

Investments in securities are designated as valued at fair value through profit or loss on initial recognition and are measured at subsequent reporting dates at fair value.

The fair value of listed investments is bid value or, in the case of FTSE 100 constituents or holdings on certain recognised overseas exchanges, at last traded prices.

Changes in the fair value of investments and gains and losses on disposal are recognised as capital items in the income statement.

(c) Derivatives

The Company may use derivatives for the purpose of efficient portfolio management (including reducing, transferring or eliminating risk in its investments and protection against currency risk) and to achieve capital growth.

Such instruments are recognised on the date of the contract that creates the Company's obligation to pay or receive cash flows and are measured as financial assets or liabilities at fair value at subsequent reporting dates, while the relevant contracts remain open. The fair value is determined by reference to the open market value of the contract.

Where the investment rationale for the use of derivatives is to hedge specific risks pertaining to the Company's portfolio composition, hedge accounting will only be adopted where the derivative instrument relates specifically to a single item, or group of items, of equal and opposite financial exposure, and where the derivative instrument has been explicitly designated as a hedge of such item(s) at the date of initial recognition. In all other circumstances changes in the fair value of derivative instruments are recognised immediately in the income statement as capital or revenue as appropriate.

(d) Cash

Cash includes cash in hand and deposits repayable on demand. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if they have a maturity or period of notice of not more than one working day.

(e) Income

(i) Income from equity investments is brought into account on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Company's right to receive payment is established.

(ii) Franked income is stated net of tax credits.

(iii) Unfranked investment income includes the taxes deducted at source.

(iv) Interest receivable on deposits is recognised on an accruals basis.

(v) If scrip is taken in lieu of dividends in cash, the net amount of the cash dividend declared is credited to the revenue account. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital.

(vi) Special dividends are treated as repayments of capital or income depending on the facts of each particular case.

(f) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged to the revenue account except as follows: where they relate directly to the acquisition or disposal of an investment, in which case they are added to the cost of the investment or deducted from the sale proceeds and where they are connected with the maintenance or enhancement of the value of investments. In this respect the investment management fee is allocated 25% to revenue and 75% to capital, in line with the Board's expectation of returns from the Company's investments over the long term in the form of revenue and capital respectively.

(g) Finance Costs

Any long term borrowings are carried in the balance sheet at amortised cost, representing the cumulative amount of net proceeds after issue, plus accrued finance costs. The finance costs of borrowings are allocated 25% to the revenue account and 75% to the capital reserve. Gains and losses on the repurchase or early settlement of debt are wholly charged to capital.

(h) Deferred Taxation

Deferred taxation is provided on all timing differences which have originated but not reversed by the balance sheet date, calculated at the current tax rates expected to apply when its timing differences reverse, based on what has been enacted or substantially enacted, relevant to the benefit or liability. Deferred tax assets are recognised only to the extent that it will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

(i) Foreign Currencies

Transactions involving foreign currencies are converted at the rate ruling at the time of the transaction. Monetary assets, liabilities and equity investments held at fair value in foreign currencies are translated at the closing rates of exchange at the balance sheet date with the exception of foreign exchange contracts which are valued at the forward rate ruling at the time of the balance sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the income statement and classified as a revenue or capital item as appropriate.

(j) Capital Reserve

Gains and losses on disposal of investments, changes in the fair value of investments held, exchange differences of a capital nature and the amount by which other assets and liabilities valued at fair value differ from their book cost are dealt with in this reserve. Purchases of the Company's own shares can also be funded from this reserve. 75% of management fees and finance costs are allocated to the capital reserve.

2 Income

	2013 £'000	2012 £'000
Income from investments		
UK dividends	128	66
Overseas dividends	1,845	2,332
	1,973	**2,398**
Other income		
Deposit interest	14	16
	14	**16**
Total income	**1,987**	**2,414**
Total income comprises:		
Dividends from financial assets designated at fair value through profit or loss	1,973	2,398
Deposit interest from financial assets not designated at fair value through profit or loss	14	16
	1,987	**2,414**

3 Investment Management Fee

	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Investment management fee	**341**	**1,024**	**1,365**	**269**	**807**	**1,076**

Baillie Gifford & Co are appointed as Managers and Secretaries. The management agreement is terminable on not less than three months' notice. With effect from 1 April 2013 the annual management fee is 0.95% on the first £50m of net assets and 0.65% on the remaining net assets, calculated quarterly. The fee previously was 0.80% per annum of the market value of the Company's shares, calculated quarterly, plus a performance fee. No performance fee was payable for the period to 31 March 2013 and none is payable under the new arrangements.

Until 31 March 2013, the Company paid a secretarial fee to Baillie Gifford which was adjusted annually in line with the Retail Price Index. The secretarial fee for the five months to 31 March 2013 was £34,000 (year to 31 October 2012 – £78,000) (see note 4 below).

4 Other Administrative Expenses – all charged to the revenue column of the income statement

	2013 £'000	2012 £'000
Directors' fees (see Directors' Remuneration Report on page 21)	102	103
Auditor's remuneration for audit services	15	15
Auditor's remuneration for non-audit services	1	1
Secretarial fees	34	78
Other expenses	283	282
	435	**479**

5 Finance Costs of Borrowings

	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Financial liabilities not at fair value through profit or loss						
Bank loans repayable within one year	200	599	**799**	–	–	**–**
Bank loans repayable within five years	–	–	**–**	197	592	**789**
	200	**599**	**799**	**197**	**592**	**789**

6 Tax on Ordinary Activities

	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Overseas taxation	**188**	**–**	**188**	**244**	**–**	**244**

	2013 £'000	2012 £'000
Analysis of charge in year		
Overseas taxation	**188**	**244**
Factors affecting tax charge for year		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 23.42% (2012 – 24.90%)		
The differences are explained below:		
Net return on ordinary activities before taxation	56,423	8,475
Net return on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.42% (2012 – 24.90%)	13,214	2,110
Effects of:		
Capital returns not taxable	(13,358)	(2,093)
Income not taxable	(432)	(503)
Income taxable in different periods	(16)	(7)
Overseas withholding tax	188	244
Taxable losses in year not utilised	607	493
Adjustment in respect of previous years	(15)	–
Current tax charge for the year	**188**	**244**

As an investment trust, the Company's capital gains are not taxable.

Factors that may affect future tax charges

At 31 October 2013 the Company had a potential deferred tax asset of £4,718,000 (2012 – £4,116,000) on taxable losses which are available to be carried forward and offset against future taxable profits. A deferred tax asset has not been provided on these losses as it is considered unlikely that the Company will make taxable revenue profits in the future and it is not liable to tax on its capital gains. The potential deferred tax asset has been calculated using a corporation tax rate of 23% (2012 – 23%).

7 Ordinary Dividends

	2013	2012	2013 £'000	2012 £'000
Amounts recognised as distributions in the period:				
Previous year's final (paid 6 February 2013)	1.50p	1.50p	735	735
Interim (paid 18 July 2013)	0.50p	0.50p	245	245
	2.00p	**2.00p**	**980**	**980**

Also set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of section 1158 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £823,000 (2012 – £1,225,000).

	2013	2012	2013 £'000	2012 £'000
Dividends paid and payable in respect of the year:				
Interim dividend per ordinary share (paid 18 July 2013)	0.50p	0.50p	245	245
Proposed final dividend per ordinary share (payable 6 February 2014)	1.50p	1.50p	735	735
	2.00p	**2.00p**	**980**	**980**

8 Net Return per Ordinary Share

	2013 Revenue	2013 Capital	2013 Total	2012 Revenue	2012 Capital	2012 Total
Net return on ordinary activities after taxation	**1.68p**	**113.07p**	**114.75p**	**2.50p**	**14.30p**	**16.80p**

Revenue return per ordinary share is based on the net return on ordinary activities after taxation of £823,000 (2012 – £1,225,000) and on 49,004,319 ordinary shares, being the weighted average number of ordinary shares in issue during each year.

Capital return per ordinary share is based on the net capital gain for the financial year of £55,412,000 (2012 – £7,006,000) and on 49,004,319 ordinary shares, being the weighted average number of ordinary shares in issue during each year.

There are no dilutive or potentially dilutive shares in issue.

9 Fixed Assets – Investments

	2013 £'000	2012 £'000
Financial assets at fair value through profit or loss		
Listed equity investments	229,025	183,075
Total investments in financial assets at fair value through profit or loss	**229,025**	**183,075**

	Listed equities £'000
Cost of investments held at 1 November 2012	123,775
Investment holding gains at 1 November 2012	59,300
Fair value of investments held at 1 November 2012	**183,075**
Movements in year:	
Purchases at cost	30,461
Sales – proceeds	(42,245)
– gains on sales	4,036
Changes in investment holding gains	53,698
Fair value of investments held at 31 October 2013	**229,025**
Cost of investments held at 31 October 2013	116,027
Investment holding gains at 31 October 2013	112,998
Fair value of investments held at 31 October 2013	**229,025**

The Company incurred transaction costs on purchases of £55,000 (2012 – £43,000) and on sales of £34,000 (2012 – £13,000).

	2013 £'000	2012 £'000
Net gains/(losses) on investments designated at fair value through profit or loss on initial recognition		
Gains/(losses) on sales	4,036	(2,337)
Changes in investment holding gains	53,698	10,017
	57,734	**7,680**

Of the gains on sales during the year a net gain of £4,551,000 (2012 – net loss of £1,902,000) was included in investment holding gains at the previous year end.

10 Debtors

	2013 £'000	2012 £'000
Due within one year:		
Income accrued (net of withholding tax) and prepaid expenses	61	188
Sales for subsequent settlement	579	–
Other debtors	75	47
	715	**235**

None of the above debtors are financial assets designated at fair value through profit or loss. The carrying amount of debtors is a reasonable approximation of fair value.

11 Creditors – amounts falling due within one year

	2013 £'000	2012 £'000
National Australia Bank Limited multi-currency loan	29,823	–
Purchases for subsequent settlement	328	–
Investment management fee	382	275
Secretarial fee	–	20
Other creditors and accruals	142	163
	30,675	**458**

Borrowing Facility

The fixed rate facility with National Australia Bank Limited for €11.4m, US$16.35m and £10.0m expires on 30 September 2014. The drawings were as follows:

At 31 October 2013 and 31 October 2012

National Australia Bank Limited:
– €11,400,000 at an interest rate of 2.96% per annum.
– US$16,350,000 at an interest rate of 2.28% per annum.
– £10,000,000 at an interest rate of 2.68% per annum.

The main covenant relating to the loan facility with National Australia Bank Limited is: total borrowings shall not exceed 35% of the Company's adjusted gross assets.

12 Creditors – amounts falling due after more than one year

	2013 £'000	2012 £'000
National Australia Bank Limited multi-currency loan (see note 11)	**–**	**29,318**

13 Called Up Share Capital

	2013 Number	2013 £'000	2012 Number	2012 £'000
Allotted, called up and fully paid ordinary shares of 5p each	**49,004,319**	**2,450**	**49,004,319**	**2,450**

At the Annual General Meeting on 31 January 2013 the Company renewed its authority to purchase shares in the market, in respect of 7,345,747 ordinary shares (equivalent to 14.99% of its issued share capital at that date). No shares were bought back during the year to 31 October 2013 or 2012. At 31 October 2013 the Company had authority to buy back 7,345,747 ordinary shares.

14 Capital and Reserves

	Called up share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Shareholders' funds £'000
At 1 November 2012	2,450	82,180	35,220	34,266	2,775	**156,891**
Net gains on disposal of investments	–	–	–	4,036	–	**4,036**
Changes in investment holding gains	–	–	–	53,698	–	**53,698**
Exchange differences on bank loans	–	–	–	(505)	–	**(505)**
Other exchange differences	–	–	–	(194)	–	**(194)**
Investment management fee	–	–	–	(1,024)	–	**(1,024)**
Finance cost of borrowings	–	–	–	(599)	–	**(599)**
Dividends paid in the year	–	–	–	–	(980)	**(980)**
Revenue return on ordinary activities after taxation	–	–	–	–	823	**823**
At 31 October 2013	**2,450**	**82,180**	**35,220**	**89,678**	**2,618**	**212,146**

The capital reserve includes investment holding gains of £112,998,000 (2012 – gains of £59,300,000) as disclosed in note 9.

The special reserve may be utilised to finance any purchase of the Company's ordinary shares.

The revenue reserve is distributable by way of dividend.

15 Net Asset Value per Ordinary Share

The net asset value per ordinary share and the net asset value attributable to the ordinary shareholders at the year end calculated in accordance with the Articles of Association were as follows:

	2013	2012	2013 £'000	2012 £'000
Ordinary shares	**432.91p**	**320.16p**	**212,146**	**156,891**

Net asset value per ordinary share is based on the net assets as shown above and 49,004,319 ordinary shares, being the number of ordinary shares in issue at each year end.

Deducting borrowings at fair value would have the effect of reducing net asset value per ordinary share from 432.91p to 432.31p. Taking the market price of the ordinary shares at 31 October 2013 of 405.00p, this would have given a discount to net asset value of 6.3% as against 6.4% on the basis of deducting borrowings at par.

Deducting borrowings at fair value would have had the effect of reducing net asset value per ordinary share at 31 October 2012 from 320.16p to 318.93p. Taking the market price of the ordinary shares at 31 October 2012 of 280.50p this would have given a discount to net asset value of 12.1% as against 12.4% on the basis of deducting borrowings at par.

16 Reconciliation of Net Return before Finance Costs and Taxation to Net Cash Inflow from Operating Activities

	2013 £'000	2012 £'000
Net return before finance costs and taxation	57,222	9,264
Gains on investments	(57,734)	(7,680)
Currency losses/(gains)	699	(725)
Decrease/(increase) in accrued income	152	(8)
Increase in debtors	(43)	(14)
Increase in creditors	69	31
Net cash inflow from operating activities	**365**	**868**

17 Analysis of Change in Net Debt

	At 1 November 2012 £'000	Cash flows £'000	Other non-cash changes £'000	Exchange movement £'000	At 31 October 2013 £'000
Cash at bank and in hand	3,357	9,724	–	–	13,081
Loans dues in less than one year	–	–	(29,318)	(505)	(29,823)
Loan due in more than one year	(29,318)	–	29,318	–	–
	(25,961)	**9,724**	**–**	**(505)**	**(16,742)**

18 Related Party Transactions

The Directors' fees for the year are detailed in the Directors' Remuneration Report on page 21.

No Director has a contract of service with the Company. During the year no Director was interested in any contract or other matter requiring disclosure under section 412 of the Companies Act 2006.

19 Financial Instruments

As an Investment Trust, the Company invests in equities and makes other investments so as to meet its investment objective of achieving long term capital growth. In pursuing its investment objective, the Company is exposed to various types of risk that are associated with the financial instruments and markets in which it invests.

These risks are categorised here as market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk. The Board monitors closely the Company's exposures to these risks but does so in order to reduce the likelihood of a permanent loss of capital rather than to minimise the short term volatility.

The risk management policies and procedures outlined in this note have not changed substantially from the previous accounting period.

Market Risk

The fair value or future cash flows of a financial instrument or other investment held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk. The Board of Directors reviews and agrees policies for managing these risks and the Company's Investment Managers both assess the exposure to market risk when making individual investment decisions and monitor the overall level of market risk across the investment portfolio on an ongoing basis.

19 Financial Instruments (continued)

(i) Currency risk

Certain of the Company's assets, liabilities and income are denominated in currencies other than sterling (the Company's functional currency and that in which it reports its results). Consequently, movements in exchange rates may affect the sterling value of those items.

The Investment Managers monitor the Company's exposure to foreign currencies and report to the Board on a regular basis. The Investment Managers assess the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. However, the country in which a company is listed is not necessarily where it earns its profits. The movement in exchange rates on overseas earnings may have a more significant impact upon a company's valuation than a simple translation of the currency in which the company is quoted.

Foreign currency borrowings can limit the Company's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments.

Exposure to currency risk through asset allocation, which is calculated by reference to the currency in which the asset or liability is quoted, is shown below. The main changes to net currency exposure during the year were as follows: exposure to the US dollar increased due to net purchases and appreciation of the US dollar denominated equities; exposure to the euro increased due to appreciation of the euro denominated equities and exposure to the Swiss franc decreased due to sales of Swiss franc denominated equities.

At 31 October 2013	Investments £'000	Cash and deposits £'000	Bank loans £'000	Other debtors and creditors * £'000	Net exposure £'000
US dollar	144,303	6,656	(10,177)	250	**141,032**
Euro	32,553	1,451	(9,646)	11	**24,369**
Swedish krona	5,937	–	–	30	**5,967**
Danish krone	7,104	–	–	–	**7,104**
Hong Kong dollar	16,921	–	–	–	**16,921**
Other overseas currencies	9,124	1	–	17	**9,142**
Total exposure to currency risk	215,942	8,108	(19,823)	308	**204,535**
Sterling	13,083	4,973	(10,000)	(445)	**7,611**
	229,025	**13,081**	**(29,823)**	**(137)**	**212,146**

* Includes net non-monetary assets of £26,000.

At 31 October 2012	Investments £'000	Cash and deposits £'000	Bank loans £'000	Other debtors and creditors * £'000	Net exposure £'000
US dollar	108,267	52	(10,149)	136	**98,306**
Euro	26,344	2,428	(9,169)	15	**19,618**
Swedish krona	9,425	–	–	–	**9,425**
Swiss franc	1,722	–	–	7	**1,729**
Danish krone	5,762	–	–	–	**5,762**
Hong Kong dollar	15,601	17	–	–	**15,618**
Other overseas currencies	10,756	–	–	20	**10,776**
Total exposure to currency risk	177,877	2,497	(19,318)	178	**161,234**
Sterling	5,198	860	(10,000)	(401)	**(4,343)**
	183,075	**3,357**	**(29,318)**	**(223)**	**156,891**

* Includes net non-monetary assets of £10,000.

19 Financial Instruments (continued)

Currency Risk (continued)

Currency Risk Sensitivity

At 31 October 2013, if sterling had strengthened by 5% in relation to all currencies, with all other variables held constant, total net assets and total return on ordinary activities would have decreased by the amounts shown below. A 5% weakening of sterling against all currencies, with all other variables held constant, would have had an equal but opposite effect on the financial statement amounts. The analysis is performed on the same basis for 2012.

	2013 £'000	2012 £'000
US dollar	7,052	4,915
Euro	1,219	981
Swedish krona	298	471
Swiss franc	–	87
Danish krone	355	288
Hong Kong dollar	846	781
Other overseas currencies	457	539
	10,227	**8,062**

(ii) Interest Rate Risk

Interest rate movements may affect directly:

— the fair value of investments in fixed interest rate securities;

— the level of income receivable on cash deposits;

— the fair value of fixed-rate borrowings; and

— the interest payable on any variable rate borrowings.

Interest rate movements may also impact upon the market value of the Company's investments outwith fixed income securities. The effect of interest rate movements upon the earnings of a company may have a significant impact upon the valuation of that company's equity.

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

The Board reviews on a regular basis the amount of investments in cash and fixed income securities and the income receivable on cash deposits, floating rate notes and other similar investments.

The Company finances part of its activities through borrowings at approved levels. The amount of such borrowings and the approved levels are monitored and reviewed regularly by the Board.

The interest rate risk profile of the Company's financial assets and liabilities at 31 October is shown below:

Financial Assets

The cash deposits generally comprise overnight call or short term money market deposits of less than one month which are repayable on demand. The benchmark rate which determines the interest payments received on cash balances is the bank base rate.

19 Financial Instruments (continued)

Interest Rate Risk (continued)

Financial Liabilities

	2013 £'000	2012 £'000
The interest rate risk profile of the Company's financial liabilities at 31 October was:		
Fixed rate – Sterling denominated	10,000	10,000
– US$ denominated	10,177	10,149
– Euro denominated	9,646	9,169
	29,823	**29,318**
The maturity profile of the Company's financial liabilities at 31 October was:		
In less than one year		
– repayment of loan	29,823	–
– accumulated interest	729	781
In more than one year, but not more than five years		
– repayment of loan	–	29,318
– accumulated interest	–	715
	30,552	**30,814**

Interest Rate Risk Sensitivity

An interest rate risk sensitivity analysis has not been performed as the Company does not hold bonds and has borrowed funds at a fixed rate of interest.

(iii) Other Price Risk

Changes in market prices other than those arising from interest rate risk or currency risk may also affect the value of the Company's net assets. The Company's exposure to changes in market prices relates to the fixed asset investments as disclosed in note 9.

The Board manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Managers. The Board meets regularly and at each meeting reviews investment performance, the investment portfolio and the rationale for the current investment positioning to ensure consistency with the Company's objectives and investment policies. The portfolio does not seek to reproduce the comparative index: investments are selected based upon the merit of individual companies and therefore performance may well diverge from the short term fluctuations of the comparative index.

Other Price Risk Sensitivity

Fixed asset investments are valued at bid prices which equate to their fair value. A full list of the Company's investments is given on page 12. In addition, a geographical analysis of the portfolio and an analysis of the investment portfolio by broad industrial or commercial sector is given on page 13.

108.0% (2012 – 116.7%) of the Company's net assets are invested in equities. A 10% increase in quoted equity valuations at 31 October 2013 would have increased total assets and total return on ordinary activities by £22,903,000 (2012 – £18,308,000). A decrease of 10% would have had an equal but opposite effect.

Liquidity Risk

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

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted securities that are readily realisable. The Board monitors the exposure to any one holding.

The Company has the power to take out borrowings, which gives it access to additional funding when required. The Company's borrowing facilities are detailed in note 11.

Credit Risk

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

This risk is managed as follows:

- Where the Investment Managers make an investment in a bond or other security with credit risk, that credit risk is assessed and then compared to the prospective investment return of the security in question.
- The Board regularly receives information from the Investment Managers on the credit ratings of those bonds and other securities in which the Company has invested.

19 Financial Instruments (continued)

Credit Risk (continued)

- The Company's listed investments are held on its behalf by RBC Investor Services acting as agent, the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed. The Investment Managers monitor the Company's risk by reviewing the custodian's internal control reports and reporting its findings to the Board.
- Investment transactions are carried out with a large number of brokers whose creditworthiness is reviewed by the Investment Managers. Transactions are ordinarily undertaken on a delivery versus payment basis whereby the Company's custodian bank ensures that the counterparty to any transaction entered into by the Company has delivered on its obligations before any transfer of cash or securities away from the Company is completed.
- Transactions involving derivatives, and other arrangements wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of sustained interest, are subject to rigorous assessment by the Investment Managers of the creditworthiness of that counterparty.
- Cash is only held at banks that are regularly reviewed by the Managers.

Credit Risk Exposure

The maximum exposure to credit risk at 31 October was:

	2013 £'000	2012 £'000
Cash and short term deposits	13,081	3,357
Debtors and prepayments	715	235
	13,796	**3,592**

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

Fair Value of Financial Assets and Financial Liabilities

The Directors are of the opinion that the financial assets and liabilities of the Company are stated at fair value in the balance sheet with the exception of long term borrowings which are stated at amortised cost in accordance with FRS26.

	2013 Book £'000	2013 Fair* £'000	2012 Book £'000	2012 Fair* £'000
Fixed rate loan	29,823	30,117	29,318	29,918
Total long term borrowings	**29,823**	**30,117**	**29,318**	**29,918**

* The fair value of the bank loan is calculated with reference to government bonds of comparable yield and maturity.

Capital Management

The Company does not have any externally imposed capital requirements. The capital of the Company is the ordinary share capital as detailed in note 13. It is managed in accordance with its investment policy in pursuit of its investment objective, both of which are detailed on page 6. Shares may be issued and/or repurchased as explained on page 20.

Fair Value of Financial Instruments

Fair values are measured using the following fair value hierarchy:

Level 1 – reflects financial instruments quoted in an active market.

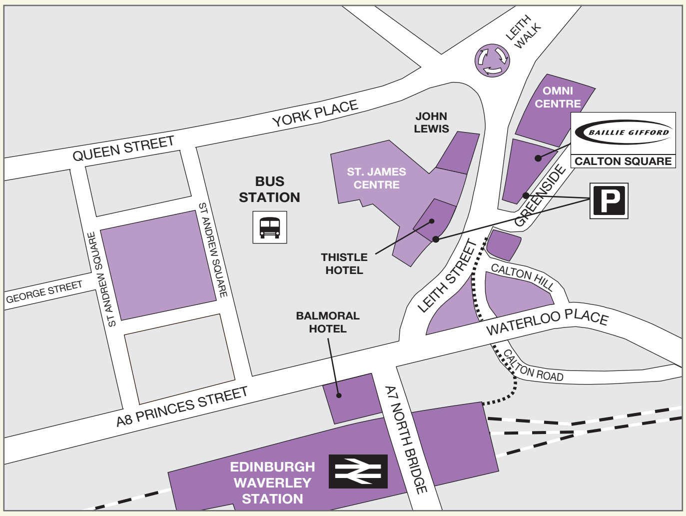
Level 2 – reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables includes only data from observable markets.

Level 3 – reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

The valuation techniques used by the Company are explained in the accounting policies on page 30.

The financial assets designated as valued at fair value through profit or loss are all categorised as Level 1 in the above hierarchy. None of the financial liabilities are designated at fair value through profit or loss in the financial statements.

Annual General Meeting



The Annual General Meeting of the Company will be held within the offices of Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN on Monday, 27 January 2014 at 12 noon. Details of the resolutions are contained in the circular sent to shareholders with this Annual Report. A buffet lunch will be provided.

If you have any queries as to how to vote or how to attend the meeting, please call us on 0800 917 2112.

Baillie Gifford may record your call.

By Rail:
Edinburgh Waverley – approximately a 5 minute walk away

By Bus:
Lothian Buses local services include:
1, 5, 7, 8, 10, 12, 14, 15, 15A, 16, 22, 25, 34

Access to Waverley Train Station on foot

Further Shareholder Information

Edinburgh Worldwide is an investment trust. Investment trusts offer investors the following:

— participation in a diversified portfolio of shares;

— constant supervision by experienced professional managers; and

— the Company is free from capital gains tax on capital profits realised within its portfolio although investors are still liable for capital gains tax on profits when selling their investment.

How to Invest

The Company's shares are traded on the London Stock Exchange. They can be bought by placing an order with a stockbroker, by asking a professional adviser to do so, or through the Baillie Gifford savings vehicles (see page 44 for details). If you are interested in investing directly in Edinburgh Worldwide, you can do so online. There are a number of companies offering real time online dealing services – find out more by visiting the investment trust pages at www.bailliegifford.com.

Sources of Further Information on the Company

The ordinary shares of the Company are listed on the London Stock Exchange and their price is shown in the Financial Times and The Scotsman under 'Investment Companies'. The price of shares can also be found on the Company's page on Baillie Gifford's website at www.edinburghworldwide.co.uk, Trustnet at www.trustnet.co.uk and on other financial websites. Company factsheets are also available on the Baillie Gifford website and are updated monthly. These are available from Baillie Gifford on request.

Edinburgh Worldwide Share Identifiers

ISIN	GB0002916335
Sedol	0291633
Ticker	EWI

AIC

The Company is a member of the Association of Investment Companies.

Key Dates

Ordinary shareholders normally receive two dividends in respect of each financial year. An interim dividend is paid in July and a final dividend is paid in February. The AGM is normally held in late January or early February.

Share Register Enquiries

Computershare Investor Services PLC maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrars on 0870 707 1643.

This helpline also offers an automated self-service functionality (available 24 hours a day, 7 days a week) which allows you to:

— hear the latest share price;

— confirm your current share holding balance;

— confirm your payment history; and

— order Change of Address, Dividend Bank Mandate and Stock Transfer forms.

By quoting the reference number on your share certificate you can check your holding on the Registrar's website at www.investorcentre.co.uk.

They also offer a free, secure, share management website service which allows you to:

— view your share portfolio and see the latest market price of your shares;

— calculate the total market price of each shareholding;

— view price histories and trading graphs;

— update bank mandates and change address details;

— use online dealing services;

— pay dividends directly into your overseas bank account in your chosen currency; and

— elect to access the Annual Report electronically.

To take advantage of this service, please log in at www.investorcentre.co.uk and enter your Shareholder Reference Number and Company Code (this information can be found on the last dividend voucher or your share certificate).

Dividend Reinvestment Plan

Computershare operate a Dividend Reinvestment Plan which can be used to buy additional shares instead of receiving your dividend via cheque or into your bank account. For further information log in to www.investorcentre.co.uk and follow the instructions or telephone 0870 707 1694.

Electronic Proxy Voting

If you hold stock in your own name you can choose to vote by returning proxies electronically at www.eproxyappointment.com.

If you have any questions about this service please contact Computershare on 0870 707 1643.

CREST Proxy Voting

If you are a user of the CREST system (including a CREST Personal Member), you may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. For further information please refer to the CREST Manual.

Where this has been received in a country where the provision of such a service would be contrary to local laws or regulations, this should be treated as information only.

Analysis of Shareholders at 31 October

	2013 Number of shares held	2013 %	2012 Number of shares held	2012 %
Institutions	15,281,794	31.2	15,988,626	32.6
Intermediaries	23,952,178	48.9	22,627,976	46.2
Individuals	6,459,214	13.2	7,237,554	14.8
Baillie Gifford Share Plans/ISA	3,111,336	6.3	2,975,887	6.1
Marketmakers	199,797	0.4	174,276	0.3
	49,004,319	**100.0**	**49,004,319**	**100.0**

These financial statements have been approved by the Directors of Edinburgh Worldwide Investment Trust plc. Baillie Gifford Savings Management Limited (BGSM) is the ISA Manager of the Baillie Gifford Investment Trust ISA and the Manager of the Baillie Gifford Investment Trust Share Plan and Children's Savings Plan. BGSM is wholly owned by Baillie Gifford & Co. Both are authorised and regulated by the Financial Conduct Authority. Baillie Gifford only provides information about its products and does not provide investment advice. The staff of Baillie Gifford and Edinburgh Worldwide's Directors may hold shares in Edinburgh Worldwide and may buy or sell such shares from time to time.

Cost-effective Ways to Buy and Hold Shares in Edinburgh Worldwide

The Share Plan and ISA brochure available at www.edinburghworldwide.co.uk

Press advertisement for the Baillie Gifford Children's Savings Plan

Baillie Gifford Savings Management Limited offers a number of plans that enable you to buy and hold shares in Edinburgh Worldwide cost-efficiently. Purchases and sales are normally subject to a dealing price spread and Government stamp duty of 0.5% is payable on purchases.

The Baillie Gifford Investment Trust Share Plan

— No initial charge

— No annual wrapper charge

— Normally cheaper than dealing through a stockbroker

— Invest a lump sum from £250 or monthly from just £30

— No maximum investment limits

— Stop and start saving at any time with no charge

— Twice weekly dealing (usually Tuesday and Friday)

— A withdrawal charge of just £22

The Baillie Gifford Investment Trust ISA

— Tax-efficient investment

— No set-up charge

— Flat rate annual management charge currently of £32.50 + VAT

— Lump sum investment from £2,000 currently up to a maximum of £11,520 each year

— Save monthly from £100

— A withdrawal charge of just £22

ISA Transfers

— Transfer existing ISAs from other plan managers into the Baillie Gifford ISA

— Consolidate your plans into a managed global investment

— Minimum transfer value £2,000

The Baillie Gifford Children's Savings Plan

— An excellent way for parents, grandparents or other adults to invest for a child

— No initial charge

— No annual wrapper charge

— The option of a designated account or a bare trust in favour of the child

— Flexible investment options: lump sum from £100 or monthly saving from just £25

— A withdrawal charge of just £22

Online Management Service

You can also open and manage your Share Plan/Children's Savings Plan* and/or ISA online, through our secure Online Management Service (OMS) which can be accessed through the Baillie Gifford website www.bailliegifford.com/oms. As well as being able to view the details of your plan online, the service also allows you to:

— obtain current valuations;

— make lump sum investments, except where there is more than one holder;

— switch between investment trusts, except where there is more than one holder;

— sell part or all of your holdings, except where there is more than one holder; and

— update certain personal details e.g. address and telephone number.

* Please note that a bare trust cannot be opened via OMS. A bare trust application form must be completed. Certain restrictions apply for accounts where there is more than one holder.

Further information

If you would like more information on any of the plans described, please contact the Baillie Gifford Client Relations Team (see contact details on page 46).

Risks

- Past performance is not a guide to future performance.
- Edinburgh Worldwide is listed on the stock market. As a result the value of the shares and any income from those shares is not guaranteed and could go down as well as up. You may not get back the amount you invested. You should view your investment as long term.
- As Edinburgh Worldwide invests in overseas securities changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.
- Edinburgh Worldwide invests in emerging markets where difficulties in dealing, settlement and custody could arise, resulting in a negative impact on the value of your investment. Investing in emerging markets may cause greater fluctuations in the value of the Company compared to investing in established markets.
- Edinburgh Worldwide has borrowed money to make further investments (sometimes known as 'gearing'). The risk is that when this money is repaid by the Company, the value of the investments may not be enough to cover the borrowing and interest costs, and the Company will make a loss. If the Company's investments fall in value, any borrowings will increase the amount of this loss.
- Edinburgh Worldwide can buy back its own shares. The risks from borrowing, referred to above, are increased when the Company buys back its shares.
- Market values for securities which have become difficult to trade may not be readily available, and there can be no assurance that any value assigned to such securities will accurately reflect the price the Company might receive upon their sale.
- Edinburgh Worldwide's risk is increased as it holds fewer investments than a typical investment trust. This means that the changes in the share price may be greater than those for investment trusts which hold more investments.
- Edinburgh Worldwide can make use of derivatives. Derivatives are most often used to compensate for possible unfavourable currency and market movements. As a result, there is a risk that potential gains may be restricted in a rising market. If derivatives were ever used for speculative purposes there could be a high risk of loss to the Company due to the large and quick price movements of these contracts. They also carry a risk of the other party involved failing to meet their obligations under the contract.
- Edinburgh Worldwide charges 75% of the investment management fee and 75% of borrowing costs to capital which reduces the capital value. Also, where income is low, the remaining expenses may be greater than the total income received, meaning the Company may not pay a dividend and the capital value would be further reduced.
- The generation of income is less important than the aim of achieving capital growth. You should not expect a significant, or steady, annual income from the shares.

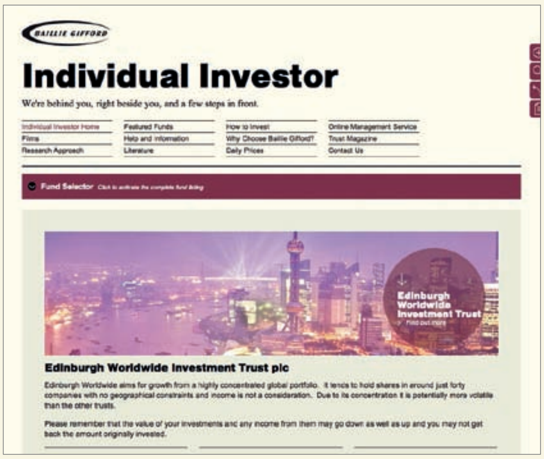
You should note that tax rates and reliefs may change at any time and their value depends on your circumstances. The favourable tax treatment of ISAs may change.

Investment Trusts are UK public listed companies and as such comply with the requirements of the UK Listing Authority. They are not authorised or regulated by the Financial Conduct Authority.

Details of other risks that apply to investment in the savings vehicles are contained in the product brochures.

Communicating with Shareholders

Trust Magazine



An Edinburgh Worldwide web page at www.edinburghworldwide.co.uk

Trust Magazine

Trust is the Baillie Gifford investment trust magazine which is published three times a year. It provides an insight to our investment approach by including interviews with our fund managers, as well as containing investment trust news, investment features and articles about the trusts managed by Baillie Gifford, including Edinburgh Worldwide. *Trust* plays an important role in helping to explain our products so that readers can really understand them. For a copy of *Trust*, please contact the Baillie Gifford Client Relations Team.

An online version of *Trust* can be found at www.bgtrustonline.com.

Citywire Selection

Edinburgh Worldwide has been included in Citywire's Selection List. You can read more about this at www.citywire.co.uk/selection.

Guides to Investment Trusts

Baillie Gifford has produced a number of educational guides on investment trusts. These are designed to explain how Investment Trusts work and to explain the various ways you can invest in them. If you would like copies of any of these guides, please contact the Baillie Gifford Client Relations Team.

Edinburgh Worldwide on the Web

Up-to-date information about Edinburgh Worldwide, including a monthly commentary, recent portfolio information and performance figures, can be found on the Company's page of the Managers' website at www.edinburghworldwide.co.uk.

Suggestions and Questions

Any suggestions on how communications with shareholders can be improved are welcomed, so please contact the Baillie Gifford Client Relations Team and give them your suggestions. They will also be very happy to answer questions that you may have, either about Edinburgh Worldwide or the plans described on page 44.

Literature in Alternative Formats

It is possible to provide copies of the literature in alternative formats, such as large print or on audio tape. Please contact the Baillie Gifford Client Relations Team for more information.

Client Relations Team Contact Details

Telephone: 0800 917 2112
Your call may be recorded for training or monitoring purposes.

Email: trustenquiries@bailliegifford.com
Website: www.bailliegifford.com
Fax: 0131 275 3955

Client Relations Team
Baillie Gifford Savings Management Limited
Calton Square
1 Greenside Row
Edinburgh EH1 3AN

Please note that Baillie Gifford is not permitted to give financial advice. If you would like advice or if you have any questions about the suitability of any of these plans for you, please ask an authorised intermediary.

Glossary of Terms

Net Asset Value

Also described as shareholders' funds, Net Asset Value (NAV) is the value of total assets less liabilities (including borrowings). The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue.

Total Assets

Total assets less current liabilities, before deduction of all borrowings.

Discount/Premium

As stockmarkets and share prices vary, an investment trust's share price is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium.

Total Return

The total return is the return to shareholders after reinvesting the net dividend on the date that the share price goes xd.

Ongoing Charges

The total expenses (excluding interest) incurred by the Company as a percentage of the average net asset value (with debt at fair value).

Gearing

At its simplest, gearing is borrowing. Just like any other public company, an investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

Gearing represents borrowings at par less cash and cash equivalents expressed as a percentage of shareholders' funds.

Potential gearing is the Company's borrowings expressed as a percentage of shareholders' funds.

Directors

Chairman:
DHL Reid

DAJ Cameron
WJ Ducas
H James
HCT Strutt

Managers, Secretaries and Registered Office

Baillie Gifford & Co
Calton Square
1 Greenside Row
Edinburgh
EH1 3AN
Tel: 0131 275 2000
www.bailliegifford.com

Registrar

Computershare
Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Tel: 0870 707 1643

Banker

RBC Investor Services

Company Broker

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

Auditor

KPMG Audit Plc
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

www.edinburghworldwide.co.uk
Company Registration
No. SC184775