

The **co-operative**
asset management

CIS UK Income with Growth Trust

Manager's Report

Interim Report

30th September 2010

Part of The **co-operative** financial services

CIS Unit Managers

Trustee Status

The Trustee is State Street Trustees Limited which holds the title to the Trust's investments on behalf of unitholders. The CIS UK Income with Growth Trust is a "wider-range" investment under the Trustee Investments Act 1961. It is an authorised unit trust scheme under section 243 of the Financial Services and Markets Act 2000 and is categorised as a UCITS Scheme under the Financial Services Authority Collective Investment Schemes Sourcebook. Copies of the Trust Deed may be inspected at the offices of the Manager: CIS Building, Miller Street, Manchester.

Manager

CIS Unit Managers Limited
P.O. Box 105
Manchester
M4 8BB

Authorised and regulated by the Financial Services Authority, and a member of the Investment Management Association.

Directors of the Manager

M.A. Summerfield (Chairman)
M.D. Fairbairn
P. Sharman (resigned 30th July 2010)
R. Bulmer
A. Russell

Trustee

State Street Trustees Limited
525 Ferry Road
Edinburgh
EH5 2AW
Authorised and regulated by the Financial Services Authority.

Registrar

CIS Unit Managers Limited
P.O. Box 105
Manchester
M4 8BB

Auditors

KPMG LLP
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

Investment Manager

The Co-operative Asset Management Limited
Miller Street
Manchester
M60 0AL
Authorised and regulated by the Financial Services Authority.

The Co-operative Asset Management

The CIS UK Income with Growth Trust is an authorised unit trust scheme, the manager of which is CIS Unit Managers Limited. The Manager has appointed The Co-operative Asset Management Limited to undertake the portfolio management for the Trust.

The Co-operative Asset Management is the fund management arm of The Co-operative Financial Services and is independently authorised by the Financial Services Authority to provide discretionary asset management services.

We have a long and successful history of managing our customers' money and our specialist fund management service is unique in the UK market, offering a distinctive approach to responsible investing across all of the funds that we manage.

For example, we fully integrate consideration of financial and environmental, social and governance issues throughout the investment process when selecting companies for investment and we also vote at every AGM of companies we hold.

Investment Objective

The CIS UK Income with Growth Trust aims to provide an above-average and growing income, together with some capital appreciation, from a diverse portfolio of UK securities comprising mainly higher-yielding equities in any economic sector, but including some fixed-interest securities.

Risk Profile

Equity shares, bonds, cash and liquid resources, and short-term debtors and creditors that are a direct result of the Trust's operations, all produce risks.

The main risks that the fund faces from its investments are:

- market price
- liquidity risk
- interest rate risk
- credit risk.

To manage these risks, the fund manager will monitor how the assets are allocated within the fund portfolio while maintaining the investment aim.

Investment Review and Outlook

Cumulative performance (% change to 30/09/10)

	6 months	1 year	3 years	5 years
Fund	3.3	13.8	4.9	30.1
FTSE All Share	0.2	12.5	-3.1	24.7
Sector Median	2.3	10.1	-1.6	14.3
Quartile Ranking	2	1	1	1

Percentage change in value at bid price, to 30.09.10.
Net income re-invested.

Source: Lipper. Measured against UK Equity and Bond Sector.

Fund Manager's comments

During the six-month period ending 30th September 2010, the price of units rose by 3.3% compared to a 2.3% rise in the median of the sector. In the last three years the value of the units has increased by 4.9% compared to a fall of 1.6% in the median of the sector. The Trust has retained its strong above-average performance relative to the peer group during this period.

We adopt a consistent approach to the selection of companies suitable for investment for the Trust. Our approach on equities is to invest in companies that retain attractive and sustainable rates of dividend growth based upon well managed companies with superior franchises

which operate in attractive market segments. We feel, as proven by empirical evidence, that dividend growth lies at the heart of long-term total market return and is integral to investment performance. We also look to supplement income with securities that offer above-average yields and where the market has misjudged the capability of the company to maintain dividend payment or where the potential recovery of the group has been overlooked. With respect to fixed interest securities we look for companies with strong balance sheets to provide an underpin to the Trust's income.

Equities

The period under review has been relatively flat for equities with total return on the FTSE All Share rising a negligible 0.2%. The period has been one of uncertainty compounded by the European sovereign debt crisis and a growing fear over Western economic growth. The European problems exploded in May with the growing fear of a Greek default and pressure on other Southern European economies leading to significant strains in both the government debt market and a banking system which retains huge exposure to these problems. The creation of a European Central

Bank stabilisation fund appears to have eased some of the financial strains in the near term although solvency concerns remain as public authorities look to reduce large historical fiscal deficits. In the later summer months, the market has become increasingly concerned by another possible slowdown in the key US economy, particularly following a slew of disappointing economic data. These follow in the wake of slowing stockbuilding and an end to tax credits, particularly relating to the housing market. Recent data has been more supportive of a steadier US economic backdrop

Investment Review and Outlook

although rising nervousness at a key point in the country's economic recovery has led to an expectation of further monetary stimulus, principally through quantitative easing. This is designed to stimulate the economy directly by buying assets such as public debt to raise their price and lower yield to the benefit of the real economy.

In response to the financial crisis and growing unease over global economic stability, companies have been run prudently by reducing costs and building up cash balances. Despite the uncertainty surrounding the stability of Western economic growth post the credit crisis, emerging market growth has again proved highly resilient and remains an important positive within the overall global economy. Many such countries retain strong population growth and enjoy the benefits of economic policy success over a long period of time. The faster growth in emerging markets benefits many UK companies who have a history of building up their sales in such regions and who now retain strong exposure to an important and growing new global demand engine.

We believe that one key mistake of income funds has been to overly concentrate the portfolio into a limited number of stocks with superficially high yields. Hence many funds retain large exposure to GlaxoSmithkline, Vodafone and Royal Dutch Shell, groups which make up a large proportion of the UK equity market and which enjoy historically high dividend yields. The risk of this strategy was painfully exposed during the current

period following the disastrous consequences of a US oil spill for BP. With an ongoing failure to successfully stem the leak in the Gulf of Mexico and with growing concerns over damaging US litigation, BP cancelled its dividend payments for the remainder of 2010 which subsequently left many income investors struggling to replace lost income. It remains the policy of the Trust to retain only moderate exposure to the so-called UK mega-caps given the greater balance accorded by diversifying away from such over-concentration.

It is our view that the economic balance is shifting longer term in favour of emerging markets given superior financials and labour growth. In the current period, this has been reflected in good performance from stocks with such exposure, particularly those related to infrastructure such as Rotork and Weir Group. In addition, it remains imperative that the Trust balances out such exposure with investment in domestic stocks that retain good business models and are effective in taking market share in lower growth markets. Such stocks include Whitbread, a provider of competitively priced mid-market hotels and Pennon, a water utility with emerging skills in the development and operation of domestic landfill sites. It remains our view that greater equity flexibility built in to a multi-asset product such as CIS UK Income with Growth Trust accommodates the ability to hold a mixture of high and low yield stocks.

Fixed Interest

During this period, 10 year gilt yields have fallen significantly from 3.95% to 2.95%. This has been attributable to three factors. Firstly, reduced expectations of growth in many Western economies

has led to a growing environment of falling inflation and possible deflation, events that are beneficial to a rise in sovereign debt assets. Secondly, a more fractured European based economy involving growing fears over

Investment Review and Outlook

repayment of public debt has favoured so-called safe haven countries, particularly those like the UK which have stolen an early march to reduce historically high fiscal deficits. Finally, the switch by central banks such as the Bank of England into unconventional monetary policies, such as quantitative easing, which is designed to stimulate the economy. Such trends have not been to the benefit of the Trust during this period given no gilts were held for reasons of valuation and lack of yield.

Outlook

It remains the strategy of the Trust to maintain an asset allocation between equities, gilts and corporate bonds which can best deliver the aim of dividend growth and long term capital appreciation whilst at the same time producing an acceptable level of yield. We remain in difficult times, and post the credit crunch, Western economies are having to bunker down following an excessive public and private debt binge that will take many years to rectify. It is our view that economic opportunities will be more favourable outside traditional Western economies for some time, but that growth in the West should still prove sufficiently resilient in its recovery period, that attractive fixed and equity opportunities can be found.

We feel that despite many obvious risks inherent in the global economy, equities offer favourable returns relative to fixed interest securities. We do not believe in a deflationary outcome for Western economies or, for that matter, another US recession.

The Trust's fixed assets therefore currently remain exclusively in corporate bonds. We continue to take the view that corporates have worked hard to improve their financial health. Assuming this discipline is maintained into a sustained economic recovery, it remains our strong view that credit offers better relative value to sovereign debt particularly considering the existing spread and often superior financial strength of domestic issuers.

Indeed it is possible that if governments successfully reduce deficits and emerging markets remain buoyant that equity markets could respond positively. In the meantime, equities enjoy favourable valuation and good income potential. It remains our view that Equity and Bond vehicles such as the CIS UK Income with Growth Trust retain strong flexibility and remain a good way of accessing such opportunities.

Andrew Moffat
The Co-operative Asset Management
October 2010

Portfolio Statement

as at 30th September 2010

	Holding or nominal value of positions at 30th September 2010	Market Value £	Percentage of total net assets %
Corporate Bonds – (Sept 2010: 31.71%, March 2010: 28.58%)			
Aegon 6.625% Snr Mtn 2039	2,000,000	2,059,808	0.52
Anglo American Capital 6.875% Gtd Mtn 2018	2,100,000	2,397,352	0.61
Aviva 5.9021% FRN Sub Perp 2020	3,166,000	2,555,279	0.65
Aviva 6.875% Fr Emtn 2058	1,000,000	1,013,050	0.26
BAA 12.45% FRN ABS 2018	1,500,000	2,054,535	0.52
BAA 9.2% FRN ABS 2023	1,500,000	1,958,820	0.50
BAE Systems 10.75% 2014	2,600,000	3,321,084	0.85
Bank of Scotland 10.5% 1BDS 2018	1,500,000	1,836,417	0.47
Barclays 14% Var Sub Perp 2019	2,500,000	3,114,370	0.79
Barclays Bank 10% Sub Mtn 2021	3,000,000	3,933,711	1.00
Barclays Bank 6%-FRN Perp	1,500,000	1,299,456	0.33
BG Energy 5.125% Nts 2017	2,000,000	2,228,138	0.57
British Telecommunications 6.375% Emtn 2037	2,000,000	1,999,236	0.51
Cadburys Schweppes 7.25% Bnds 18/07/2018	3,000,000	3,659,556	0.93
Centrica 6.4% Bds 2026	1,500,000	1,767,780	0.45
Close Brothers Group 6.5% Bds 2017	1,500,000	1,590,425	0.41
Compass Group 7% Bds 2014	2,000,000	2,320,058	0.59
Coventry Building Society 5.875% Nts 2022	5,000,000	5,040,475	1.28
EDF 5.125% Nts 2050	2,000,000	2,031,155	0.52
France Telecom 8% Bds 2017	3,000,000	3,852,312	0.98
Friends Provident 12% Gtd Sub 2021	1,400,000	1,779,666	0.45
Friends Provident 6.875% Var Sub Perp 2019	2,500,000	1,943,795	0.50
Go-Ahead Group 5.375% Bds 2017	3,000,000	3,111,093	0.79
HSBC Capital Funding 6.75% Emtn 2028	4,000,000	4,516,296	1.15
HSBC Capital Funding 7% Sub Emtn 2038	2,400,000	2,844,420	0.73
Imperial Tobacco Group 9% Mtn 2022	3,000,000	4,037,445	1.03
ING Bank NV 6.875%-Fr Bds 2023	3,000,000	3,231,255	0.82
Intercontinental Hotels Group 6% Nts 2016	2,716,000	2,894,816	0.74
Legal & General Group 10% 23/07/2041	2,500,000	3,205,138	0.82
Lloyds TSB Bank 6.5% Mtn 2040	7,000,000	7,099,225	1.81

Portfolio Statement

as at 30th September 2010

	Holding or nominal value of positions at 30th September 2010	Market Value £	Percentage of total net assets %
Marks & Spencer Group 6.875% Snr Mtn 2037	2,500,000	2,665,385	0.68
Merrill Lynch & Co Inc 7.75% Snr Mtn 2018	1,450,000	1,668,372	0.43
Motability Operations Group 6.625% Mtn 2019	3,000,000	3,561,519	0.91
National Express Group 6.25% Gtd Snr 2017	2,000,000	2,157,960	0.55
National Grid Gas 6.375% Bds 2020	2,700,000	3,160,544	0.81
Nationwide 6.024% 2049 FRN Sub Perp 2013	2,000,000	1,628,800	0.42
Phoenix Natural Gas Finance 5.5% Gtd Snr 2017	1,000,000	1,068,065	0.27
Prudential 11.375%-Fr Mtn 2039	1,500,000	2,064,482	0.53
Punch Taverns Finance 7.274% Nts 2022	2,000,000	2,311,010	0.59
Reed Elsevier 7% Gtd 2017	1,000,000	1,189,793	0.30
Rentokil 5.75% Emtn 2016	1,358,000	1,457,281	0.37
Rolls Royce Group 6.75% Gtd Nts 2019	2,200,000	2,615,890	0.67
Scottish & Southern Energy 5.453% BDS 2015	1,500,000	1,477,969	0.38
Severn Trent 6% Gtd Mtn 2018	1,160,000	1,313,554	0.34
Smiths Industries 7.25% Bds 2016	500,000	580,356	0.15
Standard Chartered 8.103% Step-up Perp Bds	4,000,000	4,306,072	1.10
Standard Life 6.14% Gtd Perp Sub Nts 2015	1,000,000	963,718	0.25
Talisman Energy 6.625% Bds 2017	1,850,000	2,160,552	0.55
Tesco Property Finance 3 5.744% M/Bkd 2040	2,000,000	2,172,706	0.55
Wales & West Utilities Finance 5.125% Gtd Bds 2016	1,000,000	1,088,073	0.28
		124,308,267	31.71
Oil & Gas Producers – (Sept 2010: 7.58%, March 2010: 7.98%)			
BP	2,490,000	10,641,015	2.71
BG Group	816,667	9,220,170	2.35
Royal Dutch Shell 'B' Ord Euro	535,716	9,873,246	2.52
		29,734,431	7.58
Chemicals – (Sept 2010: 2.46%, March 2010: 2.64%)			
Johnson Matthey	545,352	9,630,916	2.46
		9,630,916	2.46

Portfolio Statement

as at 30th September 2010

	Holding or nominal value of positions at 30th September 2010	Market Value £	Percentage of total net assets %
Mining – (Sept 2010: 4.45%, March 2010: 6.65%)			
BHP Billiton	210,000	4,270,350	1.09
Rio Tinto	348,625	13,178,025	3.36
		17,448,375	4.45
Construction & Materials – (Sept 2010: 0.43%, March 2010: 0.50%)			
Balfour Beatty	626,000	1,675,802	0.43
		1,675,802	0.43
Aerospace & Defence – (Sept 2010: 2.80%, March 2010: 2.71%)			
BAE Systems	875,000	2,993,375	0.76
Rolls Royce Group	1,310,000	7,984,450	2.04
		10,977,825	2.80
General Industrials – (Sept 2010: 0.93%, March 2010: 1.83%)			
Smiths Group	301,666	3,629,042	0.93
		3,629,042	0.93
Industrial Engineering – (Sept 2010: 2.84%, March 2010: 2.37%)			
Rotork	322,344.00	5,531,423	1.41
Spirax-Sarco Engineering	65,519	1,204,894	0.31
Weir Group	310,000	4,414,400	1.12
		11,150,717	2.84
Support Services – (Sept 2010: 2.06%, March 2010: 2.35%)			
Aggreko	294,895	4,632,800	1.18
Michael Page International	750,000	3,440,250	0.88
		8,073,050	2.06
Beverages – (Sept 2010: 2.11%, March 2010: 2.24%)			
Diageo	250,000	2,742,500	0.70
SABMiller	272,945	5,514,854	1.41
		8,257,354	2.11
Food Producers – (Sept 2010: 2.88%, March 2010: 2.36%)			
Tate & Lyle	409,463	1,899,908	0.49
Unilever	515,000	9,378,150	2.39
		11,278,058	2.88

Portfolio Statement

as at 30th September 2010

	Holding or nominal value of positions at 30th September 2010	Market Value £	Percentage of total net assets %
Household Goods & Home Construction – (Sept 2010: 0.33%, March 2010: 0.48%)			
Bellway	225,294	1,292,061	0.33
		1,292,061	0.33
Tobacco – (Sept 2010: 5.94%, March 2010: 6.42%)			
British American Tobacco	645,000	15,263,925	3.89
Imperial Tobacco Group	425,000	8,028,250	2.05
		23,292,175	5.94
Pharmaceuticals & Biotechnology – (Sept 2010: 4.05%, March 2010: 4.13%)			
AstraZeneca	305,000	9,880,475	2.52
GlaxoSmithKline	480,000	5,995,200	1.53
		15,875,675	4.05
General Retailers – (Sept 2010: 1.49%, March 2010: 1.82%)			
Home Retail Group	1,320,000	2,708,640	0.69
Marks & Spencer Group	810,000	3,113,640	0.80
		5,822,280	1.49
Media – (Sept 2010: 1.41%, March 2010: Not held)			
WPP	785,000	5,526,400	1.41
		5,526,400	1.41
Travel & Leisure – (Sept 2010: 5.58%, March 2010: 5.24%)			
Compass Group	1,237,834	6,634,790	1.69
Intercontinental Hotels Group	485,000	5,480,500	1.40
National Express Group	1,525,000	3,673,725	0.94
Whitbread	375,000	6,097,500	1.55
		21,886,515	5.58
Fixed Line Telecommunications – (Sept 2010: 0.73%, March 2010: 0.70%)			
BT Group	2,047,500	2,846,025	0.73
		2,846,025	0.73
Mobile Telecommunications – (Sept 2010: 1.12%, March 2010: 1.17%)			
Vodafone Group	2,800,000	4,401,600	1.12
		4,401,600	1.12

Portfolio Statement

as at 30th September 2010

	Holding or nominal value of positions at 30th September 2010	Market Value £	Percentage of total net assets %
Electricity – (Sept 2010: 3.05%, March 2010: 3.02%)			
International Power	1,310,294	5,053,804	1.29
Scottish & Southern Energy	613,780	6,892,749	1.76
		11,946,553	3.05
Gas, Water & Multiutilities – (Sept 2010: 2.15%, March 2010: 1.89%)			
Pennon Group	434,493	2,565,681	0.65
Severn Trent	305,000	4,016,850	1.03
United Utilities	325,000	1,857,375	0.47
		8,439,906	2.15
Banks – (Sept 2010: 10.58%, March 2010: 10.34%)			
Barclays Bank	2,245,000	6,770,920	1.73
HSBC Holdings	1,625,413	10,436,777	2.66
Lloyds Banking Group	15,400,000	11,457,600	2.92
Standard Chartered	695,000	12,833,175	3.27
		41,498,472	10.58
Life Insurance – (Sept 2010: 1.92%, March 2010: 0.85%)			
Legal & General Group	3,800,000	3,936,800	1.00
Prudential	568,333	3,603,231	0.92
		7,540,031	1.92
Real Estate Investment Trusts – (Sept 2010: 0.84%, March 2010: 0.91%)			
Hammerson	840,688	3,299,700	0.84
		3,299,700	0.84
Portfolio of Investments		389,831,230	99.44
Net current assets		2,211,216	0.56
Net assets attributable to unitholders		392,042,446	100.00
All holdings are ordinary shares unless otherwise stated			
Sectors held March 2010 not held in September 2010			
Electronic Equipment (0.51%)			

Portfolio Statement Credit Split

as at 30th September 2010

	Market Value	Percentage of
	£	total net assets
		%
Corporate Bonds of investment grade	124,308,267	31.71
Corporate Bonds below investment grade*	–	–
UK Listed Equities	265,522,963	67.73
Portfolio of Investments	389,831,230	99.44
Net current assets	2,211,216	0.56
Net assets attributable to unitholders	392,042,446	100.00

Source: The Co-operative Asset Management

*The CIS UK Income with Growth Trust is not permitted to purchase bonds rated below investment grade

Summary of Material Portfolio Changes

for the period ended 30th September 2010

Significant Purchases	Cost £000	Significant Sales	Proceeds £000
Lloyds TSB Bank 6.5% Mtn 2040	6,896	Anglo American	5,660
WPP	5,654	Lloyds TSB Bank 7.625% 2025	5,098
Scottish & Southern Energy 5.453% BDS 2015	5,504	FirstGroup 6.125% 2019	4,865
Royal Bank Of Scotland Group	5,335	Royal Bank Of Scotland Group	4,596
Coventry Building Society 5.875% Nts 2022	4,983	Compass Group 6.375% Nts 2012	4,313
Lloyds TSB Bank 7.625% 2025	4,966	Australia & New Zealand Bank 6.54% 2012	4,050
Lloyds Banking Group	4,276	Scottish & Southern Energy 5.453% BDS 2015	4,028
Australia & New Zealand Bank 6.54% 2012	4,022	Anheuser-Busch Inbev 6.5% Gtd Mtn 2017	3,486
BP	4,015	Enel Societa 6.25% Bds 2019	3,337
Legal & General Group	3,958	Telefonica Emisiones 5.375% Gtd Mtn 2018	3,178
EDF 5.125% 2050	3,922	Vodafone Group 5.625% Nts 2025 (Var)	3,133
France Telecom 8% Bds 2017	3,809	Aggreko	3,020
Cadburys Schweppes 7.25% Bnds 18/07/2018	3,558	Imperial Tobacco 8.125% 2024	2,770
Legal & General Group 10% 23/07/2041	3,151	Cadburys Schweppes 7.25% Bnds 18/07/2018	2,761
Barclays 14% Var Sub Perp 2019	3,114	BAT International Finance 6% Gtd Emtn 2034	2,661
Unilever	3,107	Barclays Bank 5.75% 2021	2,570
Go-Ahead Group 5.375% Bds 2017	3,005	Dong Energy A/S 5.75% 2040	2,569
Compass Group 7% Bds 2014	2,836	Chloride Group	2,561
Intercontinental Hotels Group 6% Nts 2016	2,798	Wolseley	2,468
BAE Systems 10.75% 2014	2,535	Arriva	2,357
Total cost of purchases, including the above, for the period	<u>122,037</u>	Total proceeds from sales, including the above, for the period	<u>93,939</u>

Performance Record

Unit prices

Units, which are exclusively income units, were initially offered to the public at £1.00.

	Highest buying price	Lowest selling price	Distribution (pence per unit)
1st Jan 2005 to 31st Dec 2005	202.3	164.5	8.4568
1st Jan 2006 to 31st Dec 2006	227.8	188.0	8.7199
1st Jan 2007 to 31st Dec 2007	233.8	198.0	8.7394
1st Jan 2008 to 31st Dec 2008	225.2	137.2	8.7521
1st Jan 2009 to 31st Dec 2009	190.1	135.5	8.4073
1st Jan 2010 to 30th Sept 2010	201.5	171.2	7.3940

Trust details

	Total net asset value (£)	Total units in issue	Net asset value per unit (p)
31st March 2008	308,611,753	160,915,000	191.8
31st March 2009	232,382,206	170,996,000	135.9
31st March 2010	362,149,073	195,170,000	185.6
30th September 2010	392,042,446	208,129,000	188.4

It should be remembered that past performance is not a reliable indicator of future performance and that the value of units, and the income derived from them, can vary.

Total Expense Ratio (TER)

For the 12 months to 31st March 2010	1.53%
For the 6 months to 30th September 2010	1.53%

The TER is the ratio of the Trust's operating costs to its average net assets during the period.

Statement of Total Return

for the period ended 30th September 2010

	September 2010		September 2009	
	£	£	£	£
Income:				
Net capital gains		8,050,447		64,375,332
Revenue	7,482,033		6,715,341	
Expenses	<u>(2,850,000)</u>		<u>(2,100,820)</u>	
Net revenue before taxation	4,632,033		4,614,521	
Taxation	<u>—</u>		<u>—</u>	
Net revenue after taxation		4,632,033		4,614,521
Total return before distributions		12,682,480		68,989,853
Finance costs: Distributions		(6,356,843)		(5,520,653)
Change in net assets attributable to unitholders from investment activities		<u>6,325,637</u>		<u>63,469,200</u>

Statement of Change in Net Assets Attributable to Unitholders

for the period ended 30th September 2010

	September 2010		September 2009	
	£	£	£	£
Opening net assets attributable to unitholders		362,149,073		232,382,206
Amounts receivable on issue of units	<u>23,566,215</u>		<u>11,641,734</u>	
		23,566,215		11,641,734
Change in net assets attributable to unitholders from investment activities		6,325,637		63,469,200
Unclaimed distributions		1,521		65,143
Closing net assets attributable to unitholders		<u>392,042,446</u>		<u>307,558,283</u>

Balance Sheet

as at 30th September 2010

	September 2010		March 2010	
	£	£	£	£
Assets				
Investment assets		389,831,230		353,881,476
Debtors	5,922,180		5,763,316	
Cash and bank balances	<u>6,504,353</u>		<u>14,860,608</u>	
Total other assets		<u>12,426,533</u>		<u>20,623,924</u>
Total assets		402,257,763		374,505,400
Liabilities				
Creditors	(7,405,575)		(6,464,145)	
Distribution payable on income units	<u>(2,809,742)</u>		<u>(5,892,182)</u>	
Total other liabilities		(10,215,317)		(12,356,327)
Net assets attributable to unitholders		<u>392,042,446</u>		<u>362,149,073</u>
The financial statements were approved on 22nd November 2010 and signed on behalf of the Board of the Manager by:				
M. A. Summerfield (Chairman)				A. Russell (Director)

Notes to the Financial Statements

as at 30th September 2010

1 Accounting policies

The interim financial statements have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in October 2010.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st March 2010 and are described in those annual financial statements.

Distribution Table

for the period ended 30th September 2010

Quarterly Distribution

for the period ended 30th June 2010

Group 1 – Units purchased prior to 1st April 2010

Group 2 – Units purchased on or after 1st April 2010

	Net income 2010 pence per unit	Equalisation 2010 pence per unit	Distribution payable 2010 pence per unit	Distribution payable 2009 pence per unit
Income units				
Group 1	1.8000	–	1.8000	1.8000
Group 2	0.9660	0.8340	1.8000	1.8000

Interim Distribution

for the period ended 30th September 2010

Group 1 – Units purchased prior to 1st July 2010

Group 2 – Units purchased on or after 1st July 2010

	Net income 2010 pence per unit	Equalisation 2010 pence per unit	Distribution payable 2010 pence per unit	Distribution payable 2009 pence per unit
Income units				
Group 1	1.3500	–	1.3500	1.3388
Group 2	0.2444	1.1056	1.3500	1.3388

Prices

The price of the CIS UK Income with Growth Trust is calculated using the dual pricing method, which means that two dealing prices are quoted. The buying price is the price at which you can buy units, and the selling price is the price at which you can sell the units back to the Manager.

The difference between the buying and selling prices, currently 5%, is known as the spread. This includes the initial management charge to cover the expenses of selling the units and administration. Full details of how the Trust is priced are contained in the prospectus.

Prospectus

Copies of the most recent Prospectus may be obtained, free of charge, from: CIS Unit Managers Limited, PO Box 105, Manchester M4 8BB.

You should bear in mind that a unit trust is a different sort of investment from a bank or building society account. Whilst the capital in such an account is secure, a unit trust is an equity investment and its value may fluctuate. Neither the value of the investment nor the income from it is guaranteed.

Please call 08457 46 46 46 if you would like to receive this information in an alternative format such as large print, audio or Braille.

The Co-operative Asset Management Limited is authorised and regulated by the Financial Services Authority.

Registered Office: Miller Street, Manchester M60 0AL. Registered in England and Wales, number 2369965.

The Co-operative Asset Management Limited provides asset management services to CIS Unit Managers Limited which is the authorised Manager of the CIS UK Income with Growth Trust.

This report is issued by The Co-operative Asset Management on behalf of CIS Unit Managers Limited. Any advice from Co-operative Financial Advisers will relate only to a range of the products and services available from members of the CFS Marketing Group and a limited number of other companies.