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AMENDING

SCHRODER

SPLIT INVESTMENT

FUND plc

**Report and Accounts
31 October 2006**

SATURDAY



AB60KPOC

A36

19/05/2007

465

COMPANIES HOUSE

A10

20/03/2007

174

COMPANIES HOUSE

GROUP SUMMARY

Share Classes

The Group has two share classes:

Ordinary shares – issued by Schroder Split Investment Fund plc – whose objective is to provide shareholders with a high level of income and the potential for capital appreciation and income growth.

Zero dividend preference shares – issued by Schroder Split ZDP plc – whose objective is to provide a predetermined level of capital growth.

Duration

The Group was launched in January 2002 and has a planned initial life to 30 November 2007.

Asset Allocation

The majority of the Group's gross assets are invested in UK equities.

Other gross assets of the Group are invested in fixed interest securities via two open-ended funds managed by Schroders.

The Group has, since its launch, adopted a strict policy of not investing in the shares of split capital investment trusts.

Gearing

The Group has in place long term gearing obtained via a fixed term bank loan of £12.1 million.

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Directors

John Padovan (Chairman)*†

Aged 68, was appointed as a non-executive Director of the Company on 12 December 2001. He is Chairman of a non-executive Director of several companies including Findel plc. Previously he was Chief Executive and Chairman of County Bank Limited, Deputy Chairman of Hambros Bank Limited and Deputy Chairman of Barclays de Zoete Wedd Limited.

Richard Foulkes†

Aged 61, was appointed as a non-executive Director of the Company on 12 December 2001. He is Director of four Schroder hedge funds and is on the investment supervisory boards of Schroders Retirement Benefit Scheme, the Schroder Exempt Property Unit Trust and the Order of St John. He was, until his retirement on 31 October 2005, Vice-Chairman of Schroder Investment Management Limited.

Richard Martin*†

Aged 62, was appointed as a non-executive Director of the Company on 12 December 2001. He is Chief Executive of T Bailey Asset Management Limited. He was formerly Head of Investments at Scottish Amicable Life Assurance Society and is currently a non-executive Director of Montararo European Smaller Companies Trust plc, Invesco Perpetual AIM VCT plc and Resources Investment Trust plc.

Anthony Wands*†

Aged 50, was appointed as a non-executive Director of the Company on 12 December 2001. He is a Director of Thesis Asset Management plc and Tilney Investment Management. He is a non-executive Director of Nova Investment Management Limited and of the Association of Private Client Investment Managers and Stockbrokers. He was formerly a Director of UBS Phillips and Drew Limited and Director and Chairman of the Association of Solicitor Investment Managers.

*Member of the Audit and Management Engagement Committees

†Member of the Nomination Committee

Advisers

Investment Manager

Schroder Investment Management Limited
31 Gresham Street
London EC2V 7QA

Secretary and Registered Office

Schroder Investment Management Limited
31 Gresham Street
London EC2V 7QA
Telephone 0207 658 6501

Custodian

JPMorgan Chase Bank, N A
1 Chaseside
Bournemouth BH7 7DB

Auditors

Deloitte & Touche LLP
London

Bankers

Schroder & Co Limited
31 Gresham Street
London EC2V 7QA

ING Bank N V
60 London Wall
London EC2M 5TQ

Registrar

Lloyds TSB Registrars Scotland
PO Box 28448
Finance House
Orchard Brae
Edinburgh EH4 1WQ
Shareholder Helpline 0870 6015366
Website www.shareview.co.uk

Stockbrokers

JPMorgan Cazenove Limited
20 Moorgate
London EC2R 6DA

Solicitors

Slaughter and May
One Bunhill Row
London EC1Y 8YY

Financial Highlights

	31 October 2006	31 October 2005	% Change
Per Ordinary Share			
Net asset value	131.20p	102.99p†	+27.39
Share price	114.50p	87.00p	+31.61
Share price premium/(discount)	(12.73)%	(15.53)%	-
Revenue return	8.10p	7.04p†	+15.06
Total return	35.17p	25.22p†	+39.45
Total dividends	8.10p	6.70p	+20.90
Total expense ratio (TER)††	1.00%	1.00%	-
Per Zero Dividend Preference Share			
Net asset value	142.59p	132.34p	+7.75
Share price	146.00p	137.75p	+5.99
Share price premium/(discount)	2.39%	4.09%	-
Total return	10.26p	9.52p	-

† Restated to comply with International Financial Reporting Standards ("IFRS")

†† Calculated on total expenses excluding finance costs and expressed as a percentage of average net assets

	Performance for the year ended 31 October 2006		Performance from inception to 31 October 2006	
	Total Return	Capital Return	Total Return	Capital Return
Group assets*	+21.98%**	+18.32%***	+60.19%**	+42.44%**
FTSE All-Share Index***	+21.66%	+17.87%	+47.36%	+25.82%

* "Group assets" are defined as the Group's total assets less long-term bank loans less current liabilities

** This represents the movement in Group assets as defined above as adjusted for dividends paid

*** This represents the movement in Group assets as defined above

At 31 October 2006 the Group total assets less current liabilities were allocated approximately 18% to fixed interest stocks and 82% to equities and all other assets

Cover for Full Zero Dividend Preference ("ZDP") Liability

	31 October 2006	31 October 2005
Group assets	£93.22m	£78.78m†
Full capital entitlement of ZDP Shares on redemption	£42.46m	£42.46m
Cover (multiple)	2.20	1.86†

Cover for Ordinary Shares

	31 October 2006	31 October 2005
Group assets	£93.22m	£78.78m†
Full capital entitlement of ZDP Shares on redemption	£42.46m	£42.46m
Balance available for Ordinary Shareholders	£50.76m	£36.32m
Balance available per Ordinary Share	123.20p	88.16p†
Approximate hurdle rate*	(3.1)%	-

† Restated to comply with IFRS

The negative hurdle rate for this illustration is defined as the annual rate by which the capital value of Group total assets less current liabilities after deducting long term bank loans and Interest Rate Swap ("IRS") may decrease yet still match the prevailing share price at 31 October 2006 of 114.50p after full repayment of the liability of the ZDP Shares at the end of the planned initial life of the Company on 30 November 2007. This calculation is an approximation and has been provided for illustrative purposes only.

Chairman's Statement

Performance

During the year ended 31 October 2006, Group assets* produced a total return of 22.0% compared with a total return of 21.7% for the FTSE All-Share Index and 19.0% for the FTSE 350 Higher Yield Index.

Since launch, Group asset performance has remained significantly ahead of that of the FTSE All-Share Index, producing a total return of 60.2% against a total return of 47.4% for the Index over the same period.

During the year under review, the equity portion of the investment portfolio increased from 79% to 82%, with the fixed income portion falling to 18%. The Company's fixed rate bank loan of £12.1 million represented 11.5% of total assets less current liabilities at the end of the year, a reduction from 13.3% at the beginning of the year.

At the year end, the hurdle rate on the Ordinary Shares to achieve an asset value equivalent to the 31 October 2006 market price (114.5p), stood at -3.1%. Meanwhile, the asset cover on the Zero Dividend Preference Shares improved from a multiple of 1.86 to a multiple of 2.20 during the year to 31 October 2006.

Dividends

I am pleased to report that the Directors were able to declare increased total dividends for the year ended 31 October 2006 amounting to 8.10p per share, following the declaration of a fourth interim dividend of 3.30p per share, payable on 29 December 2006. Total dividends for the year to 31 October 2006 have increased by 20.9% compared with the previous year, and by 35.0% since the Company's first full reporting year to 31 October 2003, when total dividends for the year amounted to 6.00p per share.

Share Price Performance

During the year, the discount to net asset value of the Ordinary Share price narrowed from 15.5% to 12.7%, reflecting strong performance and improved market sentiment. As the Zero Dividend Preference Shares moved closer to maturity, their price premium to net asset value fell during the year from 4.1% to 2.4%.

Change in Custodian

The Company changed custodian from Schroders to JPMorgan Chase Bank in August 2006.

International Financial Reporting Standards ("IFRS")

As stated in the Interim Report, the Group is now required to prepare its financial statements in accordance with IFRS, as adopted for use in the European Union. These are the first full year Group accounts which have been prepared on this basis and the impact of these new accounting standards is set out in the notes to these accounts. In addition, the Directors' Report contains a Business Review for the first time this year, as required under the European Union's Accounts Modernisation Directive for all UK listed companies for financial years beginning on or after 1 April 2005.

Annual General Meeting

The Annual General Meeting will be held on 9 March 2007 at 3.00 p.m. and all shareholders are invited to attend. The meeting will follow its usual format, which includes a presentation from our Investment Manager on our investment strategy and the prospects for the economy generally.

Outlook

I remain confident that the Group will continue the very satisfactory performance achieved to date.

As shareholders will know, the Group was launched in January 2002 with a planned initial life to 30 November 2007. The Board will be giving consideration over the coming months to alternative opportunities which may be appropriate for the future of the Group.

John Padovan

Chairman

15 December 2006

* "Group assets" are defined as the Group's total assets less long-term bank loans less current liabilities.

Investment Manager's Review

Equity Portfolio (approximately 82% of Group Total Assets)

The UK stockmarket continued to show strong returns during 2006 despite increasing concerns over global growth, inflation and interest rates. Market momentum was only once disrupted, during May and June 2006, ground that was subsequently recovered. For the year to 31 October 2006 the FTSE All Share index returned 21.7% and the FTSE 350 High Yield index returned 19.0%. In comparison the performance for the equity portfolio for the full year was 24.8%.

The main contributors for the market were the mining sector and a general pick-up in private equity and corporate M&A activity that focused in particular on UK utilities.

The fund's outperformance was mainly a result of the distinct focus on stocks that not only offered a high dividend yield but also had a sound and promising business model. The fund benefited in particular from investments in companies that were not just potential takeover candidates but also delivered promising restructuring plans on their own, e.g. Reuters, Kingfisher, EMAP and Compass. Elsewhere names like Amlin and Legal & General were re-rated on the basis of better business and earnings prospects.

More broadly, we take comfort from last year's outperformance – continuing the outperformance since launch – as justification for the portfolio's approach: using an experienced group of in-house analysts and a clear investment process to meet the fund's income and capital objectives.

Fixed Interest Portfolio (approximately 18% of Group Total Assets)

Over the last year, the portfolio returned 5.8%, which comfortably exceeds cash returns. Government and investment grade corporate bonds performed broadly in-line with each other over a period that has been challenging for fixed income markets, due to concerns over rising global interest rates.

The portfolio's higher-than-normal exposure to high yield bonds has been beneficial for performance. These assets have outperformed both government and investment grade sectors as a result of strength in the global economy and low default rates.

Outlook

There is some evidence that investors worldwide are becoming slightly more cautious. The consensus is for global economic activity to slow and for interest rates to move in different directions: we believe that UK and US interest rates are close to peaking while European rates will continue to rise. Inflation will remain the most important area of concern. At the same time stockmarkets will get further support from increased M&A activity from corporate and private equity buyers. This might lead to increased volatility for the UK market as potentially negative news flow on the economy and potentially positive M&A activity will influence the market simultaneously.

Overall, we think this environment should bode well for equities and bonds. However, as the cycle matures, and companies face increasing pressure on margins, we expect the market to focus more on the quality of individual franchises and balance sheets. These characteristics have been overlooked recently in equity markets looking mainly at bid candidates and short term earnings growth. The shares of some of the larger-sized companies that have been left behind in this market now look attractive. The portfolio is full of high yielding stocks with a sound and stable earnings profile that should outperform the market and offer some protection against potentially rising volatility. In fixed income markets, we favour selective exposure to the corporate bond market.

Schroder Investment Management Limited

15 December 2006

Investment Portfolio

At 31 October 2006

Company	Sector Classification	Principal Activity	Market value of holding £'000	% of Group total assets less current liabilities
Schroder Monthly High Income Fund A Income Units*	Financials	Unit trust aiming to achieve a high level of income from a diversified portfolio of fixed interest securities	11,193	10.63
Schroder Corporate Bond Fund A Income Units*	Financials	Unit trust aiming to achieve a high level of income from a diversified portfolio of debt securities	7,250	6.88
Royal Dutch Shell 'B'	Oil & Gas	Integrated oil company	6,448	6.12
Royal Bank of Scotland	Financials	Banking & financial services group	4,508	4.28
HSBC	Financials	Banking and financial services group	4,248	4.03
Vodafone	Telecommunications	Global mobile telephone service provider	3,850	3.66
BP	Oil & Gas	Integrated oil company	3,837	3.64
Barclays	Financials	Banking and financial services group	3,164	3.00
Lloyds TSB	Financials	Banking and financial services group	3,124	2.97
GlaxoSmithKline	Health Care	Global pharmaceutical company	2,784	2.64
Legal & General	Financials	UK financial services group	2,528	2.40
BT	Telecommunications	UK fixed line telecommunications provider	2,503	2.38
Compass	Consumer Services	Food catering group	2,421	2.30
Centrica	Utilities	Provider of gas and energy related products and services to residential and business customers	2,306	2.19
Imperial Tobacco	Consumer Goods	Tobacco company	2,277	2.16
Kingfisher	Consumer Services	Retail operations	2,227	2.11
Aviva	Financials	International insurance and financial services	2,151	2.05
Amlin	Financials	Insurance and reinsurance business	2,078	1.97
Reuters	Consumer Services	Multi media offers news and financial information	2,073	1.97
United Utilities	Utilities	Multi-utility business	2,067	1.96
Twenty largest investments			73,037	69.34
Alliance Boots	Consumer Services	Manufactures and sells health and personal care products	2,037	1.93
Rentokil Initial	Industrials	Global consumer services	2,010	1.91
BAE Systems	Industrials	Manufactures and supports defence and aerospace systems	1,927	1.83
EMAP	Consumer Services	Media group	1,793	1.70
Bunzl	Industrials	Group providing consumer services	1,701	1.61
Scottish & Newcastle	Consumer Goods	Breweries, with significant operations in the UK, France & Russia	1,692	1.61
Diageo	Consumer Goods	Produces, distills and markets alcoholic beverages	1,638	1.56
Associated British Foods	Consumer Goods	Manufactures and processes food products	1,531	1.45
Standard Chartered	Financials	Banking group	1,417	1.34
Reed Elsevier	Consumer Services	Publishing group	1,343	1.27
Tomkins	Industrials	Diversified operations	1,313	1.25
British American Tobacco	Consumer Goods	Tobacco company	1,311	1.24
Royal Dutch Shell 'A'	Oil & Gas	Integrated oil company	1,292	1.23
GKN	Consumer Goods	Produces automotive components, aerospace vehicles and supplies a variety of industrial services	1,283	1.22
Royal & Sun Alliance Insurance	Financials	UK financial services business with significant US operations	1,240	1.18
Old Mutual	Financials	Insurance and financial services	1,220	1.15
Sainsbury (J)	Consumer Services	Retail supermarket	1,175	1.12
Pearson	Consumer Services	Media company with market-leading business in education, business information and consumer publishing	1,132	1.08
Johnson Matthey	Basic Materials	Specialty chemicals company	1,084	1.03
Scottish Power	Utilities	Integrated power and energy group	1,072	1.02
Kelda	Utilities	Utility services	986	0.94
Total investments			103,234	98.01
Net current assets			2,092	1.99
Total			105,326	100.00

* These investments comprise the Group's fixed interest portfolio

The value of the twenty largest investments represents 69.34% (2005 68.81% restated) of Group total assets less current liabilities

Report of the Directors (Incorporating the Business Review)

The Directors submit their Report and the audited Accounts of the Company and the Group for the year ended 31 October 2006

Business Review

Company's Business

The Company carries on business as an investment trust, and it is an investment company within the meaning of Section 266 of the Companies Act 1985. In order to obtain exemption from capital gains tax, the Company has conducted itself with a view to being an approved investment trust for the purposes of Section 842 of the United Kingdom Income and Corporation Taxes Act 1988 (as amended). The last accounting year for which the Company has been treated as approved by the Inland Revenue is the year ended 31 October 2005 and the Company has subsequently conducted its affairs so as to enable it to continue to qualify for such approval.

The Company is not a close company for taxation purposes.

Investment Objectives

The Group's investment objective is to provide ordinary shareholders with a high level of income and the potential for capital appreciation and income growth and ZDP Shareholders with a predetermined level of capital growth.

Performance

An outline of performance, market background, investment activity and portfolio strategy during the year under review, as well as outlook, is provided in the Investment Manager's Review on page 5.

Investment Strategy

The Board has delegated management of the Company's portfolio to Schroder Investment Management Limited (the "Manager"). The Manager manages the portfolio with the aim of helping the Company to achieve its investment objectives. Details of the Manager's approach, along with other factors that have affected performance during the year, are set out in the Investment Manager's Review on page 5.

Measuring Success – Key Performance Indicators ("KPIs")

KPIs are the measures through which the Board assesses the development and success of the Group's business. The KPIs focus on achievement of the Group's investment objectives of providing

- Ordinary Shareholders with a high level of income and the potential for income and capital growth, and
- Zero Dividend Preference Shareholders with a predetermined level of capital growth.

Investment Performance

In order to allow the Board to measure performance against the Group's investment objectives, the Board monitors

- the level of total return and share price performance compared with other returns, principally that of the FTSE All-Share index,
- dividend yield and growth,
- asset cover for the Zero Dividend Preference Shares.

Report of the Directors (Incorporating the Business Review) continued

Details of the Group's performance during the year are set out in the Chairman's Statement, Investment Manager's Review and in the Financial Highlights within this Report. These demonstrate that the Group has achieved its objectives both over the past year and since launch.

Control of Total Expenses

The Board has adopted a second KPI, the level of the Company's total expense ratio ("TER") which allows the Board to monitor and control the Company's costs and expenses.

The TER for the Company for the year to 31 October 2006 (calculated as total annualised operating expenses divided by average net assets during the year) is set out on page 3.

Principal Risks and Uncertainties

The Board has adopted a matrix of key risks which affect its business and a robust framework of internal control which is designed to monitor those risks and to provide a monitoring system to enable the Directors to mitigate the risks as far as possible. A full analysis of the Directors' system of internal control and its monitoring system, is set out in the Corporate Governance Statement. The principal risks are considered to be as follows:

Market Risk

The Company is exposed to the effect of market fluctuations due to the nature of its business. A significant fall in equity markets would have an adverse impact on the value of the Company's underlying investments. The Board considers the portfolio's risk profile at each Board meeting and discusses with the Manager appropriate strategies to mitigate any negative impact of substantial changes in markets.

Discount

Investment vehicles and asset classes can become out of favour with investors or trusts may fail to meet their investment objectives. This may be reflected in a wide discount of the share price to underlying asset value. The Directors periodically review whether the Group's investment remit remains appropriate and they continually monitor the success of the Group in meeting its stated objectives.

Regulatory Risks

The regulatory environment in which the Group operates is increasingly complex and it faces a number of regulatory risks. A breach of section 842 of the Income and Corporation Taxes Act 1988 could result in the Company being subject to capital gains tax on the sale of portfolio investments. Breaches of other regulations such as the UK Listing Authority's Listing Rules could lead to a number of detrimental outcomes and damage the Group's reputation. Breaches of controls by service providers such as the Manager could also lead to reputational damage or loss.

Resources

The Company has no employees, its investments are managed by Schroder Investment Management Limited, which also acts as Company Secretary and provides accounting and administration services to the Company. The principal terms of the Investment Management Agreement are set out on page 10.

Report of the Directors (Incorporating the Business Review) continued

Environmental Policy

As an investment trust, the Company has no direct social or environmental responsibilities, its Investment policy is focussed on ensuring that its portfolio is properly managed and invested. The Company has however adopted an environmental policy, details of which are set out in the Corporate Governance Statement.

Dividends

For the year ended 31 October 2006, the Directors have declared total Ordinary dividends on the Company's Ordinary Shares amounting to 8.10 pence per share (2005: 6.70 pence per share).

The Directors of the Company intend to continue to declare dividends to be paid at the end of December, March, June and September in each year. Although it is their intention to distribute substantially all of the Company's net income after expenses and taxation, they may retain up to a maximum of 15% of the Company's gross income from shares and securities in each year as a revenue reserve to facilitate a consistent dividend policy.

Net Asset Value

During the year under review the net asset value per Ordinary Share of the Company increased to 131.20 pence per share from 102.99 pence per share, an increase of 27.39%.

Purchase of Shares for Cancellation

At the Annual General Meeting held on 8 March 2006, the Company was granted approval from shareholders to purchase up to 14.99% of the Company's issued share capital for cancellation. To date, the Company has not utilised this facility. The Board believes that a share buy-back authority is one of a number of tools that may be used to address an imbalance in supply and demand for the Company's shares that results in a share price discount to net asset value of the Company's shares in the market. A resolution authorising the Directors to renew this authority will therefore be proposed at the forthcoming Annual General Meeting, the Notice of which is set out on page 58.

Directors and their Interests

The Directors of the Company and their beneficial and family interests in the Company's share capital at the beginning and end of the year ended 31 October 2006 were as follows:

	At 31 October 2006	At 31 October 2005
	Ordinary	Ordinary
	Shares of 1p	Shares of 1p
John Padovan	35,000	35,000
Richard Foulkes	30,000	30,000
Richard Martin	5,000	5,000
Anthony Wands	Nil	Nil

There have been no changes to the above holdings between the end of the financial year and the date of this report.

Up until 31 October 2005, Mr Foulkes had an interest in the Investment Management Agreement between the Company and the Manager by virtue of his position as an executive Director of Schroder Investment Management Limited. No other Director has, or had during the financial year, any material contract which is significant to the Company's business.

Report of the Directors (Incorporating the Business Review) continued

In accordance with the Company's Articles of Association, Mr Padovan will retire by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election

The Board supports the re-election of Mr Padovan, whose performance the Board continues to consider to be effective. Mr Padovan continues to demonstrate commitment to his role and provides a valuable contribution to the deliberations of the Board and its Committees

Directors' Responsibilities

The directors' responsibilities in connection with relevant audit information are set out on page 23

Substantial Share Interests

At the date of this Report the Company had been notified that Rensburg Sheppards plc had a consolidated holding of 3,814,299 ordinary shares, representing 9.26% of the Shares in issue. The Company had not been notified of any other interests of 3% or above of its issued share capital. The Directors are, however, aware that at 22 January 2007, 19,948,029 ordinary shares, representing 48.92% of the Company's issued share capital, were held by investors in the Schroder Personal Equity Plan/ISA.

Investment Manager

The Directors consider the continuing appointment of the Investment Manager on the terms of the existing investment management agreement to be in the best interests of the Company and shareholders as a whole. Schroder Investment Management Limited provides the Company with considerable investment management resource and experience thereby enabling the Company to achieve its investment objectives.

The Investment Manager, Schroder Investment Management Limited, provides investment management, accounting and company secretarial services to the Company. The agreement can be terminated by either party on 12 months' notice or on immediate notice in the event of certain breaches or the insolvency of either party. At the date of this report no such notice had been given. During the year ended 31 October 2006, the Investment Manager was entitled to a fee at an annual rate of 0.75 per cent (plus VAT) payable by reference to the value of the Company's assets under management at the end of the relevant quarter. The Manager's periodic charge in respect of Schroder funds in which the Company invests are rebated to the Company so that no double charging occurs.

During the year ended 31 October 2006, Schroder Investment Management Limited was also entitled to receive a fee of £75,000 per annum (plus VAT) for company secretarial services provided to the Company.

The Investment Manager is authorised and regulated by the Financial Services Authority.

Policy for the Payment of Creditors

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. All other expenses are paid on a timely basis in the ordinary course of business. There were no trade creditors as at 31 October 2006.

Report of the Directors (Incorporating the Business Review) continued

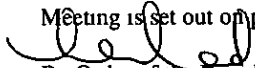
Independent Auditors

Deloitte & Touche LLP have expressed their willingness to remain in office and a resolution to re-appoint them as the Company's Auditors and to authorise the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting

The Auditors provided non-audit services to the Company during the year ended 31 October 2006, details of which may be found in note 4 on page 32. The Audit Committee has adopted a pre-approval policy on the engagement of the Auditors to supply non-audit services. Terms of Reference for the Audit Committee may be found on pages 19 and 20.

Annual General Meeting

The Annual General Meeting will be held at 3.00 p.m. on Friday 9 March 2007. The Notice of Meeting is set out on page 58.


By Order of the Board

Schroder Investment Management Limited
Company Secretary

Registered Office
31 Gresham Street
London EC2V 7QA

Registered Number 4335725
22 January 2007

Directors' Remuneration Report for the year ended 31 October 2006

The determination of the Directors' fees is a matter dealt with by the Management Engagement Committee and the Board

The Company's Articles of Association limit the aggregate fees payable to the Board of Directors to a total of £175,000 per annum. Subject to this overall limit, it is the Company's policy to determine the level of Directors' fees having regard to the level of fees payable to non-executive directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities and time committed to the Company's affairs.

During the year ended 31 October 2006, Directors' fees were payable at a rate of £15,000 per annum, with £20,000 per annum for the Chairman. Following the 2005 annual review of Directors' fees, the Chairman of the Audit Committee now receives an additional £2,000 per annum (effective from 1 January 2006).

No element of the Directors' remuneration is performance-related.

No Director has a service contract with the Company.

No Director, past or present, has any entitlement to pensions from the Company, and the Company has not awarded any share options or long-term performance incentives to any of the Directors.

The Directors believe that, except as outlined above, the principles set out in Provision B of the Combined Code relating to remuneration do not apply to the Company as it has no executive Directors.

All Directors have a letter of appointment with the Company under which they are entitled to one month's notice in the event of termination. The Directors' terms of appointment are available for inspection at the Company's Registered Office address during normal business hours and at the Annual General Meeting.

All Directors are appointed for an initial term covering the period from the date of their appointment until the first Annual General Meeting thereafter, at which they are required to stand for election in accordance with the Articles of Association. Thereafter, Directors retire by rotation at least every three years. The Chairman meets with each Director before he or she is proposed for re-election and, subject to the evaluation of performance carried out each year, the Board agrees whether it is appropriate for such Director to seek an additional term in office.

When recommending whether an individual Director should seek re-election, the Board will take into account the provisions of the Combined Code, including the merits of refreshing the Board and its Committees.

Directors' Remuneration Report for the year ended 31 October 2006 continued**Performance Graph**

A graph showing the Company's Ordinary Share price total return compared with that of the FTSE All-Share Total Return Index, since launch on 31 January 2002, is shown below

* Assuming re-investment of all dividends (excluding dealing expenses)
Source: Fundamental Data (all data rebased to 100 at the start of the period covered)

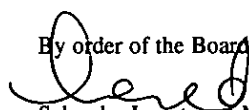
Remuneration for Qualifying Services

Director	Year ended 31 October 2006	Year ended 31 October 2005
John Padovan	£20,000	£20,000
Richard Foulkes	£15,000	£15,000
Richard Martin	£16,667	£15,000
Anthony Wands	£15,000	£15,000
Total	£66,667	£65,000

The information in the above table has been audited (see the Independent Auditors' Report on pages 24 and 25)

The amounts paid by the Company to Directors were for services as non-executive Directors

By order of the Board



Schroder Investment Management Limited

Company Secretary

22 January 2007

Corporate Governance

The Company is committed to high standards of corporate governance and has implemented a framework for corporate governance that it considers to be appropriate for an investment trust in order to comply with the principles of the Combined Code on Corporate Governance contained in the Listing Rules (the "Code")

Compliance with the Code

The UK Listing Authority requires all UK listed companies to disclose how they have complied with the provisions of the Code. This Corporate Governance Statement, together with the Statement of Directors' Responsibilities set out on page 23, indicates how the Company has complied with the best practice provisions set out in Section 1 of the Code, and its requirements on internal control.

Compliance Statement

The Board considers that the Company has, throughout the year under review, complied with the best practice provisions in Section 1 of the Code, save in respect of the appointment of a Senior Independent Director, as disclosed below, where departure from the Code is considered appropriate given the Company's position as an investment trust.

Application of the Code's Principles

Role of the Chairman

The Chairman is responsible for leading the Board, ensuring its effectiveness in all aspects of its role, and for setting its agenda.

Role of the Board

Matters specifically reserved for decision by the Board have been adopted. The Board determines and monitors the Company's investment objectives and policy, and considers the future strategic direction of the Company. The Board is also responsible for presenting a balanced and understandable assessment of the Company's position and, where appropriate, future prospects, in the Company's annual and interim reports and other forms of public reporting. It monitors and reviews the shareholder base of the Company and marketing and shareholder communication strategies, and evaluates the performance of all service providers, with input from its Committees where appropriate.

A procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company, where appropriate. The Directors have access to the advice and services of the corporate Company Secretary through its appointed representative, who is responsible to the Board, inter alia, for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Board Composition and Independence

The Board currently consists of four non-executive Directors. Profiles of each of the Directors, including age and length of service, may be found on page 2. The Board considers each of the Chairman, Mr Martin and Mr Wands to be independent of the Company's Investment Manager. Mr Foulkes is not considered independent as he was, until 31 October 2005, an executive Director of Schroder Investment Management Limited, a company that receives fees from the

Corporate Governance continued

Company in accordance with the Investment Management Agreement. The independence of each Director is considered on a continuing basis.

The Board has no executive directors and has not appointed a Chief Executive Officer as it has contractually delegated responsibility for the management of the Company's investment portfolio, together with the provision of accounting and company secretarial services, to its Investment Manager.

The Board is satisfied that it is of sufficient size, with an appropriate balance of skills and experience, and that no individual or group of individuals is, or has been, in a position to dominate decision making.

Senior Independent Director

The Board has considered whether a senior independent director should be appointed. The Board comprises entirely non-executive Directors and the appointment of a senior independent director is not considered necessary. The Chairman of the Audit Committee leads the evaluation of the performance of the Chairman and is available to shareholders if they have concerns which cannot be resolved through discussion with the Chairman.

Tenure

The Board has adopted a policy on tenure that it considers is appropriate for an investment trust. The Board does not believe that length of service, by itself, leads to a closer relationship with the Investment Manager. Therefore, the independence of Directors will continue to be assessed on a case by case basis. In order to allow shareholders the opportunity to endorse this policy, and in accordance with the provisions of the Code, any Director who has served for more than nine years will thereafter be subject to annual re-election at the Annual General Meeting.

Induction and Training

When a Director is appointed, he or she receives a full, formal and tailored induction, which is arranged by the Company Secretary. Directors are thereafter provided, on a regular basis, with key information on the Board's policies, regulatory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. In addition, other advisers to the Company provide relevant reports for the Board from time to time. Directors may attend ad hoc seminars and events covering issues and developments relevant to the investment trust industry.

Performance Evaluation

The Board has adopted a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors. The last evaluation took place in December 2006. The evaluation is in two stages. First, the evaluation of individual Directors is led by the Chairman, and the evaluation of the Chairman's performance is led by the Chairman of the Audit Committee. Secondly, the Board evaluates its own performance and that of its Committees. The Board has developed criteria for use at the evaluation, which focuses on the individual contribution to the Board and its Committees made by each Director, together with the work of the Committees and of the Board itself. The Directors meet at least once a year without the Chairman present and the Chairman of the Audit Committee chairs this meeting.

Corporate Governance continued

A review of Board composition and balance including succession planning for appointments to the Board, is included as part of the annual performance evaluation

Board Meetings and Attendance

The Board meets at least four times a year. Additional meetings are arranged as required and regular contact between the Directors, Investment Manager and Company Secretary is maintained throughout the year. Representatives of the Investment Manager and Company Secretary attend each meeting and other advisers also attend when requested to do so by the Board. Attendance at the four scheduled meetings held during the year under review was as set out below

Director	Maximum attendance	Board meetings attended
John Padovan	4	4
Richard Foulkes	4	4
Richard Martin	4	3
Anthony Wands	4	4

The Board is satisfied that each of the Chairman and the other non-executive Directors commit sufficient time to the affairs of the Company to fulfil their duties as Directors

Information Flows

The Chairman ensures that all Directors receive in a timely manner all relevant management, regulatory and financial information. The Board receives and considers reports regularly from the Investment Manager and other key advisers and ad hoc reports and information are supplied as required

Directors' and Officers' Liability Insurance

During the year, the Company maintained insurance cover for its Directors and Officers, under a Directors' and Officers' liability insurance policy

Relations with Shareholders

The Board believes that the maintenance of good relations with both institutional and retail shareholders is important for the prospects of the Company. It has, since its launch, sought engagement with investors. The Board receives feedback on the views of shareholders from its corporate broker and the Investment Manager

The Board believes that the Annual General Meeting provides a forum for investors to communicate with the Board, and it encourages participation. The Annual General Meeting is normally attended by the full Board of Directors and proceedings include a presentation by the Investment Manager. There is an opportunity for individual shareholders to question the chairmen of the Board, Audit and Management Engagement Committees. Details of proxy votes received in respect of each resolution proposed at the Annual General Meeting are made available to shareholders at the meeting

Corporate Governance continued

The Board believes that the Company's policy of reporting to shareholders as soon as possible after the Company's year end is valuable. The Notice of Meeting on page 58 sets out the business of the Meeting.

Environmental Policy

The Company's primary investment objective is to achieve optimal financial returns for shareholders within established risk parameters and regulatory constraints. Providing that this objective is not compromised in the process, the Board does, however, believe that it is also possible to develop a framework that, in the interests of our shareholders, allows a broader range of considerations, including environmental and social issues, to be taken into account when selecting and retaining investments. The investment process therefore contains a review of research into the environmental, social and ethical stance of companies. Where potential financial or reputational risks are identified, their materiality is assessed and given due consideration.

Exercise of Voting Powers

The Company has delegated responsibility for voting to the Manager, which votes in accordance with its corporate governance policy.

Accountability and Audit

The Statement of Directors' Responsibilities in respect of the financial statements is set out on page 23 and a statement of going concern is set out below. The Independent Auditors' Report can be found on pages 24 and 25.

Going Concern

The financial statements have been prepared on the going concern basis as, in the opinion of the Directors, the Company has adequate resources to continue for the foreseeable future. The Company has an initial planned life to 30 November 2007. The Company's Articles of Association require that, inter alia, unless released from the obligation by shareholders, the Directors shall convene an extraordinary general meeting on 30 November 2007 at which an ordinary resolution will be proposed to wind up the Company. No provision has been made for liquidation or reconstruction costs pending proposals for the Company's future as explained in the Chairman's Statement, the Board will be giving consideration over the coming months to alternative opportunities which may be appropriate for the future of the Group.

Internal Control

The Code requires the Board to at least annually conduct a review of the adequacy of the Company's system of internal control and report to shareholders that it has done so. The Board has undertaken a full review of all the aspects of the Turnbull Guidance for Directors on the Code, as revised in October 2005 (the "Turnbull Guidance"), under which the Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board has approved a detailed Risk Map identifying significant strategic, investment-related, operational and service provider-related risks and has adopted an enhanced monitoring system to ensure that risk management and all aspects of internal control are considered on a regular basis, and fully reviewed at least annually.

Corporate Governance continued

The Board believes that the key risks identified and the implementation of an on-going system to identify, evaluate and manage these risks are based upon and relevant to the Company's business as an investment trust. The on-going risk assessment, which has been in place throughout the financial year and up to the date of this report, includes consideration of the scope and quality of the systems of internal control, including any whistleblowing policies, where appropriate, adopted by the Investment Manager and other major service providers and ensures regular communication of the results of monitoring by third parties to the Board, the incidence of significant control failings or weaknesses that have been identified at any time, and the extent to which they have resulted in unforeseen outcomes or contingencies that may have a material impact on the Company's performance or condition.

Although the Board believes that it has a robust framework of internal control in place, this can provide only reasonable, and not absolute, assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk.

The Company does not have an internal audit function as it employs no staff and delegates to third parties most of its operations. The Board will continue to monitor its system of internal control and will continue to take steps to embed the system of internal control and risk management into the operations of the Company. In doing so, the Audit Committee reviews at least annually whether a function equivalent to an internal audit is needed.

Board Committees

Audit Committee

The members of the Committee as at 31 October 2006 were

Mr Richard Martin (Chairman)

Mr John Padovan

Mr Anthony Wands

The Board considers each member of the Committee to be independent. The Board also considers that members of the Committee have recent and relevant financial experience.

Terms of Reference

The Company established an Audit Committee in 2002.

The role of the Audit Committee is to ensure that the Company maintains the highest standards of integrity in financial reporting and internal control. The responsibilities of the Committee include the following:

Financial Statements

- (a) to monitor the integrity of the financial statements of the Company, and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them,
- (b) to review and, if appropriate, recommend to the Board, the Company's annual and interim reports,

Internal Control

- (c) to monitor and review annually whether an internal audit function is required,
- (d) to monitor the Company's accounting and financial internal control systems, and to monitor the internal control systems of the Investment Manager and custodian and to make recommendations on any improvements to such systems,
- (e) to monitor the Company's procedures for ensuring compliance with regulatory and financial reporting requirements and its relationship with the relevant regulatory authorities,

External Audit and Relationship with the External Auditors

- (f) to discuss any matters arising from the audit and recommendations made by the auditors,
- (g) to make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors,
- (h) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements, and
- (i) to develop and implement policy on the engagement of the external auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm and to report to the Board, identifying any

Board Committees continued

matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken

Report on the Committee's Activities

To discharge its duties, the Committee met on two occasions during the year ended 31 October 2006 and considered the following

- the annual financial statements and interim financial statements,
- the external auditors' year-end reports and management letters,
- the effectiveness of the audit process,
- the independence and objectivity of the external auditor, and
- internal controls operating within the management company and the custodian

Attendance

Of the two meetings held during the year ended 31 October 2006, one was attended by all members of the Committee, and the other was attended by all members except Mr Martin

A copy of the full Terms of Reference of the Audit Committee is available on request from the Company Secretary

Board Committees continued

Management Engagement Committee

The members of the Committee as at 31 October 2006 were

Mr John Padovan (Chairman)
Mr Richard Martin
Mr Anthony Wands

The Board considers each member of the Committee to be independent

Terms of Reference

The Company established a Management Engagement Committee in 2002

The role of the Committee is to review the terms of the management contract with the Investment Manager. In addition, the Committee also reviews Directors' fees and makes recommendations to the Board in this regard

The responsibilities of the Committee include the following

- (a) to review the performance of the Investment Manager and its continuing suitability to manage the Company's portfolio,
- (b) to review the terms of the management contract between the Company and the Investment Manager, and to ensure that the terms are competitive, fair and reasonable for the shareholders, and
- (c) to review and make recommendations on any proposed amendment or material breach of the management contract

Report on the Committee's Activities

To discharge its duties, the Committee met on one occasion during the year ended 31 October 2006 and considered the following

- the performance and suitability of the Investment Manager,
- the terms and conditions of the management contract, and
- the fees paid to Directors

Attendance

The meeting was attended by all members of the Committee

A copy of the full Terms of Reference of the Management Engagement Committee is available on request from the Company Secretary

Board Committees continued

Nomination Committee

The members of the Committee as at 31 October 2006 were

Mr John Padovan (Chairman)

Mr Richard Foulkes

Mr Richard Martin

Mr Anthony Wands

The Board considers a majority of the Committee to be independent.

Terms of Reference

The Company established a Nomination Committee in 2002

The role of the Committee is to consider and make recommendations to the Board on its composition and balance of skills and experience, and on individual appointments, to lead the process and make recommendations to the Board

The responsibilities of the Committee include

- (a) to evaluate the balance of skills, knowledge and experience of the Board of Directors and to prepare a description of the role and capabilities required for a particular appointment
In the case of the appointment of a Chairman, to prepare a job specification,
- (b) to select potential candidates to fill vacancies on the Board of Directors for recommendation to the Board,
- (c) to interview, or arrange for suitable directors to interview, candidates for Directors,
- (d) to review periodically the terms of appointment of the non-executive Directors, and
- (e) to consider whether a senior independent director should be appointed and, if appropriate, to identify and recommend to the Board suitable candidates for the role

A formal procedure for the appointment of new Directors is contained in the Terms of Reference of the Committee

Report on the Committee's Activities

The Committee did not have occasion to meet during the year ended 31 October 2006

A copy of the full Terms of Reference of the Nomination Committee is available on request from the Company Secretary

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRS) and have also elected to prepare financial statements for the Company in accordance with IFRS. Company law requires the Directors to prepare such financial statements in accordance with IFRS and the Companies Act 1985. International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. Directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- prepare the accounts on a going concern basis unless, having assessed the ability of the company to continue as a going concern, management either intends to liquidate the entity or to cease trading, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report which comply with the requirements of the Companies Act 1985.

The Directors believe that they have complied with these responsibilities.

Each of the persons who is a Director at the date of approval of this report confirms that

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors' Report

Independent Auditors' report to the members of Schroder Split Investment Fund plc

We have audited the Group and Company financial statements (the "financial statements") of Schroder Split Investment Fund plc for the year ended 31 October 2006 which comprise the Consolidated Income Statement, the Group and Parent Company Movement in Liabilities in Respect of Net Assets Attributable to Ordinary Shareholders, the Group and Parent Company Balance Sheets, the Group and Company Cash Flow Statements and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the annual report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

Independent Auditors' Report continued

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion

- the Group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's affairs as at 31 October 2006 and of its profit for the year then ended,
- the Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Company's affairs as at 31 October 2006,
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation, and
- the information given in the Directors' Report is consistent with the financial statements



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

22 January 2007

Consolidated Income Statement

		For the year ended 31 October 2006			(Restated) For the year ended 31 October 2005		
		Revenue Return £'000	Capital Return £'000	Total Return* £'000	Revenue Return £'000	Capital Return £'000	Total Return* £'000
Net gains on investments*	9	–	14,534	14,534	–	10,719	10,719
Income	2	4,203	–	4,203	3,797	–	3,797
Investment management fee	3	(251)	(374)	(625)	(201)	(303)	(504)
Administrative expenses	4	(246)	–	(246)	(239)	–	(239)
Net return before finance costs and taxation		3,706	14,160	17,866	3,357	10,416	13,773
Interest payable†	5	(224)	(335)	(559)	(307)	(462)	(769)
Provision for the redemption of Zero Dividend Preference Shares in the subsidiary		–	(2,817)	(2,817)	–	(2,614)	(2,614)
Dividends on Ordinary Shares							
Fourth interim dividend of 2 20p per share** (2004 2 00p)	7	(906)	–	(906)	(824)	–	(824)
First interim dividend of 1 60p per share (2005 1 50p)	7	(658)	–	(658)	(618)	–	(618)
Second interim dividend of 1 60p per share (2005 1 50p)	7	(658)	–	(658)	(618)	–	(618)
Third interim dividend of 1 60p per share (2005 1 50p)	7	(658)	–	(658)	(618)	–	(618)
Net return on ordinary activities before taxation		602	11,008	11,610	372	7,340	7,712
Taxation on ordinary activities	6	(143)	143	–	(149)	149	–
Increase in net assets attributable to Ordinary Shareholders		459	11,151	11,610	223	7,489	7,712
Net return per Ordinary Share	8	8.10p	27.07p	35.17p	7 04p	18 18p	25 22p
Net return per Zero Dividend Preference Share in the subsidiary	8	–	10.26p	10.26p	–	9 52p	9 52p

*The Total Return column of this statement is the Income Statement of the Group under IFRS. The Revenue Return and Capital Return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies

*Net gains on investments represent realised and unrealised profits or losses arising on the disposal or revaluation of investments held at a fair value through profit or loss and special dividends classified as capital

†Interest payable includes the fair value adjustment on the interest rate swap (as detailed in note 1)

**The fourth interim dividend of 2 20p per ordinary share was declared in respect of the year ended 31 October 2005 and 2 00p per ordinary share was declared in respect of the year ended 31 October 2004. The dividend history is provided on page 56

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

Comparative figures have been extracted from the statutory accounts for the year ended 31 October 2005 and have been restated in accordance with IAS 10 in respect of dividends, and IAS 32 and 39 in respect of Financial Instruments as disclosed in note 1

The classification of called-up share capital and reserves as liabilities (as detailed in note 1) means that the provision for redemption of the Zero Dividend Preference Shares and dividends on Ordinary Shares are treated as finance charges

The notes on pages 30 to 44 form an integral part of these accounts

Movement in Liabilities in Respect of Net Assets Attributable to Ordinary Shareholders

	Group and Company				
	Share capital £'000	Share purchase reserve £'000	Capital reserve £'000	Revenue reserve* £'000	Total £'000
Balance at 31 October 2005	412	37,565	3,234	540	41,751
Valuation adjustment from mid to bid	-	-	(43)	-	(43)
Add back accrued dividend	-	-	-	906	906
Revaluation of swap contract	-	-	(109)	(72)	(181)
Balance at 31 October 2005 (restated)	412	37,565	3,082	1,374	42,433
Dividend paid in respect of 31 October 2005	-	-	-	(906)	(906)
First interim dividend of 1 60p per share paid 31 March 2006	-	-	-	(658)	(658)
Second interim dividend of 1 60p per share paid 30 June 2006	-	-	-	(658)	(658)
Third interim dividend of 1 60p per share paid 29 September 2006	-	-	-	(658)	(658)
Net gains on investments	-	-	14,534	-	14,534
Other transfers to reserves	-	9	(3,383)	3,339	(35)
Balance at 31 October 2006	412	37,574	14,233	1,833	54,052
Balance at 31 October 2004	412	37,565	(4,278)	387	34,086
Valuation adjustment from mid to bid	-	-	(38)	-	(38)
Add back accrued dividend	-	-	-	824	824
Revaluation of swap contract	-	-	(91)	(60)	(151)
Balance at 31 October 2004 (restated)	412	37,565	(4,407)	1,151	34,721
Dividends paid in respect of 31 October 2004	-	-	-	(824)	(824)
First interim dividend of 1 50p per share paid 31 March 2005	-	-	-	(618)	(618)
Second interim dividend of 1 50p per share paid 30 June 2005	-	-	-	(618)	(618)
Third interim dividend of 1 50p per share paid 30 September 2005	-	-	-	(618)	(618)
Net gains on investments	-	-	10,719	-	10,719
Other transfers to reserves	-	-	(3,230)	2,901	(329)
Balance at 31 October 2005 (restated)	412	37,565	3,082	1,374	42,433

*The Revenue reserve is the distributable reserve

The classification of called up share capital and reserves as liabilities (as detailed in note 1) means that there are no shareholders funds and accordingly neither a Reconciliation of Movements in Shareholders' Funds nor a Statement of Changes in Equity are presented. This statement has been provided to explain the movement in the balances that represent liabilities in respect of assets attributable to Ordinary Shareholders.

The notes on pages 30 to 44 form an integral part of these accounts

Balance Sheets

At 31 October

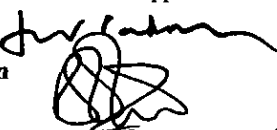
At 31 October

		2006		(Restated) 2005	
	Note	Group £'000	Company £'000	Group £'000	Company £'000
Non-current assets:					
Investments held at fair value through profit and loss					
– equity investments	9	84,792	84,792	72,033	72,033
– fixed interest investments	9	18,442	18,442	18,480	18,480
Held to maturity subsidiary undertaking	9	–	50	–	50
		103,234	103,284	90,513	90,563
Current assets					
Debtors	10	407	407	193	193
Short term deposits		2,082	2,082	571	571
Cash at bank		17	17	12	12
		2,506	2,506	776	776
Current liabilities					
Other payables	11	(414)	(464)	(226)	(276)
Net current assets		2,092	2,042	550	500
Total assets less current liabilities		105,326	105,326	91,063	91,063
Non-current liabilities:					
Loan facility	11	(12,100)	(12,100)	(12,100)	(12,100)
Interest rate swap	11	(8)	(8)	(181)	(181)
Amount owed to group undertaking	11	–	(39,166)	–	(36,349)
Zero Dividend Preference Shares in the subsidiary	11	(39,166)	–	(36,349)	–
Net assets attributable to Ordinary Shareholders		54,052	54,052	42,433	42,433
Liabilities in respect of net assets attributable to Ordinary Shareholders are represented by:					
Called-up share capital	13	412	412	412	412
Share purchase reserve	14	37,574	37,574	37,565	37,565
Capital reserves	15	14,233	14,233	3,082	3,082
Revenue reserve	16	1,833	1,833	1,374	1,374
		54,052	54,052	42,433	42,433
Funds attributable to:					
Ordinary Shares		54,052		42,433	
Zero Dividend Preference Shares in the subsidiary		39,166		36,349	
		93,218		78,782	
Net asset value per:					
Ordinary Share	18	131.20p		102.99p	
Zero Dividend Preference Share in the subsidiary	18	142.59p		132.34p	

Comparative figures have been extracted from the statutory accounts for the year ended 31 October 2005 and have been restated in accordance with IAS 10 in respect of dividends and IAS 32 and 39 in respect of Financial Instruments as disclosed in note 1

The financial statements were approved and authorised for issue by the Board of Directors on 22 January 2007 and signed on behalf of the Board by

John Padovan
Richard Martin
Directors



The notes on pages 30 to 44 form an integral part of these accounts

Cash Flow Statements

		Group and Company (Restated)	
		Year ended 31 October 2006 £'000	Year ended 31 October 2005 £'000
	Note		
Cash flow from operating activities			
Total return before taxation		11,610	7,712
Adjustment for			
– gains on investments held at fair value through profit or loss		(14,534)	(10,719)
– interest payable		559	769
– dividends on ordinary shares	7	2,880	2,678
– decrease/(increase) in investments		1,829	(1,138)
– provision for redemption of the Zero Dividend Preference Shares in the subsidiary	1	2,817	2,614
Operating cash inflow before movements in working capital		5,161	1,916
(Increase) in receivables		(230)	(13)
Increase/(decrease) in payables		13	(9)
Net cash inflow from operating activities before financing		4,944	1,894
Financing activities			
Ordinary equity dividends paid		(2,880)	(2,678)
Interest paid on bank loans		(548)	(739)
Net cash used in financing activities		(3,428)	(3,417)
Net increase/(decrease) in cash and cash equivalents		1,516	(1,523)
Cash and cash equivalents at start of the year	19	583	2,106
Cash and cash equivalents at end of the year	19	2,099	583

The notes on pages 30 to 44 form an integral part of these accounts

Notes to the Consolidated Accounts

1 Basis of accounting and accounting policies

(a) Basis of accounting

The Group financial statements consolidate the accounts of the Company and its wholly-owned subsidiary, Schroder Split ZDP plc and have been prepared on the going concern basis as, in the opinion of the Directors, the Company has adequate resources to continue for the foreseeable future. The Company has an initial planned life to 30 November 2007. The Company's Articles of Association require that, *inter alia*, unless released from the obligation by shareholders, the Directors shall convene an extraordinary general meeting on 30 November 2007 at which an ordinary resolution will be proposed to wind up the Company (see Going Concern Statement on page 17).

These are the first audited annual financial statements of the Group prepared in accordance with International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Accounting Standards Committee (IASC) as adopted by the European Union. Based on these standards, the Directors have applied the accounting policies, as set out below.

The disclosures required by IFRS 1 (First-time Adoption of the International Financial Reporting Standards) concerning the transition from UK GAAP to IFRS are given in note 20. Where presentational guidance set out in the Statement of Recommended Practice ("the SORP") for investment trusts issued by the Association of Investment Companies ("the AIC") in January 2003 and revised in December 2005 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the SORP. The principal impacts on the financial statements arising from the adoption of IFRS are:

- (i) IAS 32 *Financial Instruments: Disclosure and Presentation* requires that the Company's Ordinary Shares, in addition to the Zero Dividend Preference Shares issued in the subsidiary, are now classified as liabilities to reflect the rights and obligations attaching to those shares, specifically in connection with the planned initial life of the Company to 30 November 2007. It should be noted that these changes are purely presentational, and the rights and obligations of both share classes remain unchanged,
- (ii) IAS 39 *Financial Instrument: Recognition and Measurement*, together with the new SORP, require that investments previously valued at mid-market prices, are now valued at bid price,
- (iii) IAS 39 also requires that derivative contracts are carried in the balance sheet at their fair value, and any movements in that value are included in profit or loss. The Company uses an interest rate swap to fix its otherwise LIBOR-linked quarterly interest payments, at an equivalent of 6.05% per annum. The swap contract, which previously had been accounted for off-balance-sheet, as permitted under UK GAAP, is now accounted for on the balance sheet at its fair value, represented by a creditor (if the swap is "in favour of the lender") or a debtor (if the swap is "in favour of the Company"). Changes in fair value are treated as finance charges or credits, and accordingly are charged 60% to capital and 40% to revenue, in conformity with the Company's stated accounting policy for swap charges, and
- (iv) IAS 10 *Events after the Balance Sheet Date* requires that dividends declared or proposed by the Company are accounted for in the period in which the Company is liable to pay them. Previously, the Company accrued dividends in the period in which the net revenue, to which those dividends related, was accounted for.

(b) Presentation of the Consolidated Income Statement

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the total column of Consolidated Income Statement. In accordance with the Company's status as a UK investment company under s266 of the Companies Act 1985, net capital returns may not be distributed by way of a dividend. Additionally, the net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in s842 of the Income and Corporation Taxes Act 1988.

(c) Investments

Investments are recognised and unrecognised on a trade date when a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

All of the Group's investments are defined as investments designated as fair value through profit and loss.

For the purposes of the Company's balance sheet, the investment in the subsidiary is held at cost.

Quoted investments are valued at bid prices, according to the recognised conventions of the relevant market at the balance sheet date.

Notes to the Consolidated Accounts continued

(d) Financial instruments

Interest rate swaps

The Company uses an interest rate swap to manage its exposure to interest rate movements on its sterling bank borrowings

A contract with a nominal value of £12.1 million has fixed interest payments at a rate of 5.385% and floating interest receipts at 3 months LIBOR for periods up until November 2007

The fair value of the swap entered into, at 31 October 2006, is estimated as £8,000 in favour of the lender (31 October 2005 £181,000 in favour of the lender). Changes in the fair value of the swap are treated as a finance charge, and charged 60% to capital and 40% to revenue

Zero Dividend Preference Shares

The Zero Dividend Preference Shares in the subsidiary, due to redeem on 30 November 2007 at 154.59p, have been classified as liabilities as they represent a contractual agreement on behalf of the Group to deliver to their holders a fixed and determinable amount at the redemption date. They are accordingly accounted for at amortised cost using the effective interest rate method

(e) Dividends payable

Dividends paid to Ordinary shareholders are now classified as finance costs, as the Ordinary Shares are now classed as liabilities in accordance with IAS 32. The cost to the Company of these dividends will continue to be allocated 100% to the revenue account. This represents the distributable reserve

(f) Expenses

All expenses are accounted for on an accruals basis. The Board's expectation as expressed in the Prospectus dated 21 December 2001 is that, over the long term, 60% of Group investment returns will be in the form of capital gains. Accordingly the Group charges 60% of interest payable, swap charges and investment management fees (to the extent that the management fees relate to the maintenance or enhancement of the valuation of investments) to the capital account

All other administrative expenses are charged 100% to revenue

(g) Foreign exchange

Transactions denominated in foreign currencies are calculated in sterling at the rate of exchange ruling as at the date of such transactions. Assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date, and the resulting gains or losses are taken to capital reserves

(h) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that were applicable at the balance sheet date

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Consolidated Income Statement is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Consolidated Income Statement, then no tax relief is transferred to the capital return column

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Investment trusts which have approval as such under section 842 of the Income and Corporation Taxes Act 1988 are not liable for taxation on capital gains

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Consolidated Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Notes to the Consolidated Accounts continued**(i) Capital reserve – realised**

The following are accounted for in this reserve

- gains and losses on the realisation of investments, and
- other capital charges and credits in accordance with the above policies

(j) Capital reserve – unrealised

The following are accounted for in this reserve

- increases and decreases in the valuation of investments held at the year end

2 Income

	For the year ended 31 October 2006 £'000	For the year ended 31 October 2005 £'000
UK dividend income	3,015	2,563
Income from fixed interest investments	1,124	1,161
Income from investments	4,139	3,724
Deposit interest	63	73
Other income	1	–
Total Income	4,203	3,797

3 Investment management fee

	For the year ended 31 October 2006			For the year ended 31 October 2005		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	214	319	533	171	258	429
Irrecoverable VAT thereon	37	55	92	30	45	75
Total investment management fee	251	374	625	201	303	504

A summary of the terms of the Investment Management Agreement is given on page 10

4 Administrative expenses

	For the year ended 31 October 2006 £'000	For the year ended 31 October 2005 £'000
General expenses	62	58
Directors' emoluments (see Directors' Remuneration Report on page 12)	67	65
Secretarial fee	88	88
Auditors' remuneration		
— audit of the Company's annual accounts	18	14
— audit of the Company's subsidiary pursuant to legislation	3	2
— other services pursuant to legislation	8	–
— tax services	–	12
Total administrative expenses	246	239

Notes to the Consolidated Accounts continued**5 Interest payable**

	For the year ended 31 October 2006			(Restated) For the year ended 31 October 2005		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on loan facility	293	439	732	295	444	739
Fair value adjustment on interest rate swap	(69)	(104)	(173)	12	18	30
Total interest payable	224	335	559	307	462	769

6 Taxation*a) Analysis of tax charge on Ordinary Activities*

	For the year ended 31 October 2006			For the year ended 31 October 2005		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Tax attributable to expenses and interest payable charged to capital	143	(143)	–	149	(149)	–

No provision has been made for taxation on realised and unrealised gains on investments as the Company has conducted itself so as to achieve investment trust status under s842 of the Income and Corporation Taxes Act 1988

b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30% (2005 30%) The differences are explained below

	For the year ended 31 October 2006			Restated For the year ended 31 October 2005		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return on ordinary activities before taxation	3,482	11,008	14,490	3,050	7,340	10,390
Return on ordinary activities multiplied by the standard rate of UK corporation tax of 30% (2005 30%)	1,045	3,302	4,347	915	2,202	3,117
Tax effects of						
UK dividends	(904)	–	(904)	(770)	–	(770)
Capital returns on investments	–	(4,360)	(4,360)	–	(3,216)	(3,216)
Adjustments for other non taxable items	–	1,058*	1,058	–	1,014*	1,014
Adjustment for disallowable expenses	2	–	2	–	–	–
Interest rate swap adjustment	–	–	–	4	–	4
Transfer of relief on expenses charged to capital	–	(143)	(143)	–	(149)	(149)
Total current taxation	143	(143)	–	149	(149)	–

* There is no tax effect for the charge relating to the provision for redemption of Zero Dividend Preference Shares in the subsidiary which is included here

c) Provision for deferred taxation

No provision for deferred taxation has been made in the current or prior year

d) Factors that may affect future tax charges

The Group has deferred tax assets in respect of unutilised management expenses of £255,000 (2005 £154,000) which have not been recognised as it is not certain that the Group will have sufficient profits in the future to utilise these expenses

Notes to the Consolidated Accounts continued**7 Dividends**

	For the year ended 31 October 2006 £'000	(Restated) For the year ended 31 October 2005 £'000
Amounts recognised as distributions in the period		
Fourth interim dividend of prior year of 2 20p (2004 2 00p)	906	824
First interim dividend of 1 60p (2005 1 50p)	658	618
Second interim dividend of 1 60p (2005 1 50p)	658	618
Third interim dividend of 1 60p (2005 1 50p)	658	618
Total dividend of 7 00p (2005 6 50p)	2,880	2,678

The first three interim dividends of 1 60 pence per Ordinary Share each (2005 1 50 pence per Ordinary Share each) were paid on 41,199,661 (2005 41,199,661) Ordinary Shares in issue

The fourth interim dividend of the prior year of 2 20 pence per Ordinary Share (2004 2 00 pence per Ordinary Share) was paid on 41,199,661 (2004 41,199,661) ordinary shares in issue

The total dividends payable in respect of the financial year, which is the basis on which the requirements of s842 of the Income and Corporation Taxes Act 1988 are considered, is set out below

	For the year ended 31 October 2006 £'000	For the year ended 31 October 2005 £'000
First interim dividend of 1 60p (2005 1 50p)	658	618
Second interim dividend of 1 60p (2005 1 50p)	658	618
Third interim dividend of 1 60p (2005 1 50p)	658	618
Fourth interim dividend of 3 30p (2005 2 20p)	1,360	906
Total dividend of 8 10p (2005 6 70p)	3,334	2,760

The fourth interim dividend of 3 30 pence per Ordinary Share (2005 2 20 pence per Ordinary Share) was paid on 41,199,661 (2005 41,199,661) Ordinary Shares in issue

8 (a) Return per ordinary share

	For the year ended 31 October 2006	(Restated) For the year ended 31 October 2005
Increase in revenue return attributable to Ordinary Shareholders (£'000)	459	223
Total dividends (see note 7) (£'000)	2,880	2,678
Revenue return (£'000)	3,339	2,901
Capital return (£'000)	11,151	7,489
Total return (£'000)	14,490	10,390
Weighted average number of shares in issue	41,199,661	41,199,661
Revenue return	8.10p	7 04p
Capital return	27 07p	18 18p
Total return	35.17p	25 22p

Notes to the Consolidated Accounts continued**(b) Return per Zero Dividend Preference ("ZDP") Share**

The capital return per ZDP Share is based on the movement in the provision for redemption for the year of £2,817,000 (2005 £2,614,000) and on a weighted average of 27,467,332 shares in issue (2005 27,467,332). The ZDP shares are designed to deliver fixed capital growth of 7.75% compounded, from an issue price of 100p over the planned life of the subsidiary to 30 November 2007, resulting in a final capital entitlement of 154.59p, assuming sufficient assets are available.

The ZDP Shares carry no entitlement to income.

9 Investments held at fair value

	Group and Company For the year ended 31 October 2006			(Restated) Group and Company For the year ended 31 October 2005
	Equity Investments £'000	Fixed interest Investments £'000	Total Investments £'000	Total Investments £'000
Opening book cost	60,974	18,376	79,350	72,614
Opening unrealised gain	11,059	104	11,163	5,647
Opening valuation	72,033	18,480	90,513	78,261
Valuation adjustment (see note 20(c))	-	-	-	(38)
Opening valuation - restated	72,033	18,480	90,513	78,223
Purchases at cost	43,523	-	43,523	18,636
Sales proceeds	(45,336)	-	(45,336)	(17,065)
Realised gains for the year	7,036	-	7,036	9,099
Unrealised gains for the year	7,536	(38)	7,498	1,620
Closing valuation	84,792	18,442	103,234	90,513
Closing book cost	71,854	18,376	90,230	79,350
Closing unrealised gain	12,938	66	13,004	11,163
Closing valuation	84,792	18,442	103,234	90,513
Gains on investments				
Realised gains based on historical cost	12,693	-	12,693	5,165
Less: amounts recognised as unrealised in previous years (note 15)	(5,657)	-	(5,657)	3,934
Realised gains based on carrying value at previous balance sheet	7,036	-	7,036	9,099
Net movement in unrealised gains	7,536	(38)	7,498	1,620
Gains on investments	14,572	(38)	14,534	10,719

Transaction costs which include stamp duty and broker commissions have been included within the Capital account. Purchase transaction costs for the year ended 31 October 2006 amounted to £281,000 and sales transaction costs amounted to £61,000. The realised gains for the year includes special dividends of £961,000 classified as capital.

Company - Subsidiary undertaking

The subsidiary is valued at the cost of 50,002 £1 Ordinary Shares, fully paid and held by the Company.

Subsidiary undertaking

Company and business	Country of registration, incorporation and operation	Number and class of shares held by the Company	Holding at 31 October 2006	Profit/(loss) after tax for the year ended 31 October 2006
Schroder Split ZDP plc, Investment Company	England & Wales	£50,002 ordinary £1 shares	100%	£Nil

Notes to the Consolidated Accounts continued**10 Debtors**

	Group 31 October 2006 £'000	Company 31 October 2006 £'000	Group 31 October 2005 £'000	Company 31 October 2005 £'000
Sales for future settlement	–	–	16	16
Prepayments and accrued income	407	407	177	177
Total debtors	407	407	193	193

11 Creditors

	Group 31 October 2006 £'000	Company 31 October 2006 £'000	(Restated) Group 31 October 2005 £'000	Company 31 October 2005 £'000
Amounts falling due within one year	–	50	–	50
Amounts owed to subsidiary undertaking	414	414	226	226
Other creditors and accrued charges	414	464	226	276
Total	414	464	226	276
Amounts falling due after more than one year	Group 31 October 2006 £'000	Company 31 October 2006 £'000	Group 31 October 2005 £'000	Company 31 October 2005 £'000
Loan facility	12,100	12,100	12,100	12,100
Interest rate swap	8	8	181	181
Zero Dividend Preference Shares in the subsidiary	39,166	–	36,349	–
Loan from subsidiary undertaking	–	39,166	–	36,349
Total creditors	51,274	51,274	48,630	48,630

Amounts owed to subsidiary undertaking

A loan of £27,467,000 was made to Schroder Split Investment Fund plc by Schroder Split ZDP plc on the commencement of operations (being the proceeds of issue of the Zero Dividend Preference Shares). The Loan accrues at the rate of 7.75% per annum until scheduled repayment in November 2007 (see note below for further details). At 31 October 2006 Group total assets less current liabilities, but after deducting the fixed rate loan facility of £12,100,000 and the fair value adjustment of interest rate swap of £8,000, were £93,218,000 (2005 £78,782,000 restated). This was sufficient to provide cover at 31 October 2006 of 2.20 times (2005 1.86 times) over the full entitlement on redemption of Zero Dividend Preference Shares of £42,462,000.

Loan facility

The interest rate on the Bank Loan facility, via an interest rate swap, is at a fixed annual rate of 6.05% from the date of drawdown to the date of eventual repayment in November 2007. The purpose of the Bank Loan Facility is to provide Ordinary Shareholders with further geared exposure to an Equity and Fixed Interest Portfolio. The Bank Loan Facility agreement requires, amongst other conditions and covenants, that the total amount of the Group's indebtedness at all times represents not more than 50% of Total Net Assets (as defined in the agreement). The "Bank" (ING Bank NV) will have the option to call for repayment of any outstanding sums in the event, amongst other things, of any change in control of the Company or any change in the investment manager. At 31 October 2006 Group "indebtedness", as defined by the Bank, stood at 13% (2005 16%) of Total Net Assets.

Notes to the Consolidated Accounts continued**12 Contingent liabilities**

The Company had no contingent liabilities at the balance sheet date in the current or prior periods

13 Share capital

	31 October 2006 £'000	31 October 2005 £'000
Authorised share capital:		
155,000,000 shares of 1p each	1,550	1,550
Allotted, called up and fully paid:		
41,199,661 Ordinary shares of 1p each	412	412

Ordinary Shares

The Ordinary Shares are designed to provide a high level of income paid quarterly together with the potential for long term capital appreciation. Ordinary shareholders are entitled to the entire net distributable income of Schroder Split Investment Fund plc (SSIF) and any growth in income accrues to ordinary shareholders.

On a winding-up, and after satisfying all liabilities of the Company and Schroder Split ZDP plc ("SSZDP") (see below for a fuller description) which will include the capital entitlements of Zero Dividend Preference Shareholders, Ordinary Shareholders in the Company will be entitled to all the undistributed net income and the remaining assets of the Company.

Zero Dividend Preference Shares issued by the subsidiary

The Zero Dividend Preference ("ZDP") Shares are designed to offer a pre-determined level of capital return of 7.75% per annum compounded. This is achieved by the issue of the ZDP shares at an issue price of 100p, which are then repaid at the end of the planned life (30 November 2007) of SSZDP – "the subsidiary" at 154.59p per share.

There are 100,000,000 £1 ZDP shares comprising the authorised ZDP share capital of SSZDP of which 27,467,332 were issued fully paid on the initial listing date of 31 January 2002. No further shares have been issued to date.

The ZDP Shares were issued by SSZDP, rather than the Company itself so that they may be repaid on the planned winding-up date of SSZDP without requiring the Company to be wound up.

Apart from ZDP Shares, the issued share capital of SSZDP comprises of Ordinary Shares, held by the Company, which are the only voting shares of the subsidiary.

SSZDP has loaned substantially all its assets (which include the initial capital subscription proceeds for the ZDP Shares) to the Company on an unsecured interest-free basis (the "Loan").

The Loan is required to be repaid immediately prior to the planned winding-up date.

The Company has also entered into a subscription agreement (the "Subscription agreement") with SSZDP under which it will undertake that, no later than 30 November 2007 it will subscribe for such number of Ordinary Shares in SSZDP as is necessary to provide SSZDP with sufficient funds to meet the final capital entitlements of the ZDP shareholders on that date.

The obligations of the Company under the Loan and Subscription agreements are subordinated to the obligations of the Company under the Loan Facility agreement with its bankers.

As a result of these arrangements, all of the assets of the Group will be held by the Company but will be available to meet the final capital entitlement of the ZDP Shares as if the ZDP shares had been issued by the Company itself. In particular, the final capital entitlement of the ZDP shares will rank in priority to any entitlement of the Ordinary Shares, but behind the Company's liabilities.

Notes to the Consolidated Accounts continued

The ZDP Shares will not generally carry voting rights. However, the separate approval of the ZDP shareholders as a class will be required for any proposals that would be likely to affect their position generally including variation of the winding-up provisions and a change in the planned winding-up date of 30 November 2007.

Ordinary shares issued by the subsidiary

There are 50,002 £1 Ordinary shares comprising the authorised Ordinary share capital of SSZDP and these shares were issued fully paid at inception and are held by SSIF. No further share issues have been made to date.

14 Company and Group share purchase reserve

	2006 £'000	2005 £'000
At 1 November	37,565	37,565
Write-back of expenses	9	–
At 31 st October	37,574	37,565

15 Company and Group capital reserves

	Capital Reserve realised £'000	2006 (Restated) Capital Reserve unrealised £'000	(Restated) Capital Reserve Total £'000
Balance brought forward	(7,972)	11,206	3,234
Valuation adjustment	–	(43)	(43)
Interest rate swap adjustment	–	(109)	(109)
Balance brought forward (Restated)	(7,972)	11,054	3,082
Transfer on disposal of investments	5,657	(5,657)	–
Increase on unrealised gains on investments	–	7,498	7,498
Realised gains on investments sold	7,036	–	7,036
Investment management fee	(374)	–	(374)
Interest payable	(439)	104	(335)
Tax attributable to expenses and interest payable credited to capital	143	–	143
Provision for redemption of the Zero Dividend Preference Shares in the subsidiary	(2,817)	–	(2,817)
Balance carried forward	1,234	12,999	14,233

Notes to the Consolidated Accounts continued**16 Company and Group revenue reserve**

	2006 £'000	(Restated) 2005 £'000
Revenue reserve brought forward	1,374	1,151
Dividends	(2,880)	(2,678)
Transfer from revenue account	3,339	2,901
Revenue reserve carried forward	1,833	1,374

17 Company and Group revenue account

As permitted by Section 230 of the Companies Act 1985, the Company has not presented its own revenue account. The net revenue after taxation of the Company for the year dealt with in the accounts of the Group was £3,339,000 (2005 £2,901,000 restated)

18 Net asset values**Net asset value per Ordinary Share**

The net asset value per ordinary share is based on the net assets attributable to the Ordinary Shares of £54,052,000 (2005 £42,433,000 restated) and on 41,199,661 Ordinary Shares of 1p each in issue at 31 October 2006 (2005 41,199,661)

Net asset value per Zero Dividend Preference Share (ZDP)

The net asset value per ZDP Share is based on the net assets attributable to the ZDP Shares of £39,166,000 (2005 £36,349,000) and on 27,467,332 Shares of 100p each in issue in the subsidiary at 31 October 2006 (2005 27,467,332)

19 Company and Group analysis of changes in net debt

	At 1 November 2005 £'000	Cashflows £'000	At 31 October 2006 £'000	At 1 November 2004 £'000	Cashflows £'000	At 31 October 2005 £'000
Cash at bank	12	5	17	17	(5)	12
Short term deposits	571	1,511	2,082	2,089	(1,518)	571
	583	1,516	2,099	2,106	(1,523)	583
Loan facility						
Amounts due after more than one year	(12,100)	–	(12,100)	(12,100)	–	(12,100)
Total	(11,517)	1,516	(10,001)	(9,994)	(1,523)	(11,517)

Notes to the Consolidated Accounts continued**20 (a) Restatement of balances as at 31 October 2005 on the transition to IFRS**

On 1 November 2005 the Group and Company adopted IFRS. In accordance with IFRS1 (First Time Adoption of International Financial Reporting Standards), the following is a reconciliation of the financial position and results previously reported under applicable UK Accounting Standards and the SORP for investment trusts issued in 2003, as at 31 October 2005, to the restated IFRS financial position. The adjustments for IFRS are the same for the Company and the Group and therefore only the Group's reconciliation has been presented.

Group Balance Sheet

	Previously reported 31 October 2005 £'000	Adjustment £'000	Restated 31 October 2005 £'000
Non-current assets			
Investments held at fair value through profit and loss	90,556	(43)	90,513 ^(a)
Current assets			
Debtors	193	–	193
Cash at bank and short term deposits	583	–	583
	776	–	776
Creditors: amounts falling due within one year			
Other payables	(1,132)	906	(226) ^(c)
	(1,132)	906	(226)
Net current (liabilities)/assets	(356)	906	550
Total assets less current liabilities	90,200	863	91,063
Non-current liabilities			
Loan facility	(12,100)	–	(12,100)
Interest rate swap	–	(181)	(181) ^(b)
Zero Dividend Preference Shares in the subsidiary	(36,349)	–	(36,349)
Net assets attributable to Ordinary Shareholders	41,751	682	42,433
Liability in respect of net assets attributable to Ordinary Shareholders (formerly equity shareholders' funds) are represented by:			
Called up share capital	412	–	412
Share purchase reserve	37,565	–	37,565
Capital reserves	3,234	(152)	3,082 ^{(a)(b)}
Revenue reserve	540	834	1,374 ^{(b)(c)}
	41,751	682	42,433
Net asset value per ordinary share	101 33p	1 66p	102 99p
Zero Dividend Preference Shares in the subsidiary	132 34p	–	132 34p

Notes to the restatement of opening balances:

- ^(a) Effect of revaluation of non-current investments from mid to bid value
^(b) Effect of marking-to-market the interest rate swap, and charging the movement 60% as to capital and 40% to revenue
^(c) Effect of accounting for dividends in the period when the Company becomes liable to pay them

Notes to the Consolidated Accounts continued**20 (b) Reconciliation of the Statement of Total Return to the Consolidated Income Statement for the year ended 31 October 2005****Consolidated Income Statement**

	Previously reported 31 October 2005			Adjustment			Restated 31 October 2005		
	Revenue Return £'000	Capital Return £'000	Total Return £'000	Revenue Return £'000	Capital Return £'000	Total Return £'000	Revenue Return £'000	Capital Return £'000	Total Return £'000
Net gains on investments	-	10,724	10,724	-	(5)	(5)	-	10,719	10,719 ^(a)
Income	3,797	-	3,797	-	-	-	3,797	-	3,797
Investment management fee	(201)	(303)	(504)	-	-	-	(201)	(303)	(504)
Administrative expenses	(239)	-	(239)	-	-	-	(239)	-	(239)
Net return before finance costs and taxation	3,357	10,421	13,778	-	(5)	(5)	3,357	10,416	13,773
Interest payable	(295)	(444)	(739)	(12)	(18)	(30)	(307)	(462)	(769) ^(b)
Provision for the redemption of the Zero									
Dividend Preference Shares in the subsidiary	-	(2,614)	(2,614)	-	-	-	-	(2,614)	(2,614)
Dividends paid	-	-	-	(2,678)	-	(2,678)	(2,678)	-	(2,678) ^(c)
Return on ordinary activities before taxation	3,062	7,363	10,425	(2,690)	(23)	(2,713)	372	7,340	7,712
Taxation on ordinary activities	(149)	149	-	-	-	-	(149)	149	-
Increase in net assets attributable to									
ordinary shareholders	2,913	7,512	10,425	(2,690)	(23)	(2,713)	223	7,489	7,712
Dividends paid and proposed	(2,760)	-	(2,760)	2,760	-	2,760	-	-	- ^(c)
Transfer to reserves	153	7,512	7,665	70	(23)	47	223	7,489	7,712
Return per Ordinary Share	7 07p	18 23p	25 30p	(0 03)p	(0 05)p	(0 08)p	7 04p	18 18p	25 22p
Return per Zero Dividend Preference Share in the subsidiary	-	9 52p	9 52p	-	-	-	-	9 52p	9 52p

Notes to the restatement of opening balances:^(a) Effect of revaluation of non-current investments from mid to bid value^(b) Effect of marking-to-market the interest rate swap, and charging the movement 60% as to capital and 40% to revenue^(c) Effect of accounting for dividends in the period they are liable to be paid and the reclassification as finance costs

Notes to the Consolidated Accounts continued**20 (c) Restatement of opening balances as at 31 October 2004 on the transition to IFRS**

At 1 November 2005 the Group and Company adopted IFRS. In accordance with IFRS1 (First Time Adoption of International Financial Reporting Standards), the following is a reconciliation of the transition date opening balances as at 31 October 2004, previously reported under applicable UK Accounting Standards, and the SORP for investment trusts issued in 2003, to the restated IFRS financial positions

Group Balance Sheet

	Previously reported 31 October 2004 £'000	Adjustment £'000	Restated 31 October 2004 £'000
Non-current assets			
Investments at fair value through profit and loss	78,261	(38)	78,223 ^(a)
Current assets			
Debtors	797	–	797
Cash at bank and short term deposits	2,106	–	2,106
	2,903	–	2,903
Creditors amounts falling due within one year			
Other payables	(1,243)	824	(419) ^(c)
	(1,243)	824	(419)
Net current assets	1,660	824	2,484
Total assets less current liabilities	79,921	786	80,707
Non-current liabilities			
Loan facility	(12,100)	–	(12,100)
Interest rate swap	–	(151)	(151) ^(b)
Zero Dividend Preference Shares in the subsidiary	(33,735)	–	(33,735)
Net assets attributable to Ordinary Shareholders	34,086	635	34,721
Liability in respect of net assets attributable to Ordinary Shareholders (formerly equity shareholders' funds) are represented by:			
Called up share capital	412	–	412
Share purchase reserve	37,565	–	37,565
Capital reserves	(4,278)	(129)	(4,407) ^{(a)(b)}
Revenue reserve	387	764	1,151 ^{(b)(c)}
	34,086	635	34,721
Net asset value per:			
Ordinary Share	82 73p	1 54p	84 27p
Zero Dividend Preference Shares in the subsidiary	122 82p	–	122 82p

Notes to the restatement of opening balances:

^(a) Effect of revaluation of non-current investments from mid to bid value

^(b) Effect of marking-to-market the interest rate swap, and charging the movement 60% as to capital and 40% to revenue

^(c) Effect of accounting for dividends in the period when the Company becomes liable to pay them

Notes to the Consolidated Accounts continued

21 Related party transactions

The Company has appointed Schroder Investment Management Limited ("SIM"), a wholly owned subsidiary of Schroders plc, to provide investment management, accounting and administrative services. Details of the management fee arrangements for these services are given in the Report of the Directors on page 10. The total management fee payable under this agreement to SIM in respect of the year ended 31 October 2006 was £625,000 (2005 £504,000), of which £156,000 was outstanding at the year end (2005 £136,000). The total secretarial fee payable to SIM in respect of the year ended 31 October 2006 was £88,000 (2005 £88,000) of which £22,000 was outstanding at the year end (2005 £23,000). In addition to the above services, SIM also provided investment trust dealing services. The total cost to the Company for this service, payable to Lloyds TSB Registrars, for the year ended 31 October 2006 was £4,000 (2005 £2,000). A loan of £27,467,000 was made to Schroder Split Investment Fund plc by Schroder Split ZDP plc on the commencement of operations (being the proceeds of issue of the Zero Dividend Preference Shares). Details of the amounts owed to the subsidiary undertaking is given in note 11.

22 Risk analysis

Financial instruments and risk profile

The Group's investment objectives are twofold: to provide Ordinary Shareholders with a high level of income and the potential for capital appreciation and income growth and to provide ZDP Shareholders with a predetermined level of capital growth. Consistent with these objectives, the Company's financial instruments largely comprise UK equity and fixed interest investments. In addition, the Company holds cash and short-term deposits and various items such as debtors and creditors that arise directly from its operations. The financial instruments held by the Company are generally liquid. The Company's assets and liabilities are all stated at fair value.

The holding of securities, investing activities and associated financing undertaken pursuant to this objective involves certain inherent risks. Events may occur that would result in either a reduction in the Group's net assets or a reduction of revenue profits available for dividend.

The Company has entered into a derivative contract in the form of an interest rate swap, to fix the interest rate profile of its borrowings under the Loan facility. As an investment trust, the Company invests in securities for the long term. Accordingly, it is the Company's policy that no short-term trading in investments or other financial instruments shall be undertaken.

Currency risk

The Company does not face any currency risk directly since all its assets and liabilities are denominated in sterling.

Interest rate risk

The Company will be affected by changes in prevailing interest rates since a significant proportion of its financial assets are invested in a fixed interest portfolio. The effect of interest rate changes on the valuation of equities and fixed interest securities forms part of market price risk, which is considered separately below.

Financial liabilities

The Company currently has a credit facility of £12.1 million with ING Bank NV of which £12.1 million was drawn down, at a fixed interest rate of 6.05 per cent via an interest rate swap. The level of gearing is reviewed by the Board on a regular basis. The interest rate profile of the Company's financial liabilities (excluding short-term creditors) was

	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Period for which rate is fixed until
At 31 October 2006	–	12,100	30 November 2007
At 31 October 2005	–	12,100	30 November 2007

The interest rate on the Bank Loan facility is fixed via a swap transaction with ING Bank N V. The indicative amount payable required to cancel the swap arrangement at 31 October 2006 was £8,000 (2005 £181,000).

Notes to the Consolidated Accounts continued

Market price risk

The Company's exposure to market price risk comprises movements in the value of its equity and fixed interest investments. A detailed breakdown of the investment portfolio is given on page 6. In accordance with the Company's accounting policies all investments are stated at bid value. The Company does not hedge against movements in the value of these investments, although sensitivity to market price risk will be affected by changes in levels of borrowing and liquidity, as approved by the Board.

Credit risk

The Company's transactions in securities expose it to potential counterparty risk, although this is minimised by only entering into deals with brokers pre-approved by a credit committee of Schroder Investment Management Limited. These arrangements were in place throughout the current year and the prior year.

Group Summary and Shareholder Information

The Group

Schroder Split Investment Fund plc (the "Company") together with its wholly owned subsidiary, Schroder Split ZDP plc (the "Subsidiary"), is an investment trust listed on the London Stock Exchange. The assets of the Group are managed and it is administered by Schroders.

Schroder Split Investment Fund plc Dividend Timetable – Ordinary Shares

	Announced	Paid
1st interim	February	March
2nd interim	May	June
3rd interim	August	September
4th interim	November	December

Schroder Split Investment Fund plc Dividend History – Ordinary Shares

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
2002*	N/A	1 40p	1 40p	1 70p	4 50p
2003	1 40p	1 40p	1 40p	1 80p	6 00p
2004	1 40p	1 40p	1 40p	2 00p	6 20p
2005	1 50p	1 50p	1 50p	2 20p	6 70p
2006	1 60p	1 60p	1 60p	3 30p	8 10p

*Company launched on 31 January 2002

Share Price and Net Asset Value Information

The Ordinary Shares of the Company and Zero Dividend Preference ("ZDP") Shares of the Subsidiary are listed on the London Stock Exchange under the respective codes SCS and SSZ. The prices of the shares are quoted daily in The Financial Times, The Times and The Daily Telegraph.

Share price information, subject to a twenty minute delay, is also available on the Schroders website at

<http://www.schroders.co.uk>

The Company and its Subsidiary release the net asset value to the market weekly.

ZDP Shares

The ZDP Shares of the Subsidiary are designed to offer a predetermined rate of capital growth, but have no right to income. The capital growth accrues at a rate of 7.75% per annum compounded from the launch price of 100p per share and reaches a repayment value of 154.59p per share on the planned winding up date of 30 November 2007.

Ordinary Shares

The Ordinary Shares of the Company are designed to provide a high dividend yield which has the potential to increase together with the right to a return of capital on a winding-up after satisfying all liabilities of the Company and prior capital entitlements of the ZDP Shareholders. Ordinary Shareholders are entitled to the entire net distributable income of the Group and therefore any growth in the Group's net revenue will accrue to the Ordinary Shareholders.

Investing in Schroder Split Investment Fund plc and Schroder Split ZDP plc

Schroder Investment Trust Dealing Service

The Schroder Investment Trust Dealing Service provides a convenient and cost effective means of investing in the shares of Group companies. The Service offers investors

- a regular investment option (in Schroder Split Investment Fund plc) from a minimum of £50 per month,
- a lump sum investment option from a minimum of £1,000,
- daily dealing,
- competitive charges, and
- the option to reinvest income

Other investment trusts that are available through this service are Schroder AsiaPacific Fund plc, Schroder Income Growth Fund plc, Schroder UK Mid & Small Cap Fund plc, Schroder Japan Growth Fund plc, Schroder Oriental Income Fund Limited, Schroder UK Growth Fund plc, SVG Capital plc and International Biotechnology Trust plc

Individual Savings Account – Schroder Maxi ISA Plan

Schroders are providing a non CAT standard investment trust ISA, which includes the Ordinary Shares of Schroder Split Investment Fund plc but not the shares of Schroder Split ZDP plc. The investment trust ISA is designed as a maxi account, made up entirely of a stocks and shares component, a cash or insurance component is not offered

The Schroder ISA offers investors

- lump sum investments in the Ordinary Shares of the Company from a minimum of £1,000 to a maximum of £7,000 in the current tax year,
- a regular investment option from a minimum of £50 per month,
- competitive charges,
- the option to reinvest income, and
- the option to include other trusts

If you would like further information about the Schroder Investment Trust Dealing Service or the Schroder Maxi ISA, please contact the Company Secretary at 31 Gresham Street, London EC2V 7QA or call Schroder Investor Services on freephone 0800 718 777

Capital Gains Tax Information

For the benefit of those shareholders who acquired their holdings in the original Offer for Subscription, acquisition costs of the shares for capital gains tax purposes based upon initial dealings on 31 January 2002 are as follows

Per Ordinary Share in Schroder Split Investment Fund plc	100p
Per Zero Dividend Preference Share in Schroder Split ZDP plc	100p

For the 2006/2007 tax year, the annual capital gains of private individuals in excess of £8,800 (2005/2006 £8,500) are assessed under UK taxation law for capital gains tax. Residents in other jurisdictions may be subject to different regulations

Capital gains of shares disposed of by individuals may be eligible for taper relief

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of Schroder Split Investment Fund plc will be held at 3 00 p m on Friday, 9 March 2007 at 31 Gresham Street, London EC2V 7QA, to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 4 will be proposed as Ordinary Resolutions and resolution 5 will be proposed as a Special Resolution

Ordinary Resolutions

- 1 To receive the Report of the Directors and the audited Accounts for the year ended 31 October 2006
- 2 To approve the Directors' Remuneration Report for the year ended 31 October 2006
- 3 To re-elect Mr John Padovan as a Director of the Company
- 4 To re-appoint Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration

Special Resolution

- 5 That the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 (the "Act") to make market purchases (within the meaning of Section 163 of the Act) of Ordinary Shares of 1p each in the capital of the Company ("Shares"), provided that
 - (a) the maximum number of Shares hereby authorised to be purchased shall be 6,175,829 (equivalent to 14.99% of the share capital in issue on 29 January 2007),
 - (b) the minimum price which may be paid for a Share is 1p,
 - (c) the maximum price which may be paid for a Share is an amount equal to the greater of
 - (i) 105% of the average of the middle market quotations for a Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Share is purchased and (ii) the higher of the price of the last independent trade in the Shares and the highest then current bid for the shares on the London Stock Exchange,
 - (d) purchases may only be made pursuant to this authority if the Shares are (at the date of the proposed purchase) trading on the London Stock Exchange at a discount to the net asset value,
 - (e) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company unless such authority is renewed prior to such time, and
 - (f) the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract

By Order of the Board
Schroder Investment Management Limited
Company Secretary
Registered Number 4335725
29 January 2007

Registered Office
31 Gresham Street
London EC2V 7QA

Notice of Annual General Meeting continued

Notes

- 1 A member of the Company entitled to attend and vote at the Meeting may appoint a proxy or proxies to attend and on a poll to vote in his or her stead. A proxy need not be a member of the Company. Forms appointing proxies must be lodged with the Company's Registrar not less than 48 hours before the time appointed for the Meeting. The completion and return of a form of proxy will not preclude a holder entitled to attend and vote in person at the Meeting from doing so if he or she wishes.
- 2 In accordance with the requirements of the Companies Act 1985, a statement of all transactions of each Director and his interests in the shares of the Company will be available for inspection by any member of the Company at the registered office of the Company at 31 Gresham Street, London EC2V 7QA, during normal business hours and by any person attending the Meeting, during the continuance of the Meeting. None of the Directors has a contract of service with the Company.
- 3 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those Shareholders registered in the Register of Members of the Company at 6.00 p.m. on 7 March 2007 shall be entitled to attend and vote at the meeting in respect of the number of Shares registered in their name at that time. Changes to the Register of Members after 6.00 p.m. on 7 March 2007 shall be disregarded in determining the right of any person to attend and vote at the Meeting.
- 4 Profiles of each of the Directors offering themselves for re-election are on page 2 of this report.
- 5 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID7RA01) by the latest time for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by a particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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

Schroders is one of the largest asset managers listed on the London Stock Exchange with a history of over 200 years

We are a global asset management company with £122.8 billion under management as at 30 September 2006. Our clients are major financial institutions including pension funds, banks and insurance companies, local and public authorities, governments, charities, high net worth individuals and retail investors.

Our involvement in investment management began in 1922 and our clients benefit from an extensive range of products and services. We manage funds across all asset classes, with specialist capabilities in equities, fixed income, private equity, property, hedge funds and structured products.

Share price, portfolio and other information on Schroder investment trusts is available on our website

<http://www.schroders.co.uk>

Schroder Investment Management Limited is authorised and regulated by the Financial Services Authority