



The Special Utilities Investment Trust PLC

(formerly Foreign & Colonial Special Utilities Investment Trust PLC)

Company Registration Number: 2829844



Section 272 Interim Accounts – 31 March 2000 (Unaudited)

(incorporating the Revenue Account)*

		6 months to 31 March 2000			Year-ended 30 September 1999 (restated†)			
Revenue Notes	Capital Notes	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s	
	8	Gains and losses on investments	–	7,710	7,710	–	17,700	17,700
	16	Exchange gains and losses on currency balances	(3)	644	641	(4)	(289)	(293)
		Income	3,298	–	3,298	5,940	–	5,940
2		Management and administration fees	(341)	(227)	(568)	(697)	(465)	(1,162)
3		Other expenses	(149)	(99)	(248)	(284)	(190)	(474)
		Net return before finance costs and taxation	2,805	8,028	10,833	4,955	16,756	21,711
4		Interest payable and similar charges	(612)	–	(612)	(809)	–	(809)
		Return on ordinary activities before taxation	2,193	8,028	10,221	4,146	16,756	20,902
5		Taxation on ordinary activities	(401)	94	(307)	(501)	197	(304)
		Return attributable to equity shareholders	1,792	8,122	9,914	3,645	16,953	20,598
6		Dividends	(1,179)	–	(1,179)	(3,536)	–	(3,536)
17	16	Amount transferred to reserves	613	8,122	8,735	109	16,953	17,062
		Split Capital Pool:						
7		Return per income share – pence	2.87	–	2.87	5.89	–	5.89
7		Return per capital share – pence	–	7.09	7.09	–	21.03	21.03
7		Return per package unit – pence	2.87	7.09	9.96	5.89	21.03	26.92
		'S' Pool:						
7		Return per 'S' share – pence	1.78	22.78	24.56	3.48	32.08	35.56
7		Return per 'S' share (diluted) – pence	1.67	21.39	23.06	3.28	30.20	33.48

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

† Restated to comply with FRS16 'Current Taxation' (see note 1).

Unaudited Balance Sheet

at 31 March 2000

Notes	31 March 2000		30 September 1999	
	£'000s	£'000s	£'000s	£'000s
	Fixed assets			
8	Investments	167,815		155,256
	Current assets			
10	Debtors	1,829	2,260	
	Cash	471	447	
		<u>2,300</u>	<u>2,707</u>	
	Current liabilities			
	Creditors: amounts falling due within one year			
11	Loans	(21,619)	(16,884)	
11	Other	(2,448)	(3,731)	
		<u>(24,067)</u>	<u>(20,615)</u>	
	Net current liabilities	<u>(21,767)</u>	<u>(17,908)</u>	
	Total assets less current liabilities			
12	Provision for liabilities and charges	(83)	(137)	
	Net assets	<u>145,965</u>	<u>137,211</u>	
	Capital and reserves:			
13	Called up share capital	1,201		1,201
14	Share premium	65,057	65,030	
15	Warrant reserve	1,441	1,449	
16	Capital reserves	77,332	69,210	
17	Revenue reserve	934	321	136,010
19	Shareholders' funds – non-equity	<u>145,965</u>	<u>137,211</u>	
	Split Capital Pool:			
	Net asset value per income share – pence	61.46	60.49	
	Net asset value per capital share – pence	150.53	143.44	
	Net asset value per package unit – pence	211.99	203.93	
	'S' Pool:			
	Net asset value per 'S' share – pence	198.87	175.54	
	Net asset value per 'S' share (diluted) – pence	185.58	163.74	

Approved by the Board on 8 June 2000

Alan Wheatley

Alan Wheatley

Alan Wheatley

Notes on the Accounts (Unaudited)

1 ACCOUNTING POLICIES

(a) Basis of accounting

The accounts have been prepared under the historical cost convention, modified to include fixed asset investments at valuation and prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (SORP). The Company was in existence as a Split Capital Investment Trust prior to 1 January 1996, and, as permitted by the SORP, the Company has not changed any of its accounting policies that would have affected the financial benefits or rights attaching to each class of its share capital.

(b) Valuation of investments

As an investment trust, the Company treats all transactions on the realisation and revaluation of investments held as fixed assets as transactions on the capital account. These items, whether profits or losses, are not part of, and are not reflected in, the revenue account but are credited or charged to capital reserves. Listed investments are shown at middle-market value and unlisted investments at directors' valuation.

(c) Foreign currency

Foreign currency assets and liabilities are expressed in sterling at rates of exchange ruling at the balance sheet date. Foreign currency transactions are translated at the rates of exchange ruling at the dates of those transactions. Exchange profits and losses on currency balances are credited or charged to capital reserves except where they relate to revenue items.

(d) Income

Dividends receivable are brought into the revenue account (except where, in the opinion of the Directors, their nature indicates they should be recognised as capital) on the ex-dividend date or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Interest on investments is recognised on a time apportionment basis so as to reflect the effective yield on the investment.

UK franked dividends are accounted for in accordance with Financial Reporting Standard 16 (FRS16) 'Current Taxation' on the basis of the income actually receivable, without adjustment for the tax credit attaching to the dividends. Previously, franked dividends were accounted for inclusive of the tax credit which, accordingly, formed part of the tax charge. The effect of this change is to reduce both the Revenue Return on Ordinary Activities before taxation and Taxation by £379,000 for the year-ended 30 September 1999 (period-ended 31 March 1999 – £197,000). There is therefore no effect on Revenue Return on Ordinary Activities after taxation or on Equity Shareholders' Funds.

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

Foreign income dividends are included in the revenue account without the related notional income tax credit.

(e) Expenses

All expenses are accounted for on an accruals basis. Where expenses of the Company are not specifically attributable to the Split Capital Pool or the 'S' Pool, each pool will generally bear a proportion of such expenses calculated by reference to the respective gross assets of each pool. Management fees and administration charges, together with any associated tax relief, are allocated 60 per cent against the revenue account and 40 per cent against the capital account.

(f) Finance costs

Finance costs are accounted for on an accruals basis and are charged through the revenue account.

(g) Taxation

Deferred tax is provided in full on any material timing differences expected to crystallise in the foreseeable future. The tax effect of different items of expenditure is allocated between capital and revenue on the same basis as the particular item to which it relates.

(h) Capital reserves

Capital reserve – realised

The following are accounted for in this reserve:

- gains and losses on the realisation of investments
- realised exchange differences of a capital nature
- expenses allocated in accordance with note 1(e) together with any associated tax relief.

Capital reserve – unrealised

The following are accounted for in this reserve:

- increases and decreases in the valuation of investments held at the year-end
- unrealised exchange differences of a capital nature

2 MANAGEMENT AND ADMINISTRATION FEES

	6 months to 31 March 2000 £'000s	Year-ended 30 Sept. 1999 £'000s
Foreign & Colonial Management Limited	253	618
Utilities Investment Research Limited	145	240
Ingot Capital Management Limited	133	267
	531	1,125
Irrecoverable VAT thereon	37	37
	568	1,162
Charged to capital reserves	227	465
Charged to revenue reserve	341	697
	568	1,162

Under new management arrangements, effective from 1 January 2000, Foreign & Colonial Management Limited (FCM) no longer has responsibility for the provision of investment management services to the Company; this is now undertaken jointly by Ingot Capital Management Limited (Ingot) and Utilities Investment Research Limited (UIR). Previously Ingot and UIR acted as investment advisers to the Company.

The fees payable to Ingot and UIR under the new arrangements continue to be based on 0.4% per annum of the value of funds under management. FCM previously provided investment management and administration services to the Company but, under the new arrangements, it has entered into an agreement with the Company to provide accounting, secretarial, dealing and other administration services. The Company has agreed with FCM that the fee payable to FCM changes on 1 January 2000 from 0.4% per annum of the value of funds under management to a fixed fee of £325,000 per annum.

3 OTHER EXPENSES

	6 months to 31 March 2000 £'000s	Year-ended 30 Sept. 1999 £'000s
Directors' emoluments	111	204
General expenses	125	245
Auditors' remuneration:		
for audit services	13	21
for audit-related services	(1)	4
	248	474
Charged to capital reserves	99	190
Charged to revenue reserve	149	284
	248	474

4 INTEREST PAYABLE AND SIMILAR CHARGES

	6 months to 31 March 2000 £'000s	Year-ended 30 Sept. 1999 £'000s
On bank loans and overdrafts repayable within 5 years, not by instalments	612	809

5 TAXATION ON ORDINARY ACTIVITIES

	6 months to 31 March 2000 £'000s	Year-ended 30 Sept. 1999 £'000s
Corporation Tax at 30% (1999: 30.5%)	309	236
Relief for overseas tax	(191)	(236)
	118	-
Overseas taxation	191	243
Other	(2)	61
	307	304
Tax relief on expenses charged to capital	94	197
	401	501
Capital Account		
Tax relief on expenses charged to capital	94	197

6 DIVIDENDS

	6 months to 31 March 2000 £'000s	Year-ended 30 Sept. 1999 £'000s
Income Shares		
Interim 1.90p (1999: 1.81p)	950	905
Final (1999: 3.89p)	-	1,945
'S' Shares		
Interim 1.14p (1999: 1.09p)	229	219
Final (1999: 2.33p)	-	467
	1,179	3,536

7 RETURN PER SHARE

Total return per share attributable to shareholders reflects the overall performance of the individual Pools of the Company. Net revenue recognised in the first six months is not indicative of the total likely to be received in the full accounting year.

(a) Split Capital Pool

Net asset value (NAV) and total return per share are based on 50,000,000 capital shares and 50,000,000 income shares in issue (30 September 1999 – same).

(b) 'S' Pool

Diluted NAV and return per ordinary share have been calculated in accordance with FRS14, under which the Company's outstanding warrants are considered dilutive only if the exercise price is lower than the market price of the ordinary shares at the period end or period average respectively. The dilution is calculated by reference to the additional number of ordinary shares which warrant holders would have received on exercise as compared with the number of ordinary shares which the subscription proceeds would have purchased in the open market. Prior period figures have been restated accordingly.

	6 months to 31 March 2000	Year-ended 30 Sept. 1999
Weighted average number of 'S' shares in issue during the period for total return calculation	20,085,615	20,069,055
Dilutive potential shares	1,310,788	1,247,244
Weighted average number of 'S' shares for diluted total return calculation	21,396,403	21,316,299
'S' shares in issue at the period-end	20,099,235	20,079,135
Dilutive potential shares at the period-end	1,439,715	1,447,133
Number of shares in issue for diluted NAV calculation	21,538,950	21,526,268
'S' warrants in issue at the period-end	3,900,765	3,920,865

On 31 January 2000 20,100 (1999 – 29,435) 'S' warrants were exercised. Warrant holders have the right to subscribe for one 'S' share per warrant at £1 in cash on 31 January in any of the years up to 2008.

8 INVESTMENTS

	Valuation £'000s
Balance brought forward	155,256
Purchases	28,840
Sales	(23,991)
Realised gains on sales of investments	6,762
Increase in unrealised appreciation	948
	167,815

9 SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

Utilities Dealing Limited, a wholly owned subsidiary of the Company, has been dormant since 1996. The company has not prepared group accounts since, in accordance with Section 229 of the Companies Act 1985, the consolidation of the subsidiary undertaking is not material for the purpose of giving a true and fair view.

At 31 March 2000 the Company had the following associated undertaking:

Company	Country of registration, incorporation and operations	Percentage equity holding %	Share of net assets £'000s	Share of profit before tax £'000s	Share of taxation charge £'000s	Share of retained profits £'000s
Dee Valley Water plc	England & Wales	24.6	7,704	2,499	682	1,085

The information given is based on the latest published accounts of Dee Valley Water plc. for the year ended 31 March 1999.

The income from the associated undertaking included within the revenue account is as follows:

	6 months to 31 March 2000 £'000s	Year-ended 30 Sept. 1999 £'000s
Dividend income	273	732
	273	732

The interest in associated undertaking is included in the balance sheet at its mid-market valuation of £12.5m (30 September 1999: £15.5m).

10 DEBTORS

	31 March 2000 £'000s	30 Sept. 1999 £'000s
Investment debtors	624	498
Forward currency deals	51	542
Prepayments and accrued income	1,154	1,220
	1,829	2,260

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2000 £'000s	30 Sept. 1999 £'000s
Loans	21,619	16,884
Investment creditors	883	824
Proposed dividends	1,179	2,358
Accruals and other creditors	386	549
	24,067	20,615

12 PROVISIONS FOR LIABILITIES AND CHARGES

	31 March 2000 £'000s	30 Sept. 1999 £'000s
Deferred taxation attributable to short-term timing differences:		
Balance brought forward	137	59
Movement in period	(54)	78
	83	137

13 SHARE CAPITAL (NON-EQUITY)

	Number	Authorised Nominal £'000s	Number	Issued, and fully paid Nominal £'000s
Income shares of 1p each				
Balance brought forward and carried forward	77,500,000	775	50,000,000	500
Capital Shares of 1p each				
Balance brought forward and carried forward	77,500,000	775	50,000,000	500

'S' Shares of 1p each

Balance brought forward	77,000,000	770	20,079,135	201
Issued during the period	-	-	20,100	-
Balance carried forward	77,500,000	775	20,099,235	201

Under Financial Reporting Standard No 4 (FRS4) each class of the Company's share capital falls under the description "non-equity". The definitions of FRS4 do not have practical implications for shareholders.

14 SHARE PREMIUM

	31 March 2000 £'000s	30 Sept. 1999 £'000s
Balance brought forward	65,030	64,990
Premium received from shares issued on exercise of warrants	19	29
Transfer from warrant reserve on exercise of warrants	8	11
Balance carried forward	65,057	65,030

15 WARRANT RESERVE

	31 March 2000 £'000s	30 Sept. 1999 £'000s
Balance brought forward	1,449	1,460
Transfer to share premium on exercise of warrants	(8)	(11)
Balance carried forward	1,441	1,449

16 CAPITAL RESERVES

	31 March 2000 £'000s	30 Sept. 1999 £'000s
Realised gains and losses on investments	6,762	9,378
Unrealised gains and losses on investments	948	8,322
Exchange gains and losses on currency balances	644	(289)
Management and administration fees charged to capital	(227)	(465)
Other capital charges and credits	(99)	(190)
Tax relief on expenses charged to capital	94	197
	8,122	16,953
Balance brought forward	69,210	52,257
Balance carried forward	77,332	69,210

17 REVENUE RESERVE

	31 March 2000 £'000s	30 Sept. 1999 £'000s
Balance brought forward	321	212
Transfer to reserves	613	109
Balance carried forward	934	321

18 ANALYSIS OF SHARE CAPITAL AND RESERVES

	Capital Shareholders	Income Shareholders	'S' Shareholders	31 March 2000 Total
	£'000s	£'000s	£'000s	£'000s
Share capital	500	500	201	1,201
Share premium	18,000	29,500	17,557	65,057
Warrant reserve	–	–	1,441	1,441
Capital reserve	56,761	–	20,571	77,332
Revenue reserve	–	733	201	934
	75,261	30,733	39,971	145,965

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	6 months to 31 March 2000	Year-ended 30 Sept. 1999
	£'000s	£'000s
Revenue return attributable for shareholders	1,792	3,645
Capital return for the year	8,122	16,953
New share capital subscribed, less issue expenses	19	30
Net addition to shareholders' funds	9,933	20,628
Dividends	(1,179)	(3,536)
Shareholders' funds brought forward	137,211	120,119
Shareholders' funds carried forward	145,965	137,211