

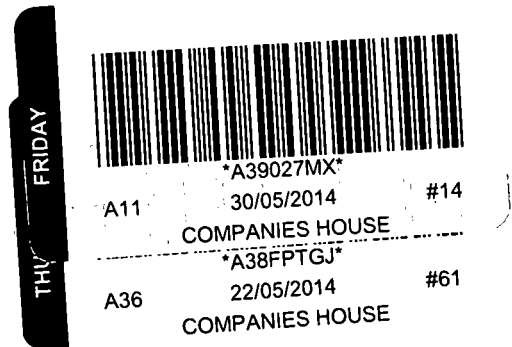
Registered number: 670489

# Lowland Investment Company plc

## Unaudited interim accounts

For the period from 1 October 2013 to 31 March 2014

*(prepared for the purposes of Section 838 of the  
Companies Act 2006)*



**Lowland Investment Company plc**  
**Income Statement**  
**For the period from 1 October 2013 to 31 March 2014**

	Notes	Revenue return £'000	Capital return £'000	Total £'000
Gains from investments held at fair value through profit or loss		-	27,560	27,560
Income from investments held at fair value through profit or loss		4,910	-	4,910
Other interest receivable and similar income		135	-	135
<b>Gross revenue and capital gains</b>		<u>5,045</u>	<u>27,560</u>	<u>32,605</u>
Management and performance fees		(817)	(1,092)	(1,909)
Other administrative expenses		(267)	-	(267)
<b>Net return on ordinary activities before finance costs and taxation</b>		<u>3,961</u>	<u>26,468</u>	<u>30,429</u>
Finance costs		(433)	-	(433)
<b>Net return on ordinary activities before taxation</b>		<u>3,528</u>	<u>26,468</u>	<u>29,996</u>
Taxation on net return on ordinary activities	2	(19)	-	(19)
<b>Net return on ordinary activities after taxation</b>		<u>3,509</u>	<u>26,468</u>	<u>29,977</u>
<b>Return per ordinary share</b>	3	13.1p	98.5p	111.6p

The total columns of this statement represent the income statement of the Company. All capital and revenue items derive from continuing operations. No operations were acquired or discontinued during the period. The Company has no recognised gains or losses other than those recognised in the Income Statement.

**Lowland Investment Company plc**  
**Reconciliation of Movements in Shareholders' Funds**  
**For the period from 1 October 2013 to 31 March 2014**

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2013	6,642	55,514	1,007	275,464	8,575	347,202
Net return on ordinary activities after taxation	-	-	-	26,468	3,509	29,977
Share issue proceeds	81	4,409	-	-	-	4,490
Third Interim dividend paid (note 7)	-	-	-	-	(2,267)	(2,267)
Final dividend paid (note 7)	-	-	-	-	(2,420)	(2,420)
At 31 March 2014	<u>6,723</u>	<u>59,923</u>	<u>1,007</u>	<u>301,932</u>	<u>7,397</u>	<u>376,982</u>

**Lowland Investment Company plc**  
**Balance Sheet**  
**at 31 March 2014**

	Notes	£'000
<b>Investments held at fair value through profit or loss</b>	4	<u>425,627</u>
<b>Current assets</b>		
Debtors	5	1,974
Cash at bank		<u>351</u>
		2,325
<b>Creditors: amounts falling due within one year</b>	6	<u>(50,970)</u>
<b>Net current liabilities</b>		(48,645)
<b>Total Net assets</b>		<u><u>376,982</u></u>
<b>Capital and reserves</b>		
Called up share capital		6,723
Share premium account		59,923
Capital redemption reserve		1,007
Other capital reserves		301,932
Revenue reserve		7,397
<b>Equity shareholders' funds</b>		<u><u>376,982</u></u>

The unaudited interim accounts were approved by the directors on 19 May 2014 and signed on their behalf by:



Director

**RUPERT BARCLAY**

## NOTES TO THE ACCOUNTS

The accounts cover the six months from 1 October 2013 to 31 March 2014

### 1. Accounting policies

#### (a) Basis of accounting

The financial statements have been prepared on a going concern basis and under the historical cost basis of accounting, as modified to include the revaluation of investments at fair value. The financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") in January 2009.

All the Company's operations are of a continuing nature. The Company's accounting policies are consistent with the prior year

#### (b) Valuation of investments held at fair value through profit or loss

Listed investments, including AIM stocks, have been designated by the Board as held at fair value through profit or loss and accordingly are valued at fair value, deemed to be bid market price or the last traded price depending on the convention of the exchange on which the investment is quoted.

Unquoted investments have also been designated as held at fair value through profit or loss and are valued by the directors using primary valuation techniques such as earnings multiples, recent transactions and net assets. Where fair value cannot reliably be measured the investment will be carried at the previous reporting date value unless there is evidence that the investment has since been impaired, in which case the value will be reduced.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as "Gains or losses on investments held at fair value through profit or loss". Transaction costs incurred on the purchase and disposal of investments are recognised as a capital item in the Income Statement. All purchases and sales are accounted for on a trade date basis.

#### (c) Foreign currency

The results and financial position of the Company are expressed in pounds sterling, which is the functional currency and presentational currency of the Company. Sterling is the functional currency because it is the currency of the primary economic environment in which the Company operates.

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.

Any gains or losses on the translation of foreign currency balances, whether realised or unrealised, are taken to the capital or to the revenue return of the Income Statement, depending on whether the gain or loss is of a capital or revenue nature.

#### (d) Income

Dividends receivable from equity shares are taken to the revenue return on an ex-dividend basis except where, in the opinion of the directors, the dividend is capital in nature in which case it is taken to the capital return. Income from fixed interest debt securities and preference shares is recognised using the effective interest rate method in accordance with the SORP. The ordinary element of scrip dividends received in lieu of cash dividends is recognised as revenue. Any enhancement above the cash dividend is treated as capital.

Bank interest and stock lending income are accounted for on an accruals basis.

Where the Company enters into a commitment to underwrite an issue of securities in exchange for the receipt of commission, this creates a derivative financial instrument. Any such derivatives are recognised initially at fair value and are subsequently re-measured at fair value, with the related gains and losses being reflected in the Income Statement. Net losses arising from these derivatives, where the actual or expected loss from taking up the securities underwritten exceeds the commission income, are allocated to the capital return. Net gains are allocated to the revenue return.

#### (e) Management and administrative expenses and finance charges

All expenses and finance charges are accounted for on an accruals basis. All administrative expenses, including the management fee and interest payable, are charged to the revenue return of the Income Statement. Any Performance fees payable are allocated wholly to capital.

#### (f) 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 year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the effective tax rate of corporation tax for the accounting period.

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 Income Statement is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely against expenses presented in the revenue return column of the Income Statement, then no tax relief is transferred to the capital return column.

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. Any liability to deferred tax is provided at the average rate of tax expected to apply based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

#### (h) Borrowings

Interest-bearing bank loans, overdrafts and debentures are recorded initially at fair value, being the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost. Finance charges, including interest payable, premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

**(i) Dividends payable to shareholders**

Dividends payable to shareholders are recognised in the financial statements when they are paid, or in the case of final dividends, when they are approved by the shareholders. Dividends are dealt with in the Reconciliation of Movements in Shareholders' Funds.

**(j) Issue and repurchase of ordinary shares and associated costs**

The proceeds from the issue of new ordinary shares (including those relating to the sale out of treasury) and the aggregate cost of repurchasing ordinary shares (including those to be held in treasury) are taken directly to the share premium account and dealt with in the Reconciliation of Movements in Shareholders' Funds. Issue costs incurred in respect of new ordinary shares are offset against the proceeds received and dealt with in the share premium account. Issue costs incurred in respect of shares sold out of treasury are offset against proceeds received and dealt with in the share premium account. Share issue and repurchase transactions are accounted for on a trade date basis.

	Revenue return £'000	Capital return £'000	Total £'000
<b>2. Taxation</b>			
Irrecoverable withholding tax	19	-	19
	<u>19</u>	<u>-</u>	<u>19</u>

**3. Return per share**

The return per share is based on the net return attributable to the ordinary shares of £ 29,977,000 and on the 26,859,185 being the weighted average number of shares in issue during the period.

The revenue return per share is based on the net revenue attributable to the ordinary shares of £3,509,000 and on the 26,859,185 being the weighted average number of shares in issue during the period.

The capital return per ordinary share is based on the net revenue attributable to the shares of £26,468,000 and on the 26,859,185 being the weighted average number of shares in issue during the period.

**4. Investments held at fair value through profit or loss**

	£'000
Valuation at 1 October 2013	395,422
Investment holding gains at 1 October 2013	(118,015)
Book cost at 1 October 2013	<u>277,407</u>
Acquisitions at cost	34,787
Disposals at cost	<u>(19,525)</u>
Book cost at 31 March 2014	292,669
Investment holding gains at 31 March 2014	<u>132,958</u>
Valuation at 31 March 2014	<u>425,627</u>

**5. Debtors**

	£'000
Taxation recoverable	20
Other debtors	-
Prepayments and accrued income	<u>1,954</u>
	<u>1,974</u>

**6. Creditors: amounts falling due within one year**

	£'000
Bank loans	48,892
Other accruals	<u>2,078</u>
	<u>50,970</u>

**7 Dividend**

The Dividends paid are represented by the third interim payment for the year ended 30 September 2013 totalling of £2,267,000 and the final payment for the year ended 30 September 2013 totalling of £2,420,000.