

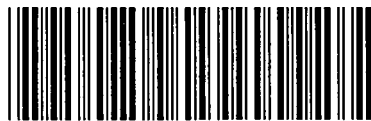
STANDARD LIFE UK SMALLER COMPANIES TRUST PLC

**UNAUDITED
SECTION 838 COMPANIES ACT 2006
INTERIM ACCOUNTS**

31 DECEMBER 2014

Registered in Scotland: No SC145455

FRIDAY



S43KBIVT

SCT

20/03/2015

#220

COMPANIES HOUSE

Statement of Directors' Responsibilities in respect of the Interim Accounts

Section 838 of the Companies Act 2006 requires the Directors to prepare interim accounts for the period from 1 July 2014 to 31 December 2014 for the purpose of determining the amount the Company may distribute by way of interim dividends.

The interim accounts are required to give a true and fair view of the state of the Company's affairs and profit or loss for the period and to be properly prepared in terms of Section 838 of the Companies Act 2006 subject to matters which are not material for determining whether the proposed distribution would contravene the relevant requirements of the Companies Act 2006.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Interim dividend

	£'000
Revenue reserves	
B/f revenue reserve at 1 July 2014 per Annual Report	4,340
Less: final interim dividend paid for 2014 on Ordinary shares – 2.90p	2,306
	<hr/>
Adjusted revenue reserves at 1 July 2014 (Companies Act basis)	2,034
	<hr/>
Current period (see Income Account)	
Revenue on ordinary activities after taxation	1,470
Less: proposed interim dividend for 2015 on Ordinary shares - 1.27p	903
	<hr/>
Revenue reserves after proposed interim dividend for 2014	567
	<hr/>
Adjusted revenue reserves at 1 July 2014	2,034
Current year revenue reserves after dividend proposed	567
	<hr/>
Revenue reserves after proposed interim dividend for 2015	2,601
	<hr/>

INCOME STATEMENT

Six months ended 31 December 2014				
(unaudited)				
	Note	Revenue £'000	Capital £'000	Total £'000
Net gains on investments held at fair value		-	2,225	2,225
Currency losses		-	-	-
Income	2	2,139	-	2,139
Investment management fee		(251)	(754)	(1,005)
Administrative expenses		(299)	-	(299)
Net return before finance costs and taxation		1,589	1,471	3,060
Finance costs		(118)	(354)	(472)
Return on ordinary activities before taxation		1,471	1,117	2,588
Taxation		(1)	-	(1)
Return on ordinary activities after taxation		1,470	1,117	2,587
Basic return per ordinary share	5	2.06p	1.56p	3.62p
Diluted return per ordinary share	5	1.90p	1.59p	3.49p

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

A Statement of Total Recognised Gains and Losses has not been prepared as all gains or losses are recognised in the Income Statement.

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

The accompanying notes are an integral part of the financial statements.

INCOME STATEMENT (cont'd)

Six months ended 31 December 2013

(unaudited)

		Revenue	Capital	Total
	Note	£'000	£'000	£'000
Net gains on investments held at fair value		-	36,846	36,846
Currency losses		-	(5)	(5)
Income	2	2,512	-	2,512
Investment management fee		(259)	(776)	(1,035)
Administrative expenses		(238)	-	(238)
Net return before finance costs and taxation		2,015	36,065	38,080
Finance costs		(138)	(414)	(552)
Return on ordinary activities before taxation		1,877	35,651	37,528
Taxation		(6)	-	(6)
Return on ordinary activities after taxation		1,871	35,651	37,522
Basic return per ordinary share	5	2.75p	52.49p	55.24p
Diluted return per ordinary share	5	2.47p	45.93p	48.40p

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

A Statement of Total Recognised Gains and Losses has not been prepared as all gains or losses are recognised in the Income Statement.

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

The accompanying notes are an integral part of the financial statements.

INCOME STATEMENT (cont'd)

Year ended 30 June 2014				
(audited)				
	Note	Revenue £'000	Capital £'000	Total £'000
Net gains on investments held at fair value		-	14,399	14,399
Currency losses		-	(13)	(13)
Income	2	4,860	-	4,860
Investment management fee		(526)	(1,580)	(2,106)
Administrative expenses		(566)	-	(566)
<hr/>				
Net return before finance costs and taxation		3,768	12,806	16,574
Finance costs		(262)	(786)	(1,048)
<hr/>				
Return on ordinary activities before taxation		3,506	12,020	15,526
Taxation		(6)	-	(6)
<hr/>				
Return on ordinary activities after taxation		3,500	12,020	15,520
<hr/>				
Basic return per ordinary share	5	5.05p	17.33p	22.38p
Diluted return per ordinary share	5	4.66p	15.90p	20.56p
<hr/>				

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

A Statement of Total Recognised Gains and Losses has not been prepared as all gains or losses are recognised in the Income Statement.


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

The accompanying notes are an integral part of the financial statements.

BALANCE SHEET

		As at 31 December 2014 (unaudited) £'000	As at 31 December 2013 (unaudited) £'000	As at 30 June 2014 (audited) £'000
	Note			
Non-current assets				
Investments held at fair value through profit or loss		219,260	239,645	212,603
Current assets				
Debtors and prepayments		327	796	1,348
AAA Money Market funds		19,338	18,823	29,798
Cash and short term deposits		28	4	5
		19,693	19,623	31,151
Creditors: amounts falling due within one year				
Other creditors		(890)	(874)	(4,617)
Net current assets		18,803	18,749	26,534
Non-current liabilities				
3.5% Convertible Unsecured Loan Stock 2018		(19,280)	(21,415)	(19,719)
Net assets		218,783	236,979	219,418
Capital and reserves				
Called-up share capital		17,774	17,389	17,846
Share premium account		19,804	14,429	19,309
Equity component of Convertible Unsecured Loan Stock 2018		1,470	1,470	1,470
Capital Redemption Reserve		133	-	-
Special reserve		45,399	46,871	46,871
Capital reserve		130,699	153,213	129,582
Revenue reserve		3,504	3,607	4,340
Equity shareholders' funds		218,783	236,979	219,418
Basic net asset value per ordinary share	8	307.74p	340.71p	307.38p
Diluted net asset value per ordinary share	8	299.57p	327.29p	298.92p

The financial statements were approved by the Board of Directors and authorised for issue on 20 February 2015 and were signed on its behalf by:



David Woods
Chairman

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital	Share premium account	Equity component CULS 2018	Capital redemption reserve	Special reserve	Capital reserve	Revenue reserve	Total
Six months ended 31 December 2014 (unaudited)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 June 2014	17,846	19,309	1,470	-	46,871	129,582	4,340	219,418
Return on ordinary activities after taxation	-	-	-	-	-	1,117	1,470	2,587
Buyback of Shares	(133)	-	-	133	(1,472)	-	-	(1,472)
Issue of new Ordinary shares from conversion of 3.5% Convertible Unsecured Loan Stock 2018	61	495	-	-	-	-	-	556
Dividends paid (see note 4)	-	-	-	-	-	-	(2,306)	(2,306)
Balance at 31 December 2014	17,774	19,804	1,470	133	45,399	130,699	3,504	218,783

	Share capital	Share premium account	Equity component CULS 2018	Capital redemption reserve	Special reserve	Capital reserve	Revenue reserve	Total
Six months ended 31 December 2013 (unaudited)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 June 2013	16,666	7,225	1,470	-	46,871	117,562	3,690	193,484
Return on ordinary activities after taxation	-	-	-	-	-	35,651	1,871	37,522
Issue of shares	463	5,179	-	-	-	-	-	5,642
Issue of new Ordinary shares from conversion of 3.5% Convertible Unsecured Loan Stock 2018	260	2,025	-	-	-	-	-	2,285
Dividends paid (see note 4)	-	-	-	-	-	-	(1,954)	(1,954)
Balance at 31 December 2013	17,389	14,429	1,470	-	46,871	153,213	3,607	236,979

	Share capital	Share premium account	Equity component CULS 2018	Capital redemption reserve	Special reserve	Capital reserve	Revenue reserve	Total
Year ended 30 June 2014 (audited)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 June 2013	16,666	7,225	1,470	-	46,871	117,562	3,690	193,484
Return on ordinary activities after taxation	-	-	-	-	-	12,020	3,500	15,520
Issue of shares	725	8,434	-	-	-	-	-	9,159
Issue of 3.5% Convertible Unsecured Loan Stock 2018	455	3,650	-	-	-	-	-	4,105
Dividends paid (see note 4)	-	-	-	-	-	-	(2,850)	(2,850)
Balance at 30 June 2014	17,846	19,309	1,470	-	46,871	129,582	4,340	219,418

CASHFLOW STATEMENT

	Six months ended 31 December 2014 (unaudited) £'000	Six months ended 31 December 2013 (unaudited) £'000	Year ended 30 June 2014 (audited) £'000
Net return on ordinary activities before finance costs and taxation	3,060	38,080	16,574
Adjustment for:			
Gains on investments	(2,225)	(36,846)	(14,399)
Currency losses	-	5	13
Revenue before finance costs and taxation	835	1,239	2,188
Decrease in accrued income	243	706	364
Increase in other debtors	(4)	(500)	(2)
Increase in other creditors	20	84	104
Net cash inflow from operating activities	1,094	1,529	2,654
Net cash outflow from servicing of finance	(360)	(436)	(828)
Net overseas tax	(1)	(6)	(6)
Net cash (outflow)/inflow from financial investment	(7,392)	7,570	15,200
Equity dividends paid	(2,306)	(1,954)	(2,850)
Net cash (outflow)/inflow before management of liquid resources and financing	(8,965)	6,703	14,170
Net cash inflow/(outflow) from management of liquid resources	10,460	(12,355)	(23,330)
Net cash inflow/(outflow) before financing	1,495	(5,652)	(9,160)
Financing			
Issue of shares	-	5,642	9,159
Buyback of Shares	(1,472)	-	-
Net cash inflow from financing	23	5,642	9,159
Increase/(decrease) in cash	23	(10)	(1)
Reconciliation of net cash flow to movements in net debt			
Increase/(decrease) in cash as above	23	(10)	(1)
Net change in liquid resources	(10,460)	12,355	23,330
Other non-cash movements	439	2,147	3,835
Movement in net debt in the period	(9,998)	14,492	27,164
Opening net debt	10,084	(17,080)	(17,080)
Closing net debt	86	(2,588)	10,084
Represented by:			
Cash and short term deposits	28	4	5
Money Market funds	19,338	18,823	29,798
Debt due in more than one year	(19,280)	(21,415)	(19,719)
	86	(2,588)	10,084

NOTES:

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared in accordance with applicable UK Accounting Standards, with pronouncements on half-yearly reporting issued by the Accounting Standards Board and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

The financial statements and the net asset value per share figures have been prepared in accordance with UK Generally Accepted Accounting Practice ('UK GAAP').

The half-year financial statements have been prepared using the same accounting policies as the preceding annual accounts.

(b) Dividends payable

Dividends are recognised in the period in which they are paid.

	Six months ended 31 December 2014 £'000	Six months ended 31 December 2013 £'000	Year ended 30 June 2014 £'000
2. Income			
Income from investments			
UK dividend income	1,838	2,283	4,153
REIT income	117	31	151
Overseas dividend income	124	167	464
	<u>2,079</u>	<u>2,481</u>	<u>4,768</u>
Other income			
Interest from Money Market funds	60	31	92
	<u>60</u>	<u>31</u>	<u>92</u>
Total income	<u>2,139</u>	<u>2,512</u>	<u>4,860</u>

3. Taxation

The taxation expenses reflected in the Income Statement is based on management's best estimate of the weighted annual corporation tax rate expected for the full financial year. The estimated annual tax rate used for the year to 30 June 2015 is 20.75%.

	Six months ended 31 December 2014 £'000	Six months ended 31 December 2013 £'000	Year ended 30 June 2014 £'000
4. Dividends			
Ordinary dividend on equity shares:			
2014 final dividend of 3.23p per share (2013 - 2.90p)	2,306	1,954	1,954
2014 interim dividend of 1.27p per share	-	-	896
	<hr/> 2,306	<hr/> 1,954	<hr/> 2,850

	Six months ended 31 December 2014 p	Six months ended 31 December 2013 p	Year ended 30 June 2014 p
5. Return per share			
Basic			
Revenue return	2.06	2.75	5.05
Capital return	1.56	52.49	17.33
Total return	3.62	55.24	22.38
Weighted average number of Ordinary shares	<hr/> 71,404,385	<hr/> 67,914,134	<hr/> 69,340,457

The figures above are based on the following:

	Six months ended 31 December 2014 £'000	Six months ended 31 December 2013 £'000	Year ended 30 June 2014 £'000
Revenue return	1,470	1,871	3,500
Capital return	1,117	35,651	12,020
Total return	<hr/> 2,587	<hr/> 37,522	<hr/> 15,520

	Six months ended 31 December 2014 p	Six months ended 31 December 2013 p	Year ended 30 June 2014 p
Return per share			
Diluted			
Revenue return	1.90	2.47	4.66
Capital return	1.59	45.93	15.90
Total return	3.49	48.40	20.56
Weighted average number of Ordinary shares	79,971,942	77,950,770	78,911,644

The figures above are based on the following:

	Six months ended 31 December 2014 £'000	Six months ended 31 December 2013 £'000	Year ended 30 June 2014 £'000
Revenue return	1,521	1,923	3,676
Capital return	1,269	35,807	12,548
Total return	2,790	37,730	16,224

The calculation of the diluted total, revenue and capital returns per ordinary share are carried out in accordance with Financial Reporting Standard 22, "Earnings per Share". For the purpose of calculating total, revenue and capital returns per Ordinary share, the number of Ordinary shares used is the weighted average number used in the basic calculation plus the number the number of Ordinary shares deemed to be issued for no consideration on exercise of all Convertible Unsecured Loan Stock 2018 (CULS). The calculations indicate that the exercise of CULS would result in an increase in the weighted average number of Ordinary shares of 8,567,557 (31 December 2013 - 10,036,636 and 30 June 2014 - 9,571,187) to 79,971,942 (31 December 2013 - 77,950,770 and 30 June 2014 - 78,911,644) Ordinary shares.

Where dilution occurs, the net returns are adjusted for items relating to the Convertible Unsecured Loan Stock ("CULS"). Total earnings for the period are tested for dilution. Once dilution has been determined individual revenue and capital earnings are adjusted. CULS finance costs for the period and unamortised issues expenses are reversed.

6. Capital reserve

The capital reserve reflected in the Balance Sheet at 31 December 2014 includes gains of £69,214,000 (31 December 2013 - £122,274,000; 30 June 2014 - £78,185,000) which relate to the revaluation of investments held at the reporting date.

7. Transaction costs

During the period, expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Income Statement. The total costs were as follows:

	Six months ended 31 December 2014 £'000	Six months ended 31 December 2013 £'000	Year ended 30 June 2014 £'000
Purchases	143	125	278
Sales	26	29	67
	169	154	345

8. Net asset value

Total shareholders' funds have been calculated in accordance with the provisions of applicable accounting standards. The analysis of total shareholders' funds on the face of the Balance Sheet reflects the rights, under the Articles of Association of the ordinary shareholders on a return of assets.

These rights are reflected in the net asset value and the net asset value per share attributable to ordinary shareholders at the period end.

	Six months ended 31 December 2014	Six months ended 31 December 2013	Year ended 30 June 2014
Basic net asset value per share			
Total shareholders' funds	£218,783,000	£236,979,000	£219,418,000
Number of ordinary shares in issue at the period end (excluding shares held in treasury)	71,094,608	69,554,370	71,383,586
Net asset value per share	307.74p	340.71p	307.38p
Diluted net asset value per share			
Total shareholders' funds	£238,239,000	£258,594,000	£239,317,000
Number of ordinary shares in issue at the period end (excluding shares held in treasury)	79,527,127	79,009,724	80,059,702
Net asset value per share	299.57p	327.29p	298.92p

During the year the Company repurchased 532,567 Ordinary shares at a cost of £1,472,000. In October 2014 £577,944 (2013 - £2,463,662) nominal amount of 3.5% Convertible Unsecured Loan Stock 2018 was converted into 243,589 (2013 - 1,038,382) new Ordinary shares.

As at 31 December 2014 there were 71,094,608 Ordinary shares in issue (31 December 2013 - 69,554,370 and 30 June 2014 - 71,383,586). Since 31 December 2014, the Company has repurchased 661,318 Ordinary shares.

The diluted net asset value per Ordinary share as at 31 December 2014 has been calculated on the assumption that £20,006,506 (31 December 2013 - 22,433,225 and 30 June 2014 - 20,584,450) 3.5% Convertible Unsecured Loan Stock 2018 are converted at 237.25p per share, giving a total of 79,527,127 (31 December 2013 - 79,009,724 and 30 June 2014 - 80,059,702) Ordinary shares. Where dilution occurs, the net assets are adjusted for items relating to the convertible loan stock.

Net asset value per share - debt converted

In accordance with the Company's understanding of the current methodology adopted by the AIC, convertible financial instruments are deemed to be 'in the money' if the cum income (debt at fair value) net asset value ("NAV") exceeds the conversion price of 237.25p per share. In such circumstances a net asset value is produced and disclosed assuming the convertible debt is fully converted. At 31 December 2014 the cum income (debt at fair value) NAV was 307.74p (30 June 2014 - 307.38p, 31 December 2013 - 340.71p) and thus the CULS 2018 were 'in the money'.

9. The financial information in this report does not constitute statutory accounts as defined in Sections 434 - 436 of the Companies Act 2006. The financial information for the year ended 30 June 2014 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under Section 498 (2), (3) or (4) of the Companies Act 2006. The interim accounts have been prepared using the same accounting policies as the preceding annual accounts.
10. This Half-Yearly Report was approved by the Board on 20 February 2015

For Standard Life UK Smaller Companies Trust plc
Maven Capital Partners UK LLP, Secretary