Registered Number : 25526

The Henderson Smaller Companies Investment Trust plc

Unaudited Interim Accounts
for the twelve months ended 31 May 1999

(prepared for the purposes of Section 270 of the Companies Act 1985)

The Henderson Smaller Companies Investment Trust plc

Revenue Account
for the twelve months ended 31 May 1999

	Twelve months ended 31 May 1999 £'000	Twelve months ended 31 May 1998 £'000
Income from fixed asset investments		
Franked	**7,227**	8,638
Unfranked	**1,764**	2,458
	8,991	11,096
Other interest receivable and similar income		
Bank interest	**562**	541
Underwriting commission and other income	**71**	56
Gross revenue	**9,624**	11,693
Administrative expenses	**(2,616)**	(2,566)
Net revenue before interest payable and taxation	**7,008**	9,127
Interest payable		
Debentures : repayable wholly or partly after five years	**(2,100)**	(2,100)
Bank loans and overdrafts : repayable within one year	**(131)**	(35)
	(2,231)	(2,135)
Net revenue on ordinary activities before taxation	**4,777**	6,992
Taxation on net revenue on ordinary activities	**(1,156)**	(1,623)
Net revenue on ordinary activities after taxation	**3,621**	5,369
Dividends : cumulative preference stock	**(33)**	(28)
Net revenue attributable to ordinary shareholders	**3,588**	5,341
Dividends : ordinary shares		
Interim of 1.50p (1998:1.50p)	**(2,673)**	(2,673)
Final of 2.45p (1998: 2.45p)	**(4,361)**	(4,366)
	(7,034)	(7,039)
Transfer (from)/to retained revenue account	**(3,446)**	(1,698)
Earnings per ordinary share	**2.01p**	3.00p

The Henderson Smaller Companies Investment Trust plc

Balance Sheet
at 31 May 1999

	31 May 1999 £'000	31 May 1998 £'000
Fixed asset investments		
Listed at market value	**558,090**	622,897
Unlisted at directors' valuation	**5,067**	12,246
Investment in subsidiary undertaking	**4,169**	3,600
	567,326	638,743
Current assets		
Debtors	**1,909**	2,712
Cash at bank and short term deposits	**15,299**	5,746
	17,208	8,458
Creditors : amounts falling due within one year	**(9,527)**	(13,173)
Net current assets/(liabilities)	**7,681**	(4,715)
Total assets less current liabilities	**575,007**	634,028
Creditors : amounts falling due after more than one year	**(20,000)**	(20,000)
Total net assets	**555,007**	614,028
Capital and reserves		
Called up share capital	**44,519**	45,425
Other capital reserves (note 3)	**508,870**	562,186
Revenue reserve (note 4)	**1,618**	6,417
Shareholders' funds (including non-equity interests of £19,000; 1998: £875,000)	**555,007**	614,028

Peter Lastbury Director

The unaudited interim accounts were approved by the directors on 14 July 1999.

Notes to the Unaudited Interim Accounts

1. **Interim Accounts**

These interim accounts have been prepared for the purposes of section 270 of the Companies Act 1985 and do not constitute statutory accounts.

2. **Accounting Policies**

a) **Basis of accounting**
The accounts are prepared on the historical cost basis of accounting, modified to include the revaluation of investments. The accounts have been prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice *Financial Statements of Investment Trust Companies* ("the SORP"). All of the Company's operations are of a continuing nature.

b) **Valuation of fixed asset investments**
Listed investments in Great Britain are valued according to the prices issued by the London Stock Exchange, being the closing mid-market prices for all investments other than FTSE 100 constituents and FTSE 100 reserve list constituents for which the last traded prices are used. Overseas listed investments and investments which are quoted but are unlisted are valued at their closing or middle market prices issued by various sources. Fixed asset unlisted investments are valued by the directors at the balance sheet date. Investments for which market quotations are available, but which are restricted as to saleability or transferability, are valued at the listed prices less a discount of 25% and are included in unlisted investments. Other unlisted investments are valued at cost, unless circumstances indicate different valuations are warranted, in which case valuations are made at the discretion of the directors. In general, valuations are increased where a substantial arm's length transaction has occurred subsequent to acquisition at a price higher than cost. Valuations are decreased where subsequent transactions have taken place at a price lower than cost or where the directors are aware that the company is experiencing operating difficulties.

c) **Capital gains and losses**
Realised and unrealised capital gains and losses on fixed asset investments, together with exchange differences arising on the translation of foreign currency assets and liabilities, are dealt with in the other capital reserves.

d) **Income**
Dividends receivable on equity shares are taken to the revenue account on an ex-dividend basis. Income from fixed interest debt securities is recognised on a time apportionment basis and, if material, so as to reflect the effective yield on these securities.

Notes to the Unaudited Interim Accounts, continued

e) **Expenses**
All expenses and interest payable are accounted for on an accruals basis. All administrative expenses, including the management fee and interest payable, are charged to the revenue account. Expenses which are incidental to the purchase or sale of an investment are included within the cost or deducted from the proceeds of the investment.

f) **Taxation**
Advance corporation tax ("ACT") payable on dividends paid or provided for in the year is written off, except when recoverability is considered to be reasonably certain and foreseeable. In considering recoverability debit balances arising in respect of ACT on dividends paid or payable at the balance sheet date are carried forward only to the extent that it is foreseen that they will be recovered against the tax liability of the current year or subsequent year.

g) **Deferred taxation**
Deferred taxation is provided at the anticipated tax rate on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts, to the extent that it is probable that a liability or asset will crystallise in the future.

h) **Foreign currency**
Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Assets and liabilities denominated in overseas currencies at the balance sheet date are translated into sterling at the exchange rates ruling at that date.

3. **Other capital reserves**

	Capital redemption reserve £'000	Unrealised appreciation £'000	Other realised reserves £'000	Total £'000
At 1 June 1998	-	221,507	340,679	562,186
Transfer on disposal of assets	-	(41,965)	41,965	-
Net gains on fixed asset investments	-	7,181	(61,084)	(53,903)
Net losses on foreign exchange	-	-	(319)	(319)
Purchase of own shares	906	-	-	906
At 31 May 1999	906	186,723	321,241	508,870

The reserve for unrealised appreciation at 31 May 1999 includes £1,797,000 (1998: £3,055,000) in respect of unrealised appreciation of unlisted investments.

4. **Revenue reserve**

	£'000
At 1 June 1998	6,417
Retained deficit for the year	(3,446)
Purchase of own shares	(1,353)
At 31 May 1999	--------
	1,618
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