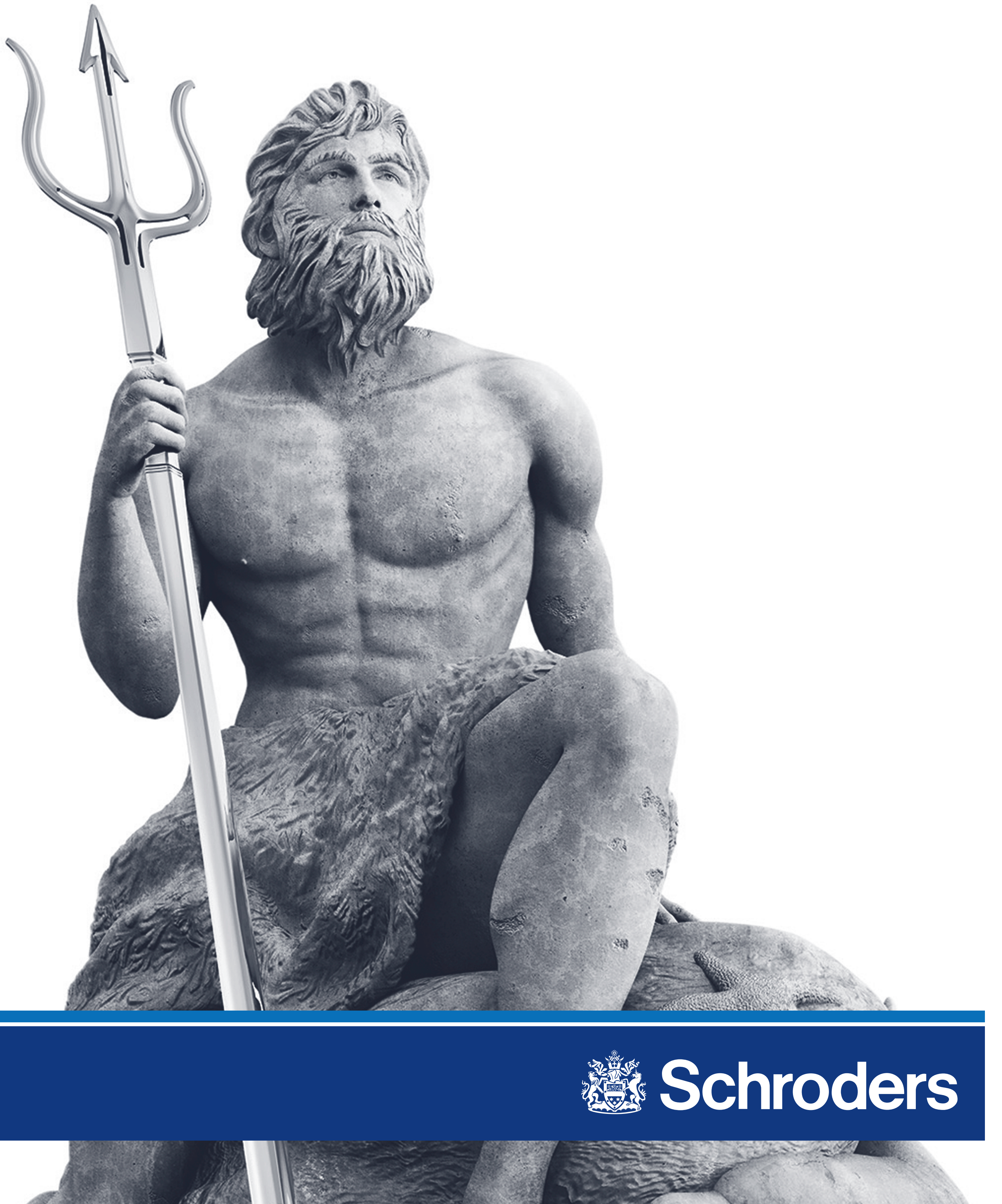
Schroder UK Growth Fund plc

Report and Accounts for the year ended 30 April 2015



Schroders

Investment Objective and Advisers

Investment objective

The Company's principal investment objective is to achieve capital growth predominantly from investment in UK equities, with the aim of providing a total return in excess of the FTSE All-Share Index.

Alternative Investment Fund Managers ("AIFM") Directive

Certain pre-sale, regular and periodic disclosures required by the AIFM Directive may be found either in this Annual Report or on the web at www.schroders.co.uk/its.

Advisers

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Investment Manager and Company Secretary
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*Calls to this number are free of charge from UK landlines.

Directors

Alan Clifton (Chairman) Chairman since 5 August 2002, was appointed as a Director on 18 June 2001 and was previously the Managing Director of Morley Fund Management (now Aviva Investors), the asset management arm of Aviva plc. He is currently Chairman of JPMorgan Japan Smaller Companies Trust plc and of International Biotechnology Trust plc and a Director of Invesco Perpetual Select Trust plc and Macau Property Opportunities Fund Ltd.

Bob Cowdell was appointed as a Director on 1 November 2011. He is currently a Director of Catlin Insurance Company (UK) Limited, Catlin Underwriting Agencies Limited, XL Insurance Company SE, XL London Market Limited and Chairman of Real Estate Credit Investments PCC Limited. He was previously co-founder and Head of the ABN AMRO Global Investment Funds Team and Head of Financials at RBS Hoare Govett.

Carolan Dobson was appointed as a Director on 13 March 2014. She is Chairman of Aberdeen Smaller Companies High Income Trust plc and JP Morgan European Smaller Companies Trust plc. She is also a non-executive Director of The Brunner Investment Trust plc. She was a fund manager holding a number of positions including Director at Murray Johnstone Ltd and subsequently undertook several key roles at Abbey Asset Managers Ltd.

Each Director is a member of the Audit, Management Engagement and Nomination Committees.
Mr Clifton is Chairman of the Nomination and Management Engagement Committees and Mrs Pirie is Chairman of the Audit Committee.

Andrew Hutton was appointed as a Director on 3 September 2008. He is owner and Director of A.J. Hutton Ltd., an investment advisory firm. He was previously a Managing Director of JP Morgan and Head of Investment Management at Coutts Group. He is currently Chairman of JP Morgan Global Emerging Markets Income Trust PLC.

Stella Pirie OBE was appointed as a Director on 5 August 2002. She was formerly Senior Independent Director and Audit Committee Chairman of Avon Rubber plc. She has been Chair of Governors of Bath Spa University and a Director of GCap Media plc and a number of other public and private sector companies.

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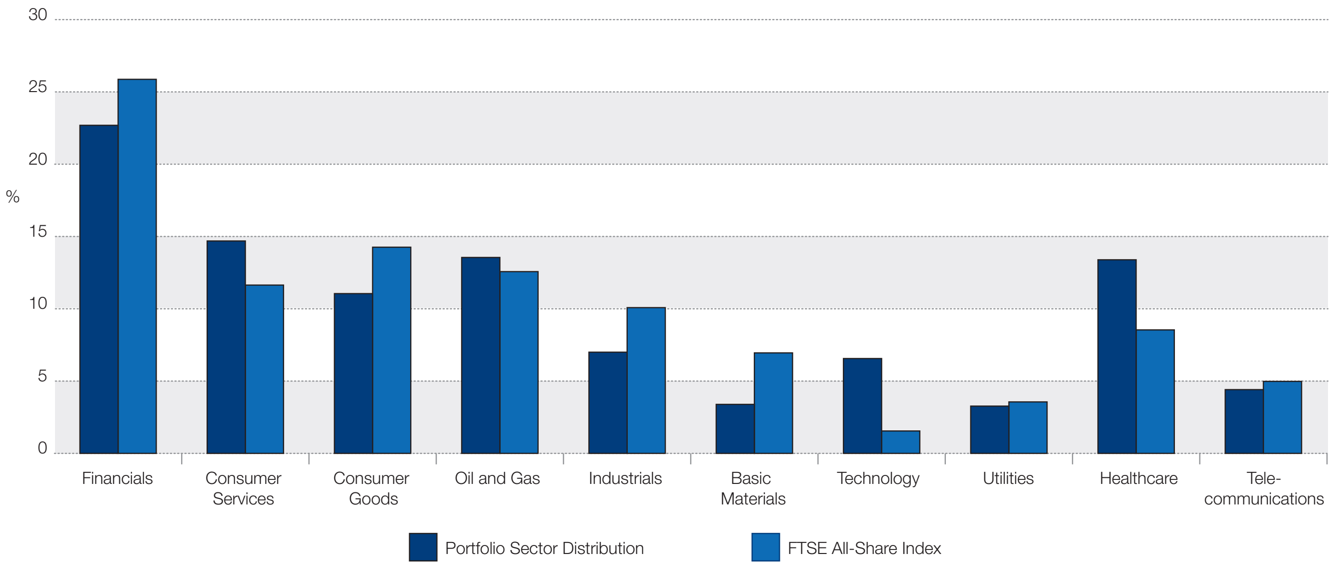
Financial Highlights

Total returns[1] for the year ended 30 April	2015	2014	
Net asset value ("NAV") per share[2]	**1.9%**	12.4%	
Share price[2]	**(3.1)%**	16.6%	
Benchmark[3]	**7.5%**	10.5%	
NAV, share price and discount at 30 April			% Change
Shareholders' funds (£'000)	**298,837**	302,917	(1.3)
Shares in issue	**160,917,184**	160,917,184	
NAV per share	**185.71p**	188.24p	(1.3)
Share price	**167.00p**	178.50p	(6.4)
Share price discount	**10.1%**	5.2%	
Revenue for the year ended 30 April			
Net revenue after taxation (£'000)	**9,475**	9,843	(3.7)
Return per share	**5.89p**	6.12p	(3.8)
Dividends per share	**5.00p**	4.50p	11.1
Special dividend per share	**1.00p**	1.00p	
(Net cash)/gearing[4]	**(3.6)%**	9.3%	
Ongoing Charges[5]	**0.47%**	0.47%	

[1]Total returns include an adjustment for dividends paid, which are assumed to be reinvested back into the Company.
[2]Source: Morningstar.
[3]Source: Thomson Reuters. The Company's benchmark is the FTSE All-Share Index total return.
[4]Borrowings used for investment purposes, less cash, expressed as a percentage of net assets. If the amount so calculated is negative, this is shown as a "net cash" position.
[5]Ongoing Charges represents the management fee and all other operating expenses excluding finance costs, expressed as a percentage of the average daily net asset values during the year. The figures for both the current and comparative years are lower than the historical average because the Manager waived its fee for part of both of those years. Further details of the waiver are given in note 18 on page 48.

Comparison of Portfolio Sector Distribution with the FTSE All-Share Index at 30 April 2015[1]



[1]Source: Schroders/Thomson Reuters.

Ten-Year Financial Record

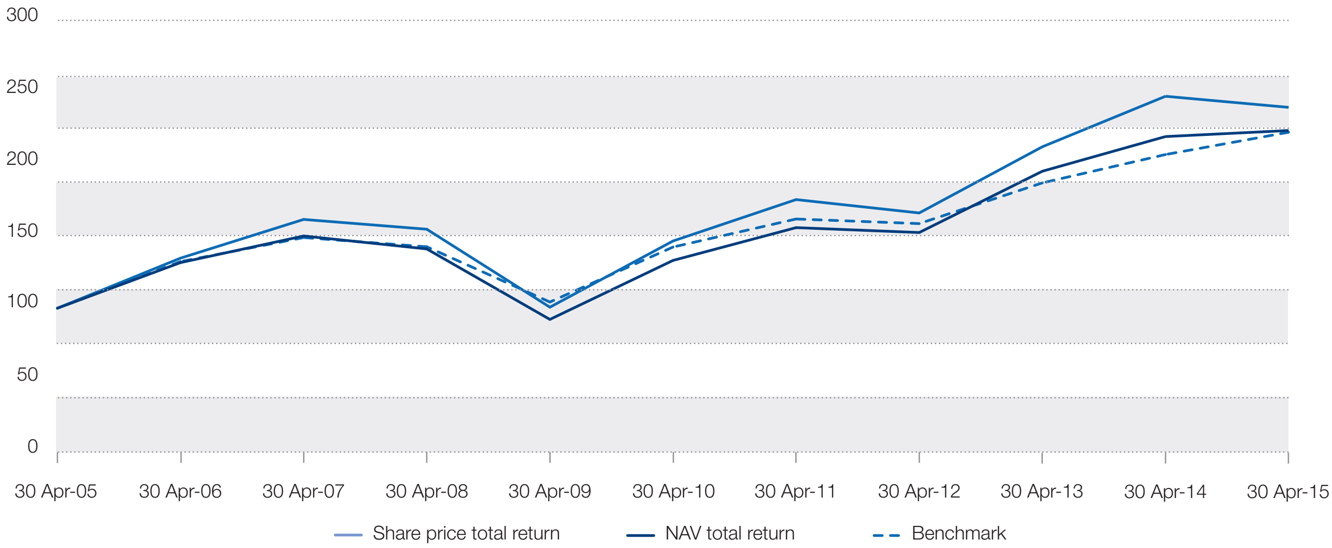
At 30 April	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Shareholders' funds (£'000)	229,131	244,496	225,260	141,443	197,103	232,141	224,204	276,074	302,917	298,837
NAV per share (pence)[1]	139.59	155.36	143.59	90.16	125.78	144.24	137.73	171.56	188.24	185.71
Share price (pence)	123.00	143.75	134.25	83.50	117.25	137.12	126.50	157.00	178.50	167.00
Share price discount (%)	11.9	7.5	6.5	7.4	6.8	4.9	8.2	8.5	5.2	10.1

Year ended 30 April	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net revenue after taxation (£'000)	5,539	6,383	6,681	5,744	3,828	4,300	5,603	6,666	9,843	9,475
Return per share (pence)[1]	3.36	3.94	4.26	3.66	2.45	2.76	3.49	4.14	6.12	5.89
Dividends per share (pence)[2]	3.35	3.50	3.85	3.85	2.75	3.00	3.50	4.00	5.50	6.00
Ongoing Charges (%)[3]	0.68	0.69	0.64	0.63	0.75	0.70	0.88	0.86	0.47	0.47
Gearing/(net cash) (%)[4]	12.1	14.0	14.2	11.7	5.5	9.4	7.5	4.9	9.3	(3.6)

Performance[5]	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
NAV total return[6]	100.0	131.7	150.2	141.2	92.2	133.2	156.0	152.6	195.2	219.3	223.5
Share price total return	100.0	134.8	161.7	154.9	100.7	146.7	175.5	166.2	212.2	247.3	239.6
Benchmark[7]	100.0	132.4	149.1	142.7	104.3	142.5	162.0	158.8	187.1	206.8	222.3

[1]Diluted where applicable.
[2]Includes special dividends of 1.00p in both 2014 and 2015.
[3]Ongoing Charges represents the management fee and all other operating expenses excluding finance costs, expressed as a percentage of the average daily net asset values during the year. The figures for 2010 and prior years, represent the expenses calculated as above, expressed as a percentage of the average of the opening and closing net assets values during the year. The figures for 2014 and 2015 are lower than the historical average because the Manager waived its fee for part of both of those years. Further details of the waiver are given in note 18 on page 48.
[4]Borrowings used for investment purposes, less cash, expressed as a percentage of net assets. If the amount so calculated is negative, this is shown as a "net cash" position.
[5]Source: Morningstar/Thomson Reuters. Rebased to 100 at 30 April 2005.
[6]Calculated using capital net asset values plus income reinvested for the period to 30 April 2009 and cum income net asset values plus income reinvested thereafter.
[7]The Company's benchmark is the FTSE All-Share Index total return.

Ten-Year NAV, Share Price and Benchmark Total Returns to 30 April 2015



Source: Morningstar/Thomson Reuters. Rebased to 100 at 30 April 2005.

Chairman's Statement

Performance

The year to 30 April 2015 has been one of further significant change for your Company with a new lead manager, a revised investment strategy and the transitioning of the portfolio to mirror the investment process utilised by the Schroder UK Alpha Plus Fund. Since reporting in my Statement in the Half Year Report and the introduction of the focus on long term earnings and valuations, performance has stabilised.

During the year to 30 April 2015, the Company's NAV returned 1.9%, while the share price returned -3.1%. This compares with an equivalent return of 7.5% by the FTSE All-Share Index over the same period.

Further comment on performance and investment policy may be found in the Manager's Review.

Earnings and Dividends

The Directors have declared a second interim dividend of 2.50p per share, making a total of 5.00p per share for the year, an increase of 11.1% over total ordinary dividends of 4.50p per share paid in respect of the previous year. In addition, the Directors have again declared a special dividend of 1.00p for the year ended 30 April 2015, reflecting the exceptional boost to net income enjoyed in the period resulting from the fee waiver negotiated with Schroders. Both the second interim dividend and the special dividend will be payable on 31 July 2015 to shareholders on the register on 10 July 2015.

Gearing Policy

During the year, the Company maintained its borrowing facility at £35 million. The net effective gearing level at the beginning of the year (which takes account not only of the borrowings but any cash held by the Manager) was 9.3%.

In September 2014, the Board decided to remove the gearing and the outstanding borrowings were subsequently repaid. The gearing facility has remained undrawn since that time, and at the end of the year the net cash position was 3.6%. Our Manager will utilise the Company's borrowing facility when suitable investment opportunities at appropriate valuations arise.

The Company's gearing will continue to operate within pre-agreed limits so that net effective gearing does not represent more than 20% of shareholders' funds.

Discount Management Policy

In November 2006, the Board introduced a policy to seek to maintain the average discount of the Company's share price to its ex income NAV at no more than 5% over the long term. Since inception of the policy, the average discount has been 5.1%, and 5.5% and 5.4% respectively over the last three and five years.

The average discount in the year to 30 April 2015 was slightly higher than the long term average at 6.8%. Following the announcement of the resignation of the previous lead manager, and during the period in which the investment management arrangements were under review, the discount widened. After the investment strategy was amended, the discount widened further, in line with peers, in the period leading up to the UK general election and stood at 8.4% at the end of the year. The discount has narrowed since the end of the year and currently stands at 7.6%.

Mindful of seeking to achieve the policy's 5% average discount over the long term, the Board will continue to be active in supporting its discount target in a number of ways; this includes the use of share buy-backs within certain parameters agreed by the Board. In this regard, since the end of the year, the Company has purchased a total of 240,000 Ordinary shares, which are currently held in Treasury.

The Directors are seeking authority from shareholders for a renewal of the required authorities to purchase shares for cancellation or to hold shares in Treasury for reissue at a premium to net asset value, to assist with achieving the target long-term discount level established by the formal discount management policy. From time to time, it will be necessary for the Board to review target levels should general market conditions dictate.

Outlook

The market has been moving sideways since the end of the financial year, with any optimism about UK corporate profits often punctured by poor international news, such as from Greece.

The Manager's Review mentions that share valuations have moved into slightly expensive territory. It is for this reason that the borrowing facility is not currently being utilised. However, the Manager will re-introduce gearing when opportunities are presented.

Annual General Meeting

The Annual General Meeting will be held at 12.00 noon on Wednesday 5 August 2015, and shareholders are encouraged to attend. I hope as many of you as possible will be able to come along. The meeting, as in previous years, will include a presentation by the Manager on the prospects for the UK market and the Company's investment strategy.

Alan Clifton
Chairman

30 June 2015

Manager's Review

Over the 12 months to 30 April 2015 the total return on the Company's net asset value was 1.9%, compared to the total return from the FTSE All Share index of 7.5% (source: Morningstar, Thomson Reuters).

Market Background

The UK stock market had two phases over the last financial year, drifting down until the autumn on what were largely global concerns before recovering to end the whole period up 7.5%. The early concerns – about global growth and geo-political events such as the tensions in Ukraine, the Middle East, and the Scottish independence vote – were offset by the European Central Bank beginning a full-blown quantitative easing drive and by domestic merger and acquisition activity. The outlook for the UK consumer has improved, in part due to the positive effect of weaker inflation on real wages as lower oil prices feed through to fuel prices, but the stock market's continuing preoccupation has remained the availability of government liquidity keeping interest rates down.

Within the market the most notable trend was the underperformance of oil and mining shares, two large components of the UK stock market that reacted to the sharp decline in commodity prices and the perception that economic growth forecasts worldwide were being downgraded. There was also underperformance from smaller-sized companies, as investors moved back to the perceived stability of large-caps. The outperforming sectors included financials (and particularly insurers), technology companies, and telecom companies.

Investment Process

The management of the portfolio changed during the year after the resignation from Schroders of the Company's former lead manager, Julie Dean. Following the review of investment management arrangements, Philip Matthews, a member of Schroders' Specialist UK Equity team, took responsibility for the portfolio on 30 October 2014. The portfolio was transitioned to mirror the investment process utilised by the Schroder UK Alpha Plus Fund. The Manager aims to deliver consistent returns to investors by investing in a focused portfolio of equities, predominantly in constituent companies of the FTSE 350 Index. A value-based approach is taken, assessing the relative quality, structural growth and cyclicality of the portfolio holdings. Gearing – the use of borrowing to amplify returns – will be used tactically when the Manager believes that investors are being well-rewarded for taking on incremental risk.

The Manager aims to add value by identifying appropriate investments through fundamental research, believing that, over time, the mis-pricing of stocks compared to their fair value will be recognised by the market. The Manager believes that valuation is the key determinant of future returns and the investment process seeks to identify companies that demonstrate the best combination of value and quality.

Performance

The period saw the NAV produce a total return of -6.2% under the former lead manager and a total return of 8.7% for the period following Philip Matthews assuming responsibility. The benchmark index produced total returns of -1.6% and 9.2% over the same period (source: Morningstar, Thomson Reuters, six months to 31 October 2014 and to 30 April 2015).

The initial period of underperformance was influenced by the portfolio suffering from the market rotating away from smaller and cyclical companies. Examples include printing technology firm Xaar, which experienced pricing pressure from competitors in

China; engineering turnaround specialist Melrose Industries; and online retailer N Brown. Other detractors included Thomas Cook and Rolls-Royce.

The change in investment process led to slightly more than half of the portfolio being changed after Schroders' re-appointment at the end of October, and relative performance stabilised subsequently. The benefits of the new process's emphasis on value and quality was illustrated in the outperformance of holdings such as Sage Group, Balfour Beatty and ICAP. While holdings such as Drax and Ladbrokes underperformed, along with most of the commodity-related companies, we remain optimistic that these companies meet our requirement of strong business models, healthy balance sheets, and unrecognised potential on a two-to-three year view.

The portfolio's gearing was removed at the time of the Board's review of the investment management arrangements. The use of the borrowing facility remains under consideration and will be redeployed when opportunities arise in the market.

Outlook

Share valuations have moved into slightly expensive territory. The relative argument underpinning these levels, however, remains intact as bond yields remain historically low. This valuation anomaly is one of the factors that should encourage greater levels of mergers and acquisitions; and the stimulatory effect of quantitative easing is expected to provide cyclical support to earnings. The prospects for the market's more domestically-focussed companies remain reasonably positive. Falling unemployment and real wage growth should support the British consumer. Interest rate rises, when they materialise, have been well telegraphed and are likely to be relatively small.

The market has placed certain companies, whose earning streams appear relatively resilient, on high multiples and we have chosen to avoid these. However, valuation dispersion also appears reasonably narrow and we are nervous that the trade-off for lower valuations could be at the expense of earnings quality.

Whilst economic themes affect individual companies, the Manager looks to identify companies that could do well regardless of the macro-economic outcome. There are self-help/recovery stories where the Manager thinks that management actions will be the greatest determinant of future returns, such as Tesco, Balfour Beatty, Aviva, and Just Retirement. The decision-process behind holdings like these, and any future use of gearing, will remain important factors in the portfolio's performance relative to its benchmark.

Schroder Investment Management Limited

30 June 2015

Securities shown are for illustrative purposes only and should not be viewed as a recommendation to buy or sell.

Investment Portfolio

As at 30 April 2015

Company	Sector classification	Principal activity	Market value of holding £'000	% of total equity shareholders' funds
GlaxoSmithKline	Healthcare	Development of pharmaceutical products	17,187	5.8
HSBC	Financials	Banking services provider	15,863	5.3
BP	Oil and Gas	Integrated oil and gas production	14,715	4.9
Royal Dutch Shell	Oil and Gas	Integrated oil and gas production	14,142	4.7
Barclays	Financials	Banking services provider	13,751	4.6
BT	Telecommunications	Communications services provider	12,608	4.2
AstraZeneca	Healthcare	Biopharmaceutical research	12,518	4.2
Imperial Tobacco	Consumer Goods	Cigarette manufacturer	10,250	3.4
British American Tobacco	Consumer Goods	Cigarette manufacturer	9,182	3.1
Sage	Technology	Business accounting software	8,573	2.9
Reed Elsevier	Consumer Services	Professional publishing	8,541	2.8
Aviva	Financials	International insurance and financial services	8,217	2.7
BG Group	Oil and Gas	Integrated oil and gas production	7,937	2.7
ICAP	Financials	Interdealer broker	7,230	2.4
Centrica	Utilities	Gas and energy supplier	6,553	2.2
Carnival	Consumer Services	Global cruise operator	5,675	1.9
Rio Tinto	Basic Materials	Mining	5,095	1.7
Tesco	Consumer Services	Food retailer	5,021	1.7
Balfour Beatty	Industrials	Multinational infrastructure construction and services	4,991	1.7
Taylor Wimpey	Consumer Goods	House builder	4,803	1.6
20 largest investments			**192,852**	**64.5**
Daily Mail & General Trust	Consumer Services	Newspapers	4,632	1.6
Smith & Nephew	Industrials	Medical equipment manufacturer	4,630	1.6
Glencore	Basic Materials	Mining and commodity trading	4,629	1.5
Lloyds Banking Group	Financials	Banking services provider	4,463	1.5
Computacenter	Technology	IT infrastructure services provider	4,224	1.4
Ladbrokes	Consumer Services	Betting and gaming	3,899	1.3
Legal & General	Financials	Financial services	3,770	1.3
Informa	Consumer Services	Specialised information provider	3,767	1.3
Tate & Lyle	Consumer Goods	Food ingredients provider	3,398	1.2
Just Retirement Group	Financials	Retirement products and services provider	3,283	1.1
Smiths Group	Industrials	Engineering	3,117	1.0
Crest Nicholson	Consumer Goods	House builder	3,034	1.0
Fidessa	Technology	Financial software	3,033	1.0
Rentokil Initial	Industrials	Pest control, hygiene and workwear services	3,017	1.0
BTG	Healthcare	Speciality healthcare	2,854	1.0
Drax Group	Utilities	Power generation	2,819	0.9
Mitchells & Butlers	Consumer Services	Restaurants operator	2,801	0.9
FirstGroup	Consumer Services	Transport operator	2,651	0.9
UBM	Consumer Services	Events-led marketing and communications services	2,485	0.8
Royal Bank Of Scotland	Financials	Banking services provider	2,388	0.8
40 largest investments			**261,746**	**87.6**

Investment Portfolio

As at 30 April 2015

Company	Sector classification	Principal activity	Market value of holding £'000	% of total equity shareholders' funds
St James's Place	Financials	Wealth management	2,330	0.8
Regus Group	Industrials	Global work place provider	2,324	0.8
London Stock Exchange Group	Financials	Capital markets regulator	2,198	0.7
Chemring	Industrials	Advanced technology products for aerospace and defence	2,066	0.7
Micro Focus International	Technology	Multinational software and technology business	2,056	0.7
Enquest	Oil and Gas	Oil and gas development	1,719	0.6
Qinetiq	Industrials	Technical, engineering and software services provider	1,698	0.6
Rolls Royce	Industrials	Power systems manufacturing	1,608	0.5
Partnership Assurance Group	Financials	Insurance and financial services	1,303	0.4
Melrose Industries	Industrials	Industrials	1,259	0.4
Shire	Healthcare	Speciality pharmaceuticals	1,202	0.4
GAME Digital	Consumer Services	Video games retailer	1,170	0.4
Pearson	Consumer Services	Business and educational publishing	1,060	0.4
Bellway	Consumer Goods	House builder	1,014	0.3
Spirent Communications	Technology	Telecom communication support	925	0.3
Debenhams	Consumer Services	Fashion, accessories and homeware retailing	361	0.1
Premier Oil	Oil and Gas	Exploration, development and production of oil and gas	318	0.1
Grainger	Financials	Tenanted property operator	219	0.1
Total investments			**286,576**	**95.9**
Net current assets			**12,261**	**4.1**
Total equity shareholders' funds			**298,837**	**100.0**

At 30 April 2014, the 20 largest investments represented 65.6% of total equity shareholders' funds.

Company structure

The Company carries on business as an investment trust. It has been approved by HM Revenue & Customs as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010, by way of a one-off application and the Company will continue to conduct its affairs in a manner which will enable it to retain this status.

The Company is domiciled in the UK and is an investment company within the meaning of Section 833 of the Companies Act 2006.

The Company is not a close company for taxation purposes.

It is not intended that the Company should have a limited life, but the Directors consider it desirable that the shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Articles of Association of the Company contain provisions requiring the Directors to put a proposal for the continuation of the Company to shareholders at the Annual General Meeting in 2019 and thereafter at five yearly intervals.

Business model

The Company's business model may be demonstrated by the diagram below.

Role and composition of the Board

The Board considers its key performance indicators to be outperformance against the benchmark index over the long term, effective promotion of the Company and discount control and reviewing ongoing costs to help to ensure that the Company remains an appropriate investment vehicle for existing shareholders and attractive to potential investors.

The Board is the Company's governing body, it sets the Company's strategy and is collectively responsible to shareholders for its long term success. The Board is responsible for appointing and subsequently monitoring the activities of the Manager and other service providers to ensure that the investment objectives of the Company continue to be met. The Board also ensures that the Manager adheres to the investment restrictions set by the Board and acts within the parameters set by it in respect of any gearing. It also identifies and monitors the key risks facing the Company.

Investment activities are predominantly monitored through quarterly Board meetings at which the Board receives detailed reports and updates from the portfolio manager, who attends each Board meeting. Services from other key service providers are reviewed as appropriate.

The Company promotes its shares to a broad range of investors including discretionary wealth managers, private investors, financial advisers and institutions which have the potential to be long term supporters of the investment strategy. The Company seeks to achieve this through its Manager and Corporate Broker, which promote the shares of the Company through regular contact with both current and potential shareholders. These activities consist of investor functions, one-on-one meetings, regional road shows and attendances at conferences for professional investors. In addition the Company's shares are supported by the Manager's wider marketing of investment companies targeted at all types of investors; this includes maintaining close relationships with adviser and execution only platforms, advertising in the trade press, maintaining relationships with financial journalists and the provision of digital information on the Schroders website. The Corporate Broker seeks to represent the Company in the market on a daily basis and helps to manage liquidity through market making and regular contact with investors.

In order to support the promotion of the Company by assisting in reducing the volatility of the discount, the Board has in place a formal discount control mechanism whereby it seeks to maintain the Company's share price discount to the net asset value at which shares are quoted on the London Stock Exchange at no greater than 5% over the long term, subject to adverse market conditions. The Board continues to review this target level as general market conditions change over time.

The Board continues to monitor the discount to which the Company's Ordinary shares trade on the market and to consider whether purchases of the Ordinary shares should be made.

The Board continues to review the Company's Ongoing Charges to ensure that the total costs incurred by shareholders in the running of the Company remain competitive when measured against both closed and open ended peers. An analysis of the Company's costs, including management fees, Directors' fees and general expenses, is submitted to each Board meeting. Management fees are reviewed at least annually.

As at 30 April 2015, the Board comprised three men and two women. All Directors are non-executive and are considered to be independent. The Board's approach to diversity is that candidates for Board vacancies are selected based on their skills and experience, which are matched against the balance of skills and experience of the overall Board, taking into account the specific criteria for the role being offered. Candidates are not specifically selected on the grounds of their gender or race but this is taken into account when the Board examines its overall balance, skill set and experience.

Investment management

The Manager is authorised and regulated by the Financial Conduct Authority ("FCA") and provides portfolio management, risk management, accounting and company secretarial services to the Company under the terms of an Alternative Investment Fund Manager agreement. The Manager also provides general marketing support for the Company and manages relationships with key investors, in conjunction with the Chairman, other Board members and/or the Corporate Broker as appropriate.

The Schroders Group manages £319.5 billion (as at 31 March 2015) on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world, invested in a broad range of asset classes across equities, fixed income, multi-asset and alternatives.

The Manager implements the investment strategy, managing the Company's assets in line with appropriate restrictions placed on it by the Board, including limits on the type and relative size of holdings which may be held in the portfolio and on the use of gearing, hedging, cash, derivatives and other financial instruments. Schroders also acts as Company Secretary, providing the Board with corporate governance support, liaising with the Company's Corporate Broker to assist in the implementation of the Company's discount management policy and advising the Board on key relationships with other third party service providers, whose services are subject to regular review.

Investment objective

The principal investment objective of the Company is to achieve capital growth predominantly from investment in UK equities, with the aim of providing a total return in excess of the FTSE All-Share Index.

Investment policy

The Company invests in a relatively concentrated portfolio of between 35 and 65 stocks principally selected for their potential to provide shareholders with attractive returns relative to the FTSE All-Share Index. The portfolio is invested primarily in listed UK equities. It may, if appropriate, include convertible securities, and equity-related derivatives may be used for efficient portfolio management purposes. The yield on the Company's investment portfolio is of secondary importance.

The stocks are predominantly constituents of the FTSE 350 Index but the Company may invest up to 5% of net assets at the time of investment in each of smaller capitalisation stocks and AIM stocks.

The size of individual stock holdings depends on the Manager's degree of conviction, not the stock's weight in any index.

Gearing

The Directors expect that, with the objective of maximising returns to Shareholders, some form of gearing may be employed by the Company from time to time, but they do not anticipate gearing levels in excess of 20% of Shareholders' funds. The Company can also hold up to 20% of Shareholders' funds in cash or cash equivalents.

The Company utilises a revolving credit facility, currently in the amount of £35 million (30 April 2014: £35 million). The Board has set parameters within which the Manager is authorised to use the credit facility and draw down funds.

At the beginning of the year, the net effective gearing level was 9.3%. In September 2014, the Board decided to remove the gearing and amounts drawn under the credit facility were subsequently repaid. At the end of the year, the Company had net cash of 3.6%.

Leverage

The AIFM Directive has introduced a requirement for the Manager to set maximum levels of leverage, using a wider definition than gearing and including the use of derivatives. The "Leverage Ratio" represents the sum of the Leverage generated by all financial instruments held by the Company, as calculated in accordance with the detailed requirements of the AIFM Directive, divided by the Company's net asset value. Details on how the amount of Leverage is calculated for each class of financial instrument may be found by referring to the AIFM Directive or to the detailed guidance published by the Association of Investment Companies in September 2013. The Directive requires that ratios are calculated in accordance with two methodologies, the "Gross Method" and the "Commitment Method". The essential difference between the two is that the Commitment Method allows netting off for the effect of hedges under certain strict conditions.

The Manager has set a maximum limit of 2.0 for both the Gross and Commitment Methods of calculating the ratio but expects that, under normal market conditions, the figures will be substantially lower than this limit. At 30 April 2015, the Company's Gross ratio and its Commitment ratio were both 1.0.

The Manager may change the maximum limits from time to time. Any change would be disclosed to shareholders in accordance with the AIFM Directive.

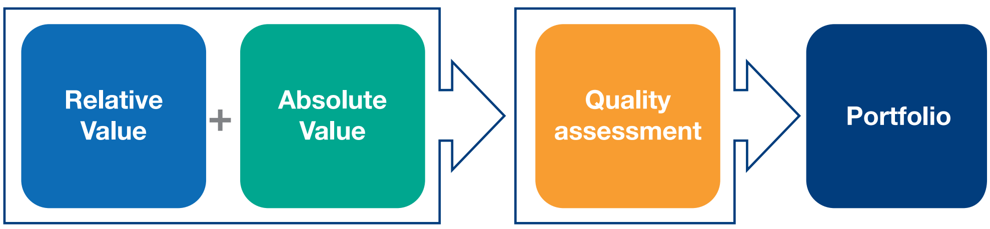
Investment process

Following the change of lead manager to Julie Dean, the portfolio was transitioned to the business cycle process. Following Ms Dean's departure from Schroders the portfolio was transitioned to the investment process set out below, in October 2014.

Investment process: *Seeking consistent outperformance through the best combination of value and quality.*

The Manager aims to deliver consistent returns to investors by investing in a focused portfolio of equities, predominantly in constituent companies of the FTSE 350 Index. The Manager takes a value-based approach, assessing the relative quality, structural growth and cyclicality of the portfolio holdings. Gearing – the use of borrowing to amplify returns – will be used tactically when the Manager believes that investors are being well-rewarded for taking on incremental risk.

Seeking the best combination of value and quality



Value
- Monthly screens
- Contrarian bias
- Evaluate margins and profits in cyclical context

Quality
- Franchise strength
- Return on operating capital
- Cash conversion of profits
- Balance sheet strength

- 50 to 65 stocks
- Target prices

Build margin of safety into the investment

Source: Schroders

Schroders

The Manager believes that, over time, the mis-pricing of stocks compared to their fair value will be recognised by the market. The belief is that valuation is the key determinant of future returns: high valuations are often accompanied by higher growth expectations, resulting in a higher probability of an unsuccessful investment.

The investment process seeks to identify companies that demonstrate the best combination of value and quality. This approach provides a consistent framework with which to identify mispriced investment opportunities and to appraise company valuations.

The process first considers both relative value and absolute value in tandem:

– Relative value is assessed using a monthly screen to rank companies on the basis of the best combination of value and quality;

– Absolute value is assessed by looking at the cyclically adjusted price-to-earnings ratio to iron out the cyclicality of a company's earnings, using a ten year earnings history. This enables the Manager to consider current levels of profits and operating margins in the context of both their own histories and that of the economic cycle.

This systematic screening of the market forces a constant re-evaluation of where this best combination of value and quality lies. The nature of the screens penalises businesses whose profit streams are cyclically extended, are capital intensive, and where those profits do not convert into cash over time.

The next step is to assess the quality of the business in a more subjective sense since the Manager believes that different businesses should trade on different valuations, depending upon their structural growth characteristics, franchise strength or stability of earnings.

Typically this results in a focused portfolio of 50-65 large and medium-sized UK companies that the Manager believes have strong business models and franchises, healthy balance sheets and as yet unrecognised potential on a two to three year view. The Manager does not take a macroeconomic view and impose that view top-down onto the portfolio and hence seeks to construct a portfolio that can perform well independent of a particular macro outcome.

In these ways, the Manager aims to build a margin of safety into the investments, seeking companies with significant upside opportunities that also offer a degree of downside protection through, for example, cash on the balance sheet, recurring revenue streams or low valuation. Upside opportunities are typically presented in the form of management initiatives, unrecognised growth potential or cyclical recovery and low valuation.

Investment restrictions and spread of investment risk

The key restrictions imposed on the Manager are that: (a) no more than 15% of the Company's total net assets, at the date of acquisition, may be invested in any one single company; (b) no more than 10% of the Company's total assets, at the date of acquisition, may be invested in other listed investment companies unless such companies have a stated investment policy not to invest more than 15% of their gross assets in other listed investment companies or investment trusts; (c) the Company will not invest more than 15% of its gross assets in other listed investment companies or investment trusts; (d) no more than 15% of the Company's total net assets may be invested in open-ended funds; (e) no more than 5% of the Company's total net assets may be invested in each of smaller capitalisation stocks and AIM stocks; and (f) no holding to exceed 2% of the issued share capital of any company.

The Investment Portfolio on pages 9 and 10 demonstrates that, as at 30 April 2015, the Company held 58 investments spread over 10 sectors. The largest investment, GlaxoSmithKline, represented 5.8% of shareholders' funds at 30 April 2015. At the end of the year, the Company did not hold any unlisted investments, open-ended funds or real estate investment trusts. The Board believes that the objective of spreading risk has been achieved in this way.

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 Chairman's Statement on pages 5 and 6 and the Manager's Review on pages 7 and 8.

Principal risks and uncertainties

The Board is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness. The Board has adopted a detailed matrix of principal risks identifying significant strategic, investment, financial, regulatory and service provider risks relevant to the Company's business as an investment company and has put in place an appropriate monitoring system. This system assists the Board in determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. Both the principal risks and the monitoring system are subject to robust review at least annually. The last review took place in June 2015.

Risk assessment includes consideration of the scope and quality of the systems of internal control operating within key service providers, and ensures regular communication of the results of monitoring by such providers 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. No significant control failings or weaknesses were identified from the Board's on going risk assessment which has been in place throughout the financial year and up to the date of this report.

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.

A summary of the principal risks and uncertainties faced by the Company, and actions taken to mitigate these risks and uncertainties, is set out below.

Strategy and competitiveness risk

Over time, the Company's investment strategy and asset class may become out of favour with investors or fail to meet their investment objectives, or the Company's cost base could become uncompetitive, particularly in light of open ended alternatives. This may result in a wide discount of the share price to underlying asset value both in absolute terms and comparative to the peer group.

In order to mitigate this risk, the Directors periodically review whether the Company's investment remit remains appropriate and monitor the success of the Company in meeting its stated objectives at each Board meeting. The Manager monitors the share price relative to net asset value and the Directors review the marketing and distribution activity undertaken by the Manager and the Corporate Broker at each Board meeting. The discount control mechanism is utilised by the Board to support the promotion of the Company where deemed appropriate.

The level of fees charged by the Manager and the Company's other service providers is also monitored by the Board and the ongoing competitiveness of such fee levels is considered annually by the Management Engagement Committee and the Board.

Investment management risk

The Manager's investment strategy (for example in terms of asset allocation employed by the Manager or the level of gearing), if inappropriate, may result in the Company underperforming the market and peer group companies.

To mitigate this risk, the Board reviews at each Board meeting the Manager's compliance with the agreed investment restrictions, investment performance and risk against investment objectives and strategy; the portfolio's risk profile; and appropriate strategies to mitigate any negative impact of substantial changes in markets. The Board also receives an annual presentation from the Manager's internal audit function and conducts an annual review of the ongoing suitability of the Manager. During the year under review, the Board conducted a review of the Company's investment management arrangements following the departure of the lead portfolio manager. Details of this review, including the outcome, are set out in the Chairman's Statement on pages 5 and 6.

Financial risks

In pursuing the investment objective, the Company is exposed to the effect of market price fluctuations and interest rate movements. A significant fall in UK equity markets would have an adverse impact on the market value of the Company's underlying investments.

To mitigate this risk, the Directors consider the risk profile of the portfolio at each Board meeting and discuss appropriate strategies to mitigate any negative impact of substantial changes in markets with the Manager.

The Board also monitors the Manager's use of gearing and leverage in accordance with agreed guidelines and restrictions set out in the Company's investment policy. The Company utilises a credit facility, currently in the amount of £35 million, which increases the funds available for investment through borrowing. While this has the potential to enhance investment returns in rising markets, in falling markets the impact could be detrimental to performance.

To mitigate this risk, the Directors keep the Company's gearing under continual review and impose strict restrictions on borrowings. The Company's gearing continues to operate within pre-agreed limits so that it does not exceed 20% of shareholders' funds.

A full analysis of the market risks facing the Company is set out in note 21 on pages 48 to 51.

Accounting, legal and regulatory risk

In order to continue to qualify as an investment trust, the Company must comply with the requirements of Section 1158 of the Corporation Tax Act 2010. Should the Company not comply with these requirements, it might lose investment trust status and capital gains within the Company's portfolio could, as a result, be subject to Capital Gains Tax.

In addition, breaches of the UK Listing Rules, the Companies Acts or other regulations with which the Company is required to comply, could lead to a number of detrimental outcomes which could damage the Company's reputation, including suspension from listing on the London Stock Exchange or a qualified audit report.

To mitigate these risks, the Board receives confirmation from the Manager and other key service providers at each Board meeting of compliance with relevant laws and regulations. Shareholder documents and announcements, including the Company's published Half Year and Annual Reports are subject to stringent review processes, and procedures are in place to protect the disclosure of inside information. During the year under review, the most significant change to legislation impacting the Company was the implementation of the AIFM Directive and the embedding of procedures to comply with the requirements of the legislation.

Custody and Depositary risk

Safe custody of the Company's assets may be compromised through control failures by the Depositary, including cyber hacking. To mitigate this risk, the Board receives quarterly reports from the Depositary confirming safe custody of the Company's assets, including cash, and portfolio holdings are independently reconciled by the Manager. In addition the existence of assets is subject to annual external audit and the Depositary's audited internal controls reports are reviewed by the Audit Committee and any concerns investigated.

Service provider risk

The Company has no employees and has delegated certain functions to a number of service providers, principally the Manager, Depositary and Registrar. Failure of controls and poor performance of the service providers, including the Manager, could lead to reputational damage or loss. The Board is therefore reliant on the effective operation of the systems of its service providers. To mitigate this risk, the Board considers regular reports from key service providers, monitors the quality of services provided and the Management Engagement Committee conducts an annual review of services to ensure that they remain appropriate. The Audit Committee also reviews annual audited internal controls reports from its key service providers, which includes confirmation of business continuity arrangements.

Viability statement

In accordance with provision C.2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council in September 2014 (the "Code"), the Directors have assessed the prospects of the Company over the four year period to the Annual General Meeting in 2019. The Directors believe this period to be appropriate as they will be required by the Articles of Association to put a proposal for the continuation of the Company at that meeting and therefore cannot presume that it will continue as an investment company thereafter.

In its assessment of the viability of the Company, the Directors have considered each of the Company's principal risks and uncertainties detailed on pages 16 to 18 and in particular the impact of a significant fall in the UK equity market on the value of the Company's investment portfolio. The Directors have also considered the Company's income and expenditure projections and the fact that the Company's investments comprise readily realisable securities which can be sold to meet funding requirements if necessary.

Based on the Company's processes for monitoring operating costs, share price discount, the Manager's compliance with the investment objective, asset allocation, the portfolio risk profile, gearing, counterparty exposure, liquidity risk and financial controls, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the four year period to the Annual General Meeting in 2019.

Responsible Investment Policy

The Company delegates to its Manager the responsibility for taking environmental, social and governance (ESG) issues into account when assessing the selection, retention and realisation of investments. We expect our Manager to engage with investee companies on social, environmental and business ethics issues and to promote best practice. We also expect them to exercise the Company's voting rights in consideration of these issues.

A description of the Manager's policy on these matters can be found on the Schroders' website at www.schroders.com/ri. We note that Schroders believes that companies with good ESG management often perform better and deliver superior returns over time. Engaging with companies to understand how they approach ESG management is an integral part of the investment process. Schroders is compliant with the UK Stewardship Code and its compliance with the principles of the Code is reported on its website.

We monitor the implementation of this policy by asking our Manager to regularly report on the engagement activity, how it is integrated into the investment process, and the outcomes of the activity.

Future developments

The future performance of the Company depends upon the success of the Company's investment strategy in the light of economic factors and equity market developments. Further comments on the outlook for the Company for the next 12 months are set out in both the Chairman's Statement on pages 5 and 6 and the Manager's Review on pages 7 and 8.

By Order of the Board

Schroder Investment Management Limited
Company Secretary
30 June 2015

Report of the Directors

The Directors present their annual report and the audited financial statements for the year ended 30 April 2015.

Revenue and earnings

The net revenue return before finance costs and taxation for the year was £9,542,000 (2014: £9,959,000). After deducting finance costs and taxation the amount available for distribution to shareholders was £9,475,000 (2014: £9,843,000), equivalent to net revenue of 5.89p (2014: 6.12p) per Ordinary share.

Dividend policy

Having already paid a dividend of 2.50p per share, the Board has declared a second interim dividend of 2.50p per share for the year ended 30 April 2015 taking ordinary dividends for the full year to 5.00p (2014: 4.50p) per share. In addition, the Board has declared a special dividend of 1.00p (2014: 1.00p) per share. Both dividends are payable on 31 July 2015 to shareholders on the register on 10 July 2015. As in previous years, dividends are declared as interims to enable payment at the end of January and July.

The Company's focus is on total return without constraining the Manager to deliver any given level of investment income. The Directors of the Company intend to continue to pay dividends at the end of January and July in each year. Although it is their intention to distribute substantially all of the Company's net income after expenses and taxation, the Company is currently permitted by the investment trust qualifying rules to retain up to a maximum of 15% of its gross income in each year as a revenue reserve. The Company may take advantage of this to facilitate a consistent dividend policy.

Directors and their interests

The Directors of the Company and their biographical details can be found on page 1 of the Report and Accounts. All Directors held office throughout the year under review.

In accordance with the Company's Articles of Association and the UK Corporate Governance Code which recommends Directors who have served for more than nine years seek annual re-election, Mrs Pirie and Mr Clifton will retire at the Annual General Meeting, and being eligible, offer themselves for re-election. Mrs Pirie and Mr Clifton are considered to be independent in character and judgement, notwithstanding that they have served on the Board for more than nine years.

The Board, having reviewed its performance, considers that Mrs Pirie and Mr Clifton continue to demonstrate commitment to their roles, provide valuable contributions to the deliberations of the Board and remain free from conflicts with the Company and its Directors. It therefore recommends that shareholders vote in favour of their re-elections.

No Director has any material interest in any contract which is significant to the Company's business.

The Directors' interests in the Company's share capital at the beginning and end of the financial year ended 30 April 2015, all of which were beneficial were as follows:

	Ordinary shares of 25p each at 30 April 2015	Ordinary shares of 25p each at 1 May 2014
Alan Clifton	42,000	42,000
Bob Cowdell	8,322	8,050
Carolan Dobson	15,960	Nil
Andrew Hutton	50,000	50,000
Stella Pirie	46,603	28,827
David Ritchie*	N/A	41,000

*Mr Ritchie retired as a Director on 5 August 2014.

The information in the above table has been audited (see Independent Auditor's Report on pages 34 to 37).

There have been no changes in the above holdings between the end of the financial year and the date of the Report.

Share capital

As at the date of this Report, the Company had 160,677,184 Ordinary shares of 25p each in issue. A total of 240,000 shares were held in Treasury. Accordingly, the total number of voting rights in the Company at the date of this Report is 160,677,184. There were no changes to share capital during the year under review. However, a total of 240,000 shares have been purchased to hold in Treasury since the year end.

Substantial share interests

As at the date of this Report, the Company has received notifications in accordance with the FCA's Disclosure and Transparency Rule 5.1.2R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital:

	Number of Ordinary shares	Percentage of total voting rights
Rathbone Brothers PLC	16,152,323	10.04%
1607 Capital Partners, LLC	8,085,593	5.02%
Quilter & Co Ltd	7,735,411	4.81%
Investec Wealth & Investment Limited	6,911,698	4.30%
Barclays plc	6,018,095	3.74%
East Riding of Yorkshire Council	5,000,000	3.11%

Manager

In accordance with the AIFM Directive, the Company has, with effect from 17 July 2014, become an Alternative Investment Fund and has appointed Schroder Unit Trusts Limited ("SUTL") as the Manager in accordance with the terms of an AIFM Agreement. The Manager has, with the approval of the Company, delegated investment management, accounting and company secretarial services to Schroder Investment Management Limited. The AIFM agreement, which is governed by the laws of England and Wales, can be terminated by either party on three months' notice or on immediate notice in the event of certain breaches or the insolvency of either party.

Following the departure of the lead portfolio manager in September 2014, the Board carried out a comprehensive review of the Company's investment management arrangements and considered the long term management options, including a review of detailed proposals from a number of managers. The Board assessed a number of factors, including management track record, risk management, investment process, depth of investment resource, administration, shareholder relations and marketing capabilities. Following this review, the Board concluded that, given its strength in UK equities and substantial corporate resources, Schroders would be retained as the Company's Manager, with the portfolio transitioned to an investment process focusing on long term earnings and valuations.

In connection with its retention, the Manager agreed to reduce the management fee charged to the Company from 0.60% to 0.50% of the Company's net assets less current liabilities, with effect from 1 November 2014. The Manager also agreed to bear all costs associated with the change of the lead portfolio manager and subsequent portfolio transition by way of a management fee waiver. The cost of implementing the transition has been calculated at £1.615 million and the fee waiver is expected to last until the fourth quarter of 2015.

In light of the above the Board considers that the Manager's continued appointment under the terms of the AIFM Agreement is in the best interests of shareholders.

Depositary

HSBC Bank plc, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, has been appointed with effect from 17 July 2014 to carry out certain duties of a Depositary specified in the AIFM Directive including, in relation to the Company, as follows:

- safekeeping of the assets of the Company which are entrusted to it;
- cash monitoring and verifying the Company's cash flows; and
- oversight of the Company and the Manager to the extent described in the AIFM Directive.

In carrying out such functions the Depositary shall act honestly, fairly, professionally, independently and in the interests of the shareholders of the Company.

The Depositary is liable to the Company for the loss of any financial instrument held in custody, unless the Depositary is permitted to and has discharged such liability under the AIFM Directive and the Depositary Agreement. The Manager will inform investors of any changes with respect to the Depositary's liability for the loss of any financial instrument held in custody. The Depositary is also liable to the Company for all other losses suffered by it as a result of the Depositary's fraud, negligence and/or intentional failure to properly fulfil its duties. Under the Depositary Agreement, the Company has agreed to indemnify the Depositary against certain liabilities for direct losses suffered by the Depositary except in the case of any liability arising from applicable law or from the negligence, fraud or wilful default of the Depositary.

The Company, the Manager and the Depositary may terminate the Depositary Agreement at any time by giving 90 days' notice in writing. The Depositary may only be removed from office when a new Depositary is appointed by the Company.

Registrar

The Company has appointed Equiniti Limited to act as Registrar. The services provided in their capacity as Registrar include share register maintenance, including the cancellation and allotment of shares as required; handling shareholder queries and correspondence; arranging for the payment of dividends, maintenance and reconciliation of associated bank accounts; meeting management for company meetings including registering of proxy votes and Scrutineer services as and when required; and Corporate Action Services.

Greenhouse gas emissions

As the Company outsources its operations to third parties, it has no greenhouse gas emissions to report.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Strategic Report, the Report of the Directors including the Corporate Governance Statement, the Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

– select suitable accounting policies and then apply them consistently;

– make judgements and accounting estimates that are reasonable and prudent;

– state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements respectively; and

– prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Remuneration Report comply with the Companies Act 2006. 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.

Each of the Directors, whose names and functions are set out in the inside front cover of this Report, confirms that, to the best of their knowledge:

– the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and net return of the Company;

- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- they consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Going concern

Having assessed the principal risks and the other matters discussed in connection with the viability statement, the Directors consider it appropriate to adopt the going concern basis in preparing the accounts.

A statement on the medium term viability of the Company can be found in the Strategic Report on pages 18 and 19.

Provision of information to the Auditors

The Directors at the date of approval of this Report confirm that, so far as each of them is aware, there is no relevant audit information of which the Company's Auditors are unaware; and each 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

The Company's Auditors, PricewaterhouseCoopers LLP, have expressed their willingness to remain in office and resolutions to re-appoint them as Auditors to the Company and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Corporate Governance Statement

The Board is committed to high standards of corporate governance and has implemented a framework for corporate governance which it considers to be appropriate for an investment company in order to comply with the principles of the UK Corporate Governance Code. The Financial Reporting Council published a revised version of the UK Corporate Governance Code in September 2014 (the "Code") which applies to accounting periods beginning on or after 1 October 2014. The Board reviewed the provisions of the Code in December 2014 and adopted the revised Code in advance of the required accounting period. The disclosures in this Statement report therefore against the provisions of the Code. The Code is published by the UK Financial Reporting Council and is available to download from www.frc.org.uk.

Compliance statement

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 and Going Concern statement set out on pages 23 and 24, indicates how the Company has complied with the principles of good governance of the Code and its requirements on Internal Control.

The Board considers that the Company has, for the period from 1 May to December 2014, complied with the provisions of the UK Corporate Governance Code published in October 2012 and for the period from January 2015 to 30 April 2015, complied with all relevant provisions set out in the Code, save in respect of the appointment of a Senior Independent Director, where departure from the Code is considered appropriate given the Company's position as an investment trust. The Board has considered whether a Senior Independent Director should be appointed. As the Board comprises entirely non-executive Directors, the appointment of a Senior Independent Director is not considered necessary. However, the chair of the Audit Committee effectively acts as the Senior Independent Director, leads the evaluation of the performance of the Chairman and is available to Directors and/or shareholders if they have concerns which cannot be resolved through discussion with the Chairman.

Operation and composition of the Board

Composition

The Board has no executive directors and has not appointed a Chief Executive Officer as it has contractually delegated responsibility for the management of its investment portfolio, the arrangement of custodial services and the provision of accounting and company secretarial services. The Company has no employees.

Chairman

The Chairman is an independent non-executive Director who is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chairman's other significant commitments are detailed on page 1 of the Report and Accounts. He has no conflicting relationships.

Role of the Board

The role of the Board is set out in the Strategic Report on pages 11 and 12.

A formal schedule of matters specifically reserved for decision by the Board has been defined and a procedure adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

The Chairman ensures that all Directors receive in a timely manner relevant management, regulatory and financial information and are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and internal controls. The Board receives and considers reports regularly from the Manager and other key advisers and ad hoc reports and information are supplied to the Board as required.

The Board is satisfied that it is of sufficient size with an appropriate balance of diverse skills and experience, independence and knowledge of the Company and the wider sector, to enable it to discharge its duties and responsibilities effectively and that no individual or group of individuals dominates decision making.

Training and development

On appointment, Directors receive a full, formal and tailored induction. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in relevant training and industry seminars and training and development needs are included as part of the evaluation process and are agreed with the Chairman.

Conflicts of interest

The Board has approved a policy on Directors' conflicts of interest. Under this policy, Directors are required to disclose all actual and potential conflicts of interest to the Board as they arise for consideration and approval. The Board may impose restrictions or refuse to authorise such conflicts if deemed appropriate.

Board evaluation

In order to review the effectiveness of the Board, the Committees and the individual Directors, a thorough appraisal process has been put in place. This is implemented by way of a questionnaire and discussions with the Chairman. In respect of the Chairman, discussions are held between the Directors and the Audit Committee chairman. The process is considered by the Board to be constructive in terms of identifying areas for improving the functioning and performance of the Board and the Committees, the contribution of individual Directors as well as building on and developing individual and collective strengths.

Directors' liability insurance and indemnity

Directors' and officers' liability insurance cover was in place for the Directors throughout the year. The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgment is given in their favour by the Court. This indemnity was in place throughout the year under review.

Directors' attendance at meetings

Five Board meetings are scheduled for the coming year to deal with matters including the setting and monitoring of investment strategy, approval of borrowings, the review of investment performance, the level of the discount or premium to net asset value and the evaluation of service providers. In addition, a strategy meeting is held each year. Additional meetings of the Board may be arranged as required.

The number of meetings of the Board and its committees held during the financial year and the attendance of individual directors are shown below. Whenever possible all Directors attend the Annual General Meeting.

Director	Board	Nomination Committee	Audit Committee	Management Engagement Committee
Alan Clifton	5/5	1/1	2/2	3/3
Bob Cowdell	5/5	1/1	2/2	3/3
Carolan Dobson	4/5	1/1	2/2	2/3
Andrew Hutton	5/5	1/1	2/2	3/3
Stella Pirie	5/5	1/1	2/2	3/3
David Ritchie*	2/2	N/A	1/1	N/A

*Mr Ritchie retired as a Director on 5 August 2014.

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

Board Committees and their activities

The Committees of the Board have defined Terms of Reference which are available on the website at www.schroderukgrowthfund.com. Membership of the Committees is set out on the inside front cover of this Report.

Audit Committee

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 Board considers each member of the Committee to be independent.

The Audit Committee met twice during the year to consider the operational controls maintained by the Manager and Depository, the Half Year and Annual Accounts and the Audit Plan and engagement letter, the independence of the Auditors and evaluation of the Auditors. The Board has satisfied itself that at least one of the Committee's members has recent and relevant financial experience (see the Directors' biographies on page 1 of this Report).

During its review of the Company's financial statements for the year ended 30 April 2015, the Audit Committee considered the following significant issues, including consideration of principal risks and uncertainties in light of the Company's activities, and issues communicated by the Auditors during their reporting:

Issue considered	How the issue was addressed
– Overall accuracy of the Annual Report and Accounts	– Consideration of the draft Annual Report and Accounts, the letter from the Manager in support of the letter of representation to the Auditors and the Auditors' Report to the Audit Committee.
– Calculation of the investment management fee	– Consideration of methodology used to calculate fees, matched against the criteria set out in the AIFM Agreement.
– Valuation and existence of holdings	– Review of portfolio holdings and assurance reports on controls from the Manager and Depository.
– Compliance with S1158 of the Corporation Tax Act 2010	– Consideration of compliance criteria.
– Internal Controls and risk management	– Consideration of several key aspects of internal control and risk management operating within the management company.

Effectiveness of the Independent Audit Process

The Audit Committee evaluated the effectiveness of the independent audit firm and process prior to making a recommendation on their re-appointment at the forthcoming Annual General Meeting. This evaluation involved an assessment of the effectiveness of the Auditors' performance against agreed criteria including: qualification; knowledge, expertise and resources; independence policies; effectiveness of audit planning; adherence to auditing standards; and overall competence. As part of the evaluation, the Committee considered feedback from the Manager on the audit process and the year end report from the Auditors, which details compliance with regulatory requirements, on safeguards that have been established, and on their own internal quality control procedures. The members of the Committee also met the Auditors without representatives of the Manager present.

Representatives of the Company's Auditors attend the Audit Committee meeting at which the draft Annual Report and Accounts are considered. Having reviewed the performance of the external Auditors as described above, the Committee considered it appropriate to recommend the firm's re-appointment.

The Auditors are required to rotate the Senior Statutory Auditor every five years. This is the third year that the current Senior Statutory Auditor has conducted the audit of the Company's financial statements.

The European Parliament and the Council of the European Union adopted an amending Directive on statutory audits of annual accounts and consolidated accounts in April 2014, which will apply to certain companies, including the Company, in respect of financial years commencing on or after 17 June 2016. The reforms include the mandatory periodic tendering of the audit contact and rotation of audit firms. The Board will consider the impact of the reforms once implemented into UK law.

Provision of Non-Audit Services

The Audit Committee has adopted a policy on the engagement of the Company's Auditors to supply non-audit services to the Company. £2,000 (2014: £2,000) is payable to the Auditors for non-audit services provided in respect of taxation compliance for the year under review. The Committee ensures that auditor objectivity and independence are safeguarded by a policy requiring pre-approval by the Committee for all non-audit services, which takes into consideration confirmation from the Auditors that they have adequate arrangements in place to safeguard their objectivity and independence in carrying out such work, within the meaning of the regulatory and professional requirements to which they are subject; the fees to be incurred, relative to the audit fees; the nature of the non-audit services; and whether the Auditors' skills and experience make it the most suitable supplier of such services and whether they are in a position to provide them.

Nomination Committee

The Nomination Committee is responsible for succession planning bearing in mind the balance of skills, knowledge and experience existing on the Board and will recommend to the Board when the further recruitment of non-executive Directors is required. The Nomination Committee advises the Board on its balance of relevant skills, experience, gender, race, ages and length of service of the Directors serving on the Board.

Before the appointment of a new Director, the Nomination Committee prepares a description of the role and capabilities required for a particular appointment. While the Committee is dedicated to selecting the best person for the role, it also recognises the importance of diversity.

Candidates are drawn from suggestions put forward from within the Company or by the use of an external agency. Candidates are then interviewed by members of the Nomination Committee which makes recommendations to the Board.

Once appointed as a Director, re-appointment is not automatic and follows a formal process of evaluation of each Director's performance. Any Director who is subject to annual re-election is subject to particularly rigorous assessment of their independence and contribution.

The Committee met on one occasion during the year under review to consider its terms of reference and the balance, skills and experience of the Board.

Management Engagement Committee

The role of the Management Engagement Committee is to ensure that the Manager remains suitable to manage the portfolio, that the terms of the management contract are competitive and reasonable for the shareholders, and that the Company maintains appropriate administrative and company secretarial support. The Committee also reviews the services provided by other third party service providers. The Board considers each member of the Committee to be independent.

To discharge its duties, the Committee met on three occasions during the year ended 30 April 2015 and considered the performance and suitability of the Manager, the terms and conditions of the management contract particularly in the light of the departure of the lead portfolio manager. It subsequently considered proposals in respect of the Company's investment management arrangements and made recommendations to the Board in respect of the retention of the Manager and portfolio transition and fee arrangements. It also considered the performance and suitability of other service providers.

Relations with shareholders

Shareholder relations are given high priority by both the Board and the Manager. The prime medium by which the Company communicates with shareholders is through the Half Year Report and the Annual Report which aim to provide shareholders with a clear understanding of the Company's activities and its results.

The Chairman and other Directors met a number of large shareholders on several occasions to obtain their views on changes to the management arrangements and related issues.

The Chairmen of the Board and its Committees attend the Annual General Meeting ("AGM") and are available to respond to queries and concerns from shareholders.

It is the intention of the Board that the Annual Report and Notice of the AGM be issued to shareholders so as to provide at least 20 working days' notice of the AGM. Shareholders wishing to lodge questions in advance of the AGM are invited to do so by writing to the Company Secretary at the address given on the inside front cover.

The Company has adopted a policy on complaints and other shareholder communications which ensures that shareholder complaints and communications addressed to the Company Secretary, the Chairman or the Board are, in each case, considered by the Chairman and by the Board.

Anti bribery and corruption Policy

The Company continues to be committed to carrying out its business fairly, honestly and openly and to operate an anti bribery and corruption policy.

This policy expressly prohibits any Director or persons acting on the Company's behalf from accepting, offering, soliciting, paying or authorising any payment, gift or hospitality to secure any improper benefit for themselves or the Company. The Company has implemented this policy to ensure compliance with the Bribery Act 2010. In pursuance of this policy, the Board has undertaken due diligence in respect of persons who perform services for and on behalf of the Company and has obtained assurances that appropriate anti bribery and corruption policies are in operation.

Internal audit

The Company does not have an internal audit function; it delegates to third parties most of its operations and does not employ any staff. The Board will continue to monitor the system of internal control in order to provide assurance that it operates as intended and the Directors annually review whether a function equivalent to internal audit is needed.

Internal control and risk management systems

Information on the Company's internal control and risk management systems can be found in the Strategic Report on pages 11 to 19.

By Order of the Board

Schroder Investment Management Limited
Company Secretary

30 June 2015

Remuneration Report

Introduction

This Report has been prepared in accordance with the relevant provisions of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The Directors' Annual Report on Remuneration is subject to shareholder approval at the forthcoming Annual General Meeting ("AGM").

Directors' Remuneration Policy

The determination of the Directors' fees is a matter dealt with by the Board.

It is the Board's policy to determine the level of Directors' remuneration having regard to amounts 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, taking into account the aggregate limit of fees set out in the Company's Articles of Association. This aggregate level of Directors' fees is currently set at £200,000 per annum and any increase in this level requires approval by the Board and the Company's shareholders. The Chairman of the Board and the chairman of the Audit Committee each receive fees at a higher rate than the other Directors to reflect their additional responsibilities. The fees payable to Directors are not performance related. They are set at a level to recruit and retain individuals of sufficient calibre, with the level of knowledge, experience and expertise necessary to promote the success of the Company in reaching its short and long term strategic objectives.

The Board and its Committees are comprised of non-executive Directors. No Director past or present has an entitlement to pensions, and the Company has not awarded, and does not intend to award, any share options or long term performance incentives to any Director. No Director has a service contract with the Company, however, Directors have a letter of appointment with the Company and are not entitled to notice in the event of termination. Directors do not receive exit payments and are not provided with any compensation for loss of office. No other payments are made to Directors other than the reimbursement of reasonable out-of-pocket expenses incurred in attending to the Company's business.

The terms of Directors' letters of appointment are available for inspection at the Company's registered office address during normal business hours and during the AGM at the location of such meeting.

The Board did not seek the views of shareholders in setting this Remuneration Policy. Any comments on the Policy received from shareholders would be considered on a case-by-case basis.

As the Company does not have any employees, no employee pay and employment conditions were taken into account when setting this Remuneration Policy and no employees were consulted in its construction.

Directors' fees are reviewed annually and take into account research from third parties on the levels of fees paid to directors of peer group companies, as well as industry norms and factors affecting the time commitment expected of the Directors. New Directors are subject to the provisions set out in this Remuneration Policy.

Annual Report on implementation of the Directors' Remuneration Policy

This Report sets out how the Directors' Remuneration Policy was implemented during the year ended 30 April 2015.

Fees paid to Directors

During the year ended 30 April 2015, the Chairman was paid a fee of £35,000, and the other members of the Board were each paid a fee of £25,000. The Chairman of the Audit Committee received an additional £3,000.

The following amounts were paid by the Company to the Directors for services as non-executive Directors in respect of the year ended 30 April 2015 and the previous financial year:

Director	Salary/fees 2015 £	Salary/fees 2014 £
Alan Clifton (Chairman)	35,000	32,500
Bob Cowdell	25,000	22,500
Carolan Dobson[1]	25,028	3,356
Andrew Hutton	25,000	22,500
Stella Pirie	28,250	25,250
David Ritchie[2]	6,640	22,500
Total	**144,918**	**128,606**

[1]Appointed as a Director 13 March 2014.
[2]Retired as a Director on 5 August 2014.

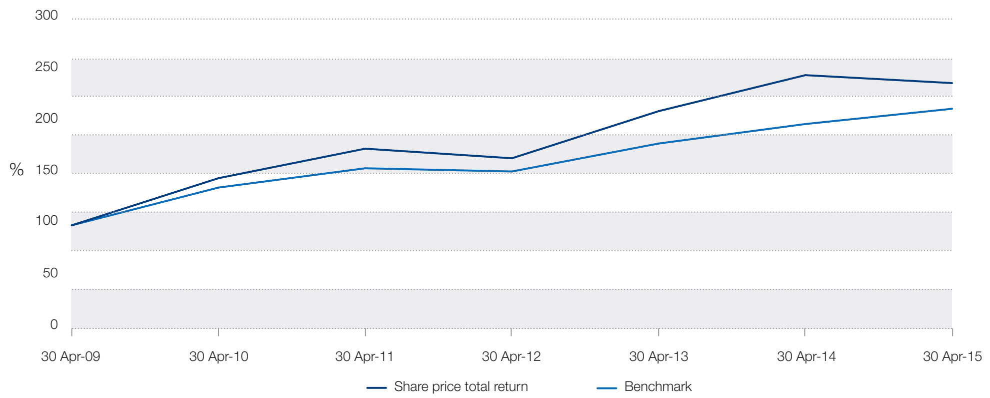
The information in the above table has been audited.

Consideration of matters relating to Directors' remuneration

Directors' remuneration levels were reviewed by the Board during the year under review. The members of the Board at the time that remuneration levels were last considered were as set out on page 1 of the Report and Accounts. No external advice was sought in considering Directors' fee levels. Following the Annual Review, the Board decided that Directors' fees would remain unchanged. The Directors' fees were last increased in November 2013.

Performance graph

A graph showing the Company's share price total return compared with its Benchmark, the FTSE All-Share Index, over the last six years is shown below.



Source: Morningstar/Thomson Reuters. Rebased to 100 at 30 April 2009.

Expenditure by the Company on Directors' Remuneration compared with Distributions to Shareholders

The table below compares the remuneration paid to Directors to distributions made to shareholders during the year under review and the prior financial year. In considering these figures, shareholders should take into account the Company's principal investment objective of achieving capital growth.

	Year ended 30 April 2015 £'000	Year ended 30 April 2014 £'000	Change %
Remuneration paid to Directors	145	129	+12.4
Distributions to shareholders – dividends	9,253	7,242	+27.8

Directors' share interests

The Company's Articles of Association do not contain provision requiring Directors to own shares in the Company. The shareholdings of Directors, including those of connected persons, at the beginning and end of the financial year under review are set out in the Report of the Directors on page 21. Such information has been audited.

The Company does not operate a share scheme for Directors nor does it award Directors share options.

Implementation of the Directors' Remuneration Policy for the year ending 30 April 2016

The Board does not intend to make any significant changes to the implementation of the Directors' Remuneration Policy as set out in this Report for the year ending 30 April 2016.

Shareholder approval

Directors' Remuneration Policy

The above Remuneration Policy is currently in force and is subject to a binding vote every three years. An ordinary resolution to approve this Policy was approved by shareholders at the last AGM, the full policy provisions will continue to apply until the AGM held in 2017 unless a revised Remuneration Policy is approved prior to such AGM.

Director's Annual Report on Remuneration

The above Report on Directors' Remuneration is subject to an annual advisory vote. An ordinary resolution to approve this Report will be put to shareholders at the forthcoming AGM.

At the Annual General Meeting held on 5 August 2014, 99.78% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Remuneration Report for the year ended 30 April 2014 were in favour while 0.22% were against. 14,615,232 votes were withheld.

Alan Clifton
Chairman
30 June 2015

Independent Auditors' Report to the Members of Schroder UK Growth Fund plc

Report on the financial statements

Our opinion

In our opinion, Schroder UK Growth Fund plc's financial statements (the "financial statements"):

– give a true and fair view of the state of the Company's affairs as at 30 April 2015 and of its net return and cash flows for the year then ended;
– have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
– have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Schroder UK Growth Fund plc's financial statements comprise:

– the Balance Sheet as at 30 April 2015;
– the Income Statement for the year then ended;
– the Cash Flow Statement for the year then ended;
– the Reconciliation of Movements in Shareholders' Funds for the year then ended; and
– the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Report and Accounts, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our audit approach

Overview

Materiality

– Overall materiality: £3 million which represents 1% of net assets.

Audit scope

– The Company is a standalone Investment Trust Company and engages Schroder Unit Trusts Limited (the "Manager") to manage its assets.
– We conducted our audit of the financial statements at the offices of HSBC Securities Services (the "Administrator") who the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
– We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.

Areas of focus

– Income from investments
– Valuation and existence of investments

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Independent Auditors' Report to the Members of Schroder UK Growth Fund plc

Area of focus	How our audit addressed the area of focus
Income from Investments Refer to pages 27 and 28 (Audit Committee Report), page 41 (Accounting Policies) and page 42 (Notes to the Accounts). ISAs (UK & Ireland) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve capital growth in line with the objective of the Company. We focused on the accuracy and completeness of dividend income recognition and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP"). This is because incomplete or inaccurate income could have a material impact on the Company's net asset value.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. We understood and assessed the design and implementation of key controls surrounding income recognition. In addition, we tested dividend receipts by agreeing the dividend rates from a sample of investments to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for a sample of investment holdings in the portfolio. Our testing did not identify any unrecorded dividends. We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP. We then tested the validity of income and capital special dividends to independent third party sources. We did not find any special dividends that were not treated in accordance with the AIC SORP.
Valuation and existence of investments Refer to pages 27 and 28 (Audit Committee Report), page 41 (Accounting Policies) and page 45 (Notes to the Accounts). The investment portfolio at 30 April 2015 comprised listed equity investments of £287 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Balance Sheet in the financial statements.	We tested the valuation of the listed investments by agreeing the prices used in the valuation to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance. We agreed the existence of investments to independent third party sources by agreeing the holdings of investments to an independent confirmation from the Depositary, HSBC Bank plc. No differences were identified.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the types of investments within the Company, the involvement of the Manager and Administrator, the accounting processes and controls, and the industry in which the Company operates.

The Manager outsources certain accounting and administrative functions to an Administrator.

As part of our risk assessment, we assessed the control environment in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment of the operating and accounting structure in place at both organisations involved obtaining and reading the relevant control reports issued by the independent auditor of the Manager and Administrator in accordance with generally accepted assurance standards for such work. We then identified those key controls at the Administrator on which we could place reliance to provide audit evidence. We also assessed the gap period of 4 months between the period covered by the Administrator controls report and the year-end of the Company. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements, including whether we needed to perform additional testing in respect of those key controls to support our substantive work. For the purposes of our audit, we determined that additional testing of controls in place at the Administrator was not required because additional substantive testing was performed.

Independent Auditors' Report to the Members of Schroder UK Growth Fund plc

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£3 million.
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £150,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 24, in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the Company's financial statements using the going concern basis of accounting. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion:

– the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

– information in the Report and Accounts is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report arising from this responsibility.
– the statement given by the Directors on pages 23 and 24, in accordance with provision C.1.1 of the UK Corporate Governance Code ("the Code"), that they consider the Report and Accounts taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
– the section of the Report and Accounts on pages 27 and 28, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

– we have not received all the information and explanations we require for our audit; or
– adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
– the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the Members of Schroder UK Growth Fund plc

Directors' remuneration

Directors' Remuneration Report – Companies Act 2006 opinion

In our opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 23 and 24, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Richard McGuire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

30 June 2015

Notes:

- The maintenance and integrity of the website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Income Statement

for the year ended 30 April 2015

	Note	2015 Revenue £'000	2015 Capital £'000	2015 Total £'000	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000
(Losses)/gains on investments held at fair value through profit or loss	**2**	**–**	**(3,593)**	**(3,593)**	–	25,148	25,148
Income from investments	**3**	**10,357**	**–**	**10,357**	10,700	–	10,700
Other interest receivable and similar income	**3**	**15**	**–**	**15**	58	–	58
Gross return/(loss)		**10,372**	**(3,593)**	**6,779**	10,758	25,148	35,906
Investment management fee	**4**	**(258)**	**(601)**	**(859)**	(271)	(633)	(904)
Administrative expenses	**5**	**(572)**	**–**	**(572)**	(528)	–	(528)
Net return/(loss) before finance costs and taxation		**9,542**	**(4,194)**	**5,348**	9,959	24,515	34,474
Finance costs	**6**	**(46)**	**(108)**	**(154)**	(117)	(273)	(390)
Net return/(loss) on ordinary activities before taxation		**9,496**	**(4,302)**	**5,194**	9,842	24,242	34,084
Taxation on ordinary activities	**7**	**(21)**	**–**	**(21)**	1	–	1
Net return/(loss) on ordinary activities after taxation		**9,475**	**(4,302)**	**5,173**	9,843	24,242	34,085
Return/(loss) per share	**9**	**5.89p**	**(2.67)p**	**3.22p**	6.12p	15.06p	21.18p

Dividends declared in respect of the financial year ended 30 April 2015 amounted to 6.00p (2014: 5.50p) per share. Further information on dividends is given in note 8 on pages 44 and 45.

The "Total" column of this statement is the profit and loss account of the Company. The "Revenue" and "Capital" columns represent supplementary information prepared under guidance issued by The Association of Investment Companies. The Company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 April 2015

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share purchase reserve £'000	Warrant exercise reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 April 2013	40,229	9,875	19,759	78,071	417	122,072	5,651	276,074
Net return on ordinary activities	–	–	–	–	–	24,242	9,843	34,085
Dividends paid in the year	–	–	–	–	–	–	(7,242)	(7,242)
At 30 April 2014	40,229	9,875	19,759	78,071	417	146,314	8,252	302,917
Net (loss)/return on ordinary activities	–	–	–	–	–	(4,302)	9,475	5,173
Dividends paid in the year	–	–	–	–	–	–	(9,253)	(9,253)
At 30 April 2015	**40,229**	**9,875**	**19,759**	**78,071**	**417**	**142,012**	**8,474**	**298,837**

The notes on pages 41 to 52 form an integral part of these accounts.

Balance Sheet

at 30 April 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	286,576	322,497
Current assets			
Debtors	11	1,741	17,002
Cash at bank and in hand		10,612	1,696
		12,353	18,698
Current liabilities			
Creditors: amounts falling due within one year	12	(92)	(38,278)
Net current assets/(liabilities)		12,261	(19,580)
Net assets		298,837	302,917
Capital and reserves			
Called-up share capital	13	40,229	40,229
Share premium	14	9,875	9,875
Capital redemption reserve	14	19,759	19,759
Share purchase reserve	14	78,071	78,071
Warrant exercise reserve	14	417	417
Capital reserves	14	142,012	146,314
Revenue reserve	14	8,474	8,252
Total equity shareholders' funds		298,837	302,917
Net asset value per share	15	185.71p	188.24p

These accounts were approved and authorised for issue by the Board of Directors on 30 June 2015 and signed on its behalf by:

Alan Clifton
Chairman

The notes on pages 41 to 52 form an integral part of these accounts.

Registered in England and Wales
Company registration number: 2894077

Cash Flow Statement

for the year ended 30 April 2015

	Note	2015 £'000	2014 £'000
Net cash inflow from operating activities	16	**9,707**	8,145
Servicing of finance			
Interest paid		**(162)**	(394)
Net cash outflow from servicing of finance		**(162)**	(394)
Taxation			
Overseas tax paid		**(4)**	(5)
Investment activities			
Purchase of investments		**(315,081)**	(472,324)
Sales of investments		**353,709**	457,125
Net cash inflow/(outflow) from investment activities		**38,628**	(15,199)
Dividends paid		**(9,253)**	(7,242)
Net cash inflow/(outflow) before financing		**38,916**	(14,695)
Financing			
Bank loan repaid		**(30,000)**	–
Net cash outflow from financing		**(30,000)**	–
Net cash inflow/(outflow) in the year	17	**8,916**	(14,695)

The notes on pages 41 to 52 form an integral part of these accounts.

Notes to the Accounts

1. Accounting policies

(a) Basis of accounting
The accounts are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (the "SORP") issued by the Association of Investment Companies in January 2009. All of the Company's operations are of a continuing nature.

The accounts have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments at fair value.

The policies applied in these accounts are consistent with those applied in the preceding year.

(b) Valuation of investments
The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are designated by the Company as "held at fair value through profit or loss". They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets.

All purchases and sales are accounted for on a trade date basis.

(c) Accounting for reserves
Gains and losses on sales of investments are included in the Income Statement and in capital reserves within "Gains and losses on sales of investments". Increases and decreases in the valuation of investments held at the year end are included in the Income Statement and in capital reserves within "Investment holding gains and losses".

(d) Income
Dividends receivable from equity shares are included in revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in capital.

UK dividends are included net of tax credits.

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

Deposit interest outstanding at the year end is calculated and accrued on a time apportionment basis using market rates of interest.

Underwriting commission is taken to revenue on a receipts basis. Underwriting commission is recognised in revenue where it relates to shares that the Company is not required to take up. Where the Company is required to take up a proportion of the shares underwritten, the same proportion of commission received is deducted from the cost of the shares taken up, with the balance taken to revenue.

(e) Expenses
All expenses are accounted for on an accruals basis. Expenses are allocated wholly to the revenue column of the Income Statement with the following exceptions:

– The management fee is allocated 30% to revenue and 70% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.

– Expenses incidental to the purchase or sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and comprise brokerage commission and stamp duty. Details of transaction costs are given in note 10 on page 45.

(f) Finance costs
Finance costs, including any premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest method and in accordance with the provisions of FRS 25 "Financial Instruments: Presentation" and FRS 26 "Financial Instruments: Measurement".

Finance costs are allocated 30% to revenue and 70% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.

(g) Financial instruments
Cash at bank and in hand may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Other debtors and creditors do not carry any interest, are short term in nature and are accordingly stated at nominal value, with debtors reduced by appropriate allowances for estimated irrecoverable amounts.

Bank loans and overdrafts are classified as loans and receivables and are initially measured at fair value and subsequently at amortised cost. They are recorded at the proceeds received net of direct issue costs.

(h) Taxation

Deferred tax is accounted for in accordance with FRS 19: "Deferred Tax".

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which those timing differences can be utilised.

Tax relief is allocated to expenses charged to the capital column of the Income Statement on the "marginal basis". On this basis, if taxable income is capable of being entirely offset by revenue expenses, then no tax relief is transferred to the capital column.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

(i) Value added tax ("VAT")

Expenses are disclosed inclusive of the related irrecoverable VAT.

(j) Dividends payable

In accordance with FRS 21: "Events after the Balance Sheet Date", dividends are included in the accounts in the year in which they are paid.

2. (Losses)/gains on investments held at fair value through profit or loss

	2015 £'000	2014 £'000
(Losses)/gains on sales of investments based on historic cost	**(11,454)**	64,164
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year	**(4,625)**	(42,110)
(Losses)/gains on sales of investments based on the carrying value at the previous balance sheet date	**(16,079)**	22,054
Net movement in investment holding gains and losses	**12,486**	3,094
(Losses)/gains on investments held at fair value through profit or loss	**(3,593)**	25,148

3. Income

	2015 £'000	2014 £'000
Income from investments:		
UK dividends	**10,176**	10,547
Property income dividends	**57**	56
Scrip dividends	**124**	97
	10,357	10,700
Other interest receivable and similar income		
Deposit interest	**4**	21
Miscellaneous Income	**6**	–
Underwriting commission	**5**	37
	15	58
Total income	**10,372**	10,758

4. Investment management fee

	2015			2014		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Management fee	**258**	**601**	**859**	271	633	904

The basis for calculating the investment management fee is set out in the Report of the Directors on pages 21 and 22 and details of all amounts payable to the Manager are given in note 18 on page 48.

5. Administrative expenses

	2015 £'000	2014 £'000
Administration expenses	**402**	360
Directors' fees[1]	**145**	129
Secretarial fee	**–**	14
Auditors' remuneration for audit services[2]	**23**	23
Auditors' remuneration for taxation compliance services[3]	**2**	2
	572	528

[1] Full details are given in the Remuneration Report on page 32.
[2] Includes £4,000 (2014: £4,000) irrecoverable VAT.
[3] Includes £400 (2014: £400) irrecoverable VAT.

6. Finance costs

	2015			2014		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans and overdrafts	**46**	**108**	**154**	117	273	390

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2015 £'000	2014 £'000
Irrecoverable overseas tax	**21**	(1)
Current tax charge for the year	**21**	(1)

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2014: lower) than the Company's applicable rate of corporation tax for the year of 20.92% (2014: 22.83%).

The factors affecting the current tax charge for the year are as follows:

	2015			2014		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Net return/(loss) on ordinary activities before taxation	**9,496**	**(4,302)**	**5,194**	9,842	24,242	34,084
Net return/(loss) on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 20.92% (2014: 22.83%)	**1,987**	**(900)**	**1,087**	2,247	5,534	7,781
Effects of:						
Capital returns and losses on investments	**–**	**752**	**752**	–	(5,741)	(5,741)
Income not chargeable to corporation tax	**(2,155)**	**–**	**(2,155)**	(2,443)	–	(2,443)
Unrelieved expenses	**168**	**148**	**316**	196	207	403
Irrecoverable overseas tax	**21**	**–**	**21**	(1)	–	(1)
Current tax charge for the year	**21**	**–**	**21**	(1)	–	(1)

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £7,809,000 (2014: £7,517,000) based on a prospective corporation tax rate of 20% (2014: same). The reduction in the standard rate of corporation tax was substantively enacted on 2 July 2013 and is effective from 1 April 2015. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

Given the Company's status as an Investment Trust Company, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

8. Dividends

(a) Dividends paid and declared

	2015 £'000	2014 £'000
2014 second interim dividend of 2.25p (2013: 2.25p)	**3,621**	3,621
2014 special dividend of 1.00p (2013: nil)	**1,609**	–
2015 first interim dividend of 2.50p (2014: 2.25p)	**4,023**	3,621
Total dividends paid in the year	**9,253**	7,242

	2015 £'000	2014 £'000
2015 second interim dividend declared of 2.50p (2014: 2.25p)	**4,023**	3,621
2015 special dividend declared of 1.00p (2014: 1.00p)	**1,609**	1,609
Total dividends declared	**5,632**	5,230

(b) Dividends for the purposes of Section 1158 of the Corporation Tax Act 2010 (“S1158”)

The requirements of S1158 are considered on the basis of dividends declared in respect of the financial year as shown below. The revenue available for distribution by way of dividend for the year is £9,475,000 (2014: £9,843,000).

	2015 £'000	2014 £'000
First interim dividend of 2.50p (2013: 2.25p)	4,023	3,621
Second interim dividend of 2.50p (2014: 2.25p)	4,023	3,621
Special dividend of 1.00p (2014: 1.00)	1,609	1,609
Total dividends of 6.00p (2014: 5.50p) per share	9,655	8,851

9. Return per share

	2015 £'000	2014 £'000
Revenue return	9,475	9,843
Capital (loss)/return	(4,302)	24,242
Total return	5,173	34,085
Weighted average number of shares in issue during the year	160,917,184	160,917,184
Revenue return per share	5.89p	6.12p
Capital (loss)/return per share	(2.67)p	15.06p
Total return per share	3.22p	21.18p

10. Investments held at fair value through profit or loss

	2015 £'000	2014 £'000
Opening book cost	314,119	240,835
Opening investment holding gains	8,378	47,394
Opening valuation	322,497	288,229
Purchases at cost	307,472	480,154
Sales proceeds	(339,800)	(471,034)
(Losses)/gains on sales of investments based on the carrying value at the previous balance sheet date	(16,079)	22,054
Net movement in investment holding gains and losses	12,486	3,094
Closing valuation	286,576	322,497
Closing book cost	270,337	314,119
Closing investment holding gains	16,239	8,378
Total investments held at fair value through profit or loss	286,576	322,497

All investments are listed on a recognised stock exchange.

The following transaction costs, comprising stamp duty and brokerage commission were incurred during the year:

	2015 £'000	2014 £'000
On acquisition	1,818	2,762
On disposals	575	682
	2,393	3,444

11. Debtors

	2015 £'000	2014 £'000
Dividends and interest receivable	1,716	3,057
Securities sold awaiting settlement	–	13,909
Taxation recoverable	7	24
Other debtors	18	12
	1,741	17,002

The Directors consider that the carrying amount of receivables approximates to their fair value.

12. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Bank loan	–	30,000
Securities purchased awaiting settlement	–	7,733
Other creditors and accruals	92	545
	92	38,278

The Company has a £35 million, 364 day revolving credit facility with Scotiabank, which was undrawn at the year end. The facility is unsecured but is subject to covenants and restrictions whch are customary for a facility of this nature, all of which have been met during the year. Further details are given in note 21(a) on page 49.

The Directors consider that the carrying amount of creditors falling due within one year approximates to their fair value.

13. Called-up share capital

	2015 £'000	2014 £'000
Ordinary shares allotted, called-up and fully paid: 160,917,184 (2014: same) shares of 25p each:	40,229	40,229

14. Reserves

					Capital reserves		
	Share premium £'000	Capital redemption reserve £'000	Share purchase reserve £'000	Warrant exercise reserve £'000	Gains and losses on sales of investments £'000	Investment holding gains and losses £'000	Revenue reserve £'000
Opening balance	9,875	19,759	78,071	417	137,936	8,378	8,252
Losses on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	(16,079)	–	–
Net movement in investment holding gains and losses	–	–	–	–	–	12,486	–
Transfer on disposal of investments	–	–	–	–	4,625	(4,625)	–
Management fee and finance costs allocated to capital	–	–	–	–	(709)	–	–
Dividends paid	–	–	–	–	–	–	(9,253)
Retained revenue for the year	–	–	–	–	–	–	9,475
Closing balance	**9,875**	**19,759**	**78,071**	**417**	**125,773**	**16,239**	**8,474**

15. Net asset value per share

	2015	2014
Net assets attributable to Ordinary shareholders (£'000)	**298,837**	302,917
Ordinary shares in issue at the year end	**160,917,184**	160,917,184
Net asset value per share	**185.71p**	188.24p

16. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash inflow from operating activities

	2015 £'000	2014 £'000
Total return on ordinary activities before finance costs and taxation	**5,348**	34,474
Capital loss/(return) on ordinary activities before finance costs and taxation	**4,194**	(24,515)
Scrip dividends received as income	**(124)**	(97)
Decrease/(increase) in accrued dividends and interest receivable	**1,341**	(1,053)
(Increase)/decrease in other debtors	**(6)**	4
Decrease in accrued expenses	**(445)**	(35)
Management fee allocated to capital	**(601)**	(633)
Net cash inflow from operating activities	**9,707**	8,145

17. Analysis of changes in net (debt)/funds

	At 30 April 2014 £'000	Cash flow £'000	At 30 April 2015 £'000
Cash at bank and in hand	1,696	8,916	10,612
Bank loan	(30,000)	30,000	–
Net (debt)/funds	**(28,304)**	**38,916**	**10,612**

18. Transactions with the Manager

Under the terms of the AIFM Agreement, the Manager is entitled to receive a management fee. Details of the basis of the calculation are given in the Report of the Directors on pages 21 and 22. Any investments in funds managed or advised by the Manager or any of its associated companies, are excluded from the assets used for the purpose of the calculation and therefore incur no fee. The management fee payable in respect of the year ended 30 April 2015 amounted to £859,000 of which nil was outstanding at the year end.

Following the departure of the portfolio manager in September 2014, the Manager agreed to bear portfolio transition costs of £1.615 million by way of a management fee waiver with effect from 1 November 2014. Thus the fee chargeable for the second half of the financial year amounting to £723,000 has been waived and no further fee will be payable until the £1.615 million has been wholly offset.

The management fee payable in respect of the year ended 30 April 2014 amounted to £904,000 of which £443,000 was outstanding at the prior year end. Following the departure of the portfolio manager in March 2013, the Manager agreed make a contribution to portfolio transition costs by waiving its fee for a period of six months commencing 1 July 2013.

For part of the preceeding year, the Manager was entitled to a secretarial fee which ceased on 30 June 2013. The secretarial fee payable in respect of the prior year amounted to £14,000 of which nil was outstanding at the prior year end.

No Director of the Company served as a director of any member of the Schroder Group at any time during the year.

19. Related party transactions

The Company has no related parties other than its Directors. Details of the remuneration payable to Directors are given in the Remuneration Report on page 32 and details of Directors' shareholdings are given in the Report of the Directors on page 21.

20. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of FRS 29 that are held at fair value comprise its investment portfolio. The investments are categorised into a hierarchy comprising the following three levels:

Level 1 – valued using quoted prices in active markets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted market prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

Details of the valuation techniques used by the Company are given in note 1(b) on page 41.

At 30 April 2015, all investments in the Company's portfolio are categorised as Level 1 (2014: same).

There have been no transfers between Levels 1, 2 or 3 during the year (2014: nil).

21. Financial instruments' exposure to risk and risk management policies

The investment objective is set out on the inside front cover of this Report. In pursuing this objective, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

These financial risks include market risk (comprising interest rate risk and market price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Board coordinates the Company's risk management policy. The Company has no significant exposure to foreign exchange risk.

The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year.

The Company's classes of financial instruments are as follows:

- investments in equity shares which are held in accordance with the Company's investment objective;
- short term debtors, creditors and cash arising directly from its operations; and
- a sterling credit facility with Scotiabank, the purpose of which is to manage working capital requirements and to gear the Company as appropriate.

(a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises two elements – interest rate risk and market price risk. Information to enable an evaluation of the nature and extent of these three elements of market risk is given in parts (i) to (ii) of this note, together with sensitivity analyses where appropriate. The Board reviews and agrees policies for managing these risks and these policies have remained unchanged from those applying in the comparative year. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on variable rate borrowings when interest rates are re-set.

Management of interest rate risk

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Board's policy is to limit gearing/(net cash) within the range +20% to -20%, where gearing represents borrowings used for investment purposes less cash, expressed as a percentage of net assets.

The possible effects on cash flows that could arise as a result of changes in interest rates are taken into account when the Company borrows on the credit facility. However, amounts drawn down on this facility are for short term periods and therefore exposure to interest rate risk is not significant.

Interest rate exposure

The exposure of financial assets and financial liabilities to floating interest rates, giving cash flow interest rate risk when rates are re-set, is shown below:

	2015 £'000	2014 £'000
Exposure to floating interest rates:		
Cash at bank and in hand	10,612	1,696
Creditors: amounts falling due within one year – drawings on the credit facility	–	(30,000)
Total exposure	10,612	(28,304)

The Interest receivable on cash balances is at a margin below LIBOR (2014: same).

The Company has a £35 million 364 day revolving credit facility with Scotiabank which expires in July 2015. Interest is payable at a rate of LIBOR as quoted in the market for the loan period plus a margin, plus Mandatory Costs, which are the lender's costs of complying with certain regulatory requirements of the Bank of England. The facility was undrawn at 30 April 2015 (2014: £30 million drawn down at an interest rate of 1.4% per annum).

The above year end amounts are not representative of the exposure to interest rates during the year as the level of cash balances and drawings on the credit facility have fluctuated. The maximum and minimum balances during the year are as follows:

	2015 £'000	2014 £'000
Maximum debit interest rate exposure during the year – net drawing on the credit facility	(24,452)	(29,002)
Maximum credit/minimum debit interest rate exposure during the year – net cash/(drawings on the credit facility)	17,126	(9,628)

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2014: 0.5%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

	2015		2014	
	0.5% increase in rate £'000	0.5% decrease in rate £'000	0.5% increase in rate £'000	0.5% decrease in rate £'000
Income statement – return after taxation				
Revenue return	53	(53)	(36)	36
Capital return	–	–	(105)	105
Total return after taxation	53	(53)	(141)	141
Net assets	53	(53)	(141)	141

In the opinion of the Directors, this sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to fluctuations in the level of cash balances and drawings on the credit facility.

(ii) Market price risk

Market price risk includes changes in market prices, other than those arising from interest rate risk, which may affect the value of equity investments.

Management of market price risk

The Board meets on at least four occasions each year to consider the asset allocation of the portfolio and the risk associated with particular industry sectors. The investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objective and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

Market price risk exposure

The Company's total exposure to changes in market prices at 30 April comprises its holdings in equity investments as follows:

	2015 £'000	2014 £'000
Equity investments held at fair value through profit or loss	286,576	322,497

The above data is broadly representative of the exposure to market price risk during the year.

Concentration of exposure to market price risk

An analysis of the Company's investments is given on pages 9 and 10. This shows that the portfolio is predominantly invested in stocks listed in the UK. Accordingly there is a concentration of exposure to the UK. However it should be noted that an investment may not be entirely exposed to the economic conditions in its country of listing, as many companies in the UK conduct much of their business overseas.

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 10% (2014: 10%) in the fair values of the Company's equities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's exposure to equity investments and assumes all other variables are held constant.

	2015		2014	
	10% increase in fair value £'000	10% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Income statement – return after taxation				
Revenue return	–	–	–	–
Capital return	28,658	(28,658)	32,250	(32,250)
Total return after taxation and net assets	28,658	(28,658)	32,250	(32,250)
Change in net asset value	9.6%	(9.6%)	10.6%	(10.6%)

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management of the risk
Liquidity risk is not significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding requirements if necessary. Short term flexibility is achieved through the use of a credit facility. The Board's policy is for the Company to remain fully invested in normal market conditions. Short term borrowings are used to manage working capital requirements and to gear the Company as appropriate.

Liquidity risk exposure
Contractual maturities of the financial liabilities, based on the earliest date on which payment can be required are as follows:

	Three months or less 2015 £'000	Three months or less 2014 £'000
Creditors: amounts falling due within one year		
Bank loan – including interest	**–**	30,033
Securities purchased awaiting settlement	**–**	7,733
Other creditors and accruals	**92**	536
	92	38,302

(c) Credit risk
Credit risk is the risk that the failure of the counterparty to a transaction to discharge its obligations under that transaction could result in loss to the Company.

Management of credit risk
This risk is not significant and is managed as follows:

Portfolio dealing
The Company invests in markets that operate a "Delivery Versus Payment" settlement process which mitigates the risk of losing the principal of a trade during settlement. The Manager continuously monitors dealing activity to ensure best execution, which involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparties must be pre-approved by the Manager's credit committee.

Exposure to the Custodian
The Custodian of the Company's assets is HSBC Bank plc which has Long Term Credit Ratings of AA- with Fitch and Aa Z with Moody's. The Company's investments are held in accounts which are segregated from the Custodian's own trading assets. If the the Custodian were to become insolvent, the Company's right of ownership of its investments is clear and they are therefore protected. However the Company's cash balances are all deposited with the Custodian as banker and held on the Custodian's balance sheet. Accordingly, in accordance with usual banking practice, the Company will rank as a general creditor to the Custodian in respect of cash balances.

Credit risk exposure
The following amounts shown in the Balance Sheet, represent the maximum exposure to credit risk at the current and comparative year end.

	2015		2014	
	Balance sheet £'000	**Maximum exposure £'000**	Balance sheet £'000	Maximum exposure £'000
Fixed assets				
Investments held at fair value through profit or loss	**286,576**	**–**	322,497	–
Current assets				
Debtors – dividends and interest receivable and other debtors	**1,741**	**1,723**	3,093	3,081
Securities sold awaiting settlement	**–**	**–**	13,909	13,909
Cash at bank and in hand	**10,612**	**10,612**	1,696	1,696
	298,929	**12,335**	341,195	18,686

No debtors are past their due date and none have been written down or are deemed to be impaired.

(d) Fair values of financial assets and financial liabilities
All financial assets and liabilities are either carried in the balance sheet at fair value or the balance sheet amount is a reasonable approximation of fair value.

22. Capital management policies and procedures

The Company's objectives, policies and processes for managing capital are unchanged from the preceding year.

The Company's debt and capital structure comprises the following:

	2015 £'000	2014 £'000
Debt		
Bank loan	–	30,000
Equity		
Called-up share capital	**40,229**	40,229
Reserves	**258,608**	262,688
	298,837	302,917
Total debt and equity	**298,837**	332,917

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise the capital return to its equity shareholders through an appropriate level of gearing.

The Board's policy is to limit gearing/(net cash) within the range +20% to -20%, where gearing represents borrowings used for investment purposes less cash, expressed as a percentage of net assets. If the amount so calculated is negative, this represents a "net cash" position.

	2015 £'000	2014 £'000
Borrowings used for investment purposes, less cash	**(10,612)**	28,304
Net assets	**298,837**	302,917
(Net cash)/gearing	**(3.6%)**	9.3%

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

– the planned level of gearing, which takes into account the Manager's views on the market;

– the need to buy back the Company's own shares for cancellation or to hold in Treasury, which takes into account the share price discount;

– the opportunities for issues of new shares; and

– the amount of dividends to be paid in excess of that which is required to be distributed.

Annual General Meeting – Explanation of Special Business

The Annual General Meeting ("AGM") of the Company will be held on Wednesday, 5 August 2015 at 12 noon. The formal Notice of Meeting is set out on page 54.

The following information is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult an independent financial adviser, authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your ordinary shares in the Company, please forward this document with its accompanying form of proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Special Business to be Proposed at the AGM

Resolution 7 – Directors' Authority to allot Shares (Ordinary Resolution) and Resolution 8 – Power to Disapply Pre-emption Rights (Special Resolution)

The Directors are seeking authority to allot a limited number of unissued ordinary shares for cash without first offering them to existing shareholders in accordance with statutory pre-emption procedures.

Appropriate resolutions will be proposed at the forthcoming AGM and are set out in full in the Notice of AGM. An ordinary resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £4,016,929 (being 10% of the issued share capital as at the date of the Notice of the AGM). A special resolution will also be proposed to give the Directors authority to allot securities for cash on a non pre-emptive basis up to a maximum aggregate nominal amount of £4,016,929 (being 10% of the Company's issued share capital as at the date of the Notice of the AGM) (excluding shares held in Treasury.) The Board has established guidelines for Treasury shares and will only re-issue shares held in Treasury at a premium to the Company's net asset value (inclusive of current year income) plus any applicable costs.

The Directors do not intend to allot shares pursuant to these authorities other than to take advantage of opportunities in the market as they arise and only if they believe it to be advantageous to the Company's existing shareholders to do so and when it would not result in any dilution of NAV per share.

If approved, both of these authorities will expire at the conclusion of the AGM in 2016 unless renewed, varied or revoked earlier.

Resolution 9: Authority to Make Market Purchases of the Company's Own Shares (Special Resolution)

At the AGM held on 5 August 2014, the Company was granted authority to make market purchases of up to 24,121,485 ordinary shares of 25p each for cancellation or to hold in Treasury. A total of 240,000 shares have been purchased and are being held in Treasury under this authority and the Company therefore has remaining authority to purchase up to 23,881,485 ordinary shares. This authority will expire at the forthcoming AGM.

The Directors believe it is in the best interests of the Company and its shareholders to have a general authority for the Company to buy back its Ordinary shares in the market as they keep under review the share price discount to net asset value and the purchase of ordinary shares. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the Ordinary shares in issue as at the date of the Notice of the AGM (excluding Treasury Shares). The Directors will exercise this authority only if the Directors consider that any purchase would be for the benefit of the Company and its shareholders, taking into account relevant factors and circumstances at the time. Any shares so purchased would be cancelled or held in treasury for potential reissue. If renewed, the authority to be given at the 2015 AGM will lapse at the conclusion of the AGM in 2016 unless renewed or revoked earlier.

Recommendation

The Board considers that the resolutions relating to the above items of special business are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of the above resolutions and the other resolutions to be proposed at the forthcoming AGM, as they intend to do in respect of their own beneficial holdings.

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of Schroder UK Growth Fund plc will be held at 12 noon on Wednesday, 5 August 2015 at 31 Gresham Street, London EC2V 7QA to consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 7 will be proposed as Ordinary Resolutions and resolutions 8 and 9 will be proposed as Special Resolutions.

1. To receive the Report of the Directors and the audited Accounts for the year ended 30 April 2015.
2. To approve the Directors' Annual Report on Remuneration for the year ended 30 April 2015.
3. To re-elect Mr Alan Clifton as a Director of the Company.
4. To re-elect Mrs Stella Pirie as a Director of the Company.
5. To re-appoint PricewaterhouseCoopers LLP as Auditors of the Company.
6. To authorise the Directors to determine the remuneration of PricewaterhouseCoopers LLP as Auditors of the Company.
7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:
   "That the Directors be and are hereby generally and unconditionally authorised, in substitution for all subsisting authorities in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in that Section) up to an aggregate nominal amount of £4,016,929 (representing 10% of the share capital (excluding shares held in Treasury) in issue on 30 June 2015); and provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company but so that this authority shall enable the Company to make offers or agreements before such expiry which would or might require relevant securities to be allotted after such expiry."
8. To consider and, if thought fit, to pass the following resolution as a Special Resolution:
   "That, subject to the passing of Resolution 7 set out above, the Directors be and are hereby empowered, pursuant to Section 571 of the Act, to allot equity securities (including any shares held in Treasury) (as defined in section 560(1) of the Act) pursuant to the authority given in accordance with section 551 of the Act by the said Resolution 7 and/or where such allotment constitutes an allotment of equity securities by virtue of section 560(2) of the Act as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £4,016,929 (representing 10% of the aggregate nominal amount of the share capital in issue on 30 June 2015); and provided that this power shall expire at the conclusion of the next Annual General Meeting of the Company but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry."
9. To consider and, if thought fit, to pass the following resolution as a Special Resolution:
   "That the Company be and is hereby generally and unconditionally authorised in accordance with Section 693 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of its issued Ordinary shares of 25p each in the capital of the Company ("Ordinary shares"), at whatever discount the prevailing market price represents to the prevailing net asset value per Ordinary share provided that:
   (a) the maximum number of Ordinary shares hereby authorised to be purchased shall be 24,085,509, representing 14.99% of the issued Ordinary share capital as at 30 June 2015;
   (b) the minimum price which may be paid for an Ordinary share is 25p;
   (c) the maximum price which may be paid for an Ordinary share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for a share of the class being purchased taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Ordinary share is purchased, and (ii) the higher of the price of the last independent trade in the shares of that class and the highest then current independent bid for the shares of that class on the London Stock Exchange;
   (d) purchases may only be made pursuant to this authority if the Ordinary 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 renewed prior to such time or revoked; and
   (f) the Company may make a contract to purchase Ordinary 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 Ordinary shares pursuant to any such contract."

By Order of the Board
Schroder Investment Management Limited
Company Secretary

Registered Office:
31 Gresham Street
London EC2V 7QA

Registered Number: 2894077
30 June 2015

Explanatory Notes

1. Ordinary shareholders are entitled to attend and vote at the meeting and to appoint one or more proxies, who need not be a shareholder, as their proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting.

   A proxy form is attached. If you wish to appoint a person other than the Chairman as your proxy, please insert the name of your chosen proxy holder in the space provided at the top of the form. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). Additional proxy forms can be obtained by contacting the Company's Registrars, Equiniti Limited, on 0800 032 0641 (or +44 121 415 0207 for overseas shareholders), or you may photocopy the attached proxy form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. Completion and return of a form of proxy will not preclude a member from attending the Annual General Meeting and voting in person.

   On a vote by show of hands, every Ordinary shareholder who is present in person has one vote and every duly appointed proxy who is present has one vote. On a poll vote, every Ordinary shareholder who is present in person or by way of a proxy has one vote for every share of which he/she is a holder.

   The "Vote Withheld" option on the proxy form is provided to enable you to abstain on any particular resolution. However it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

   A proxy form must be signed and dated by the shareholder or his or her attorney duly authorised in writing. In the case of joint holdings, any one holder may sign this form. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder and for this purpose seniority will be determined by the order in which the names appear on the Register of Members in respect of the joint holding. To be valid, proxy form(s) must be completed and returned to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, in the enclosed envelope together with any power of attorney or other authority under which it is signed or a copy of such authority certified notarially, to arrive no later than 48 hours before the time fixed for the meeting, or an adjourned meeting. Shareholders may also appoint a proxy to vote on the resolutions being put to the meeting electronically at www.sharevote.co.uk. Shareholders who are not registered to vote electronically, will need to enter the Voting ID and Shareholder Reference ID set out in their personalised proxy form. Alternatively, shareholders who have already registered with Equiniti's Shareview service can appoint a proxy by logging onto their portfolio at www.shareview.co.uk and clicking on the link to vote. The on-screen instructions give details on how to complete the appointment process. Please note that to be valid, your proxy instructions must be received by Equiniti no later than 12 noon on 3 August 2015. If you have any difficulties with online voting, you should contact the shareholder helpline on 0800 032 0641 or +44 121 415 0207 for overseas shareholders.

   If an Ordinary shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence.

   Shareholders may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents to communicate with the Company for any purposes other than expressly stated.

   Representatives of shareholders that are corporations will have to produce evidence of their proper appointment when attending the Annual General Meeting. Please contact the Registrar if you need any further guidance on this.

2. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

   The statement of the rights of Ordinary shareholders in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by Ordinary shareholders of 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 3 August 2015, or 6.00 p.m. two days prior to the date of an adjourned meeting, 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 3 August 2015 shall be disregarded in determining the right of any person to attend and vote at the meeting.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. The CREST manual can be viewed at www.euroclear.com. A CREST message appointing a proxy (a "CREST proxy instruction") regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction previously given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (IDRA19) by the latest time for receipt of proxy appointments.

5. Copies of the terms of appointment of the non-executive Directors and a statement of all transactions of each Director and of his family 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 during normal business hours on any weekday (English public holidays excepted) and at the Annual General Meeting by any attendee, for at least 15 minutes prior to, and during, the Annual General Meeting. None of the Directors has a contract of service with the Company.

6. The biographies of the Directors offering themselves for re-election are set out on the inside front cover of the Company's Annual Report and Accounts for the year ended 30 April 2015.

7. As at 30 June 2015, 160,677,184 Ordinary shares of 25 pence each were in issue (a total of 240,000 shares were held in Treasury). Therefore, the total number of voting rights in the Company as at 30 June 2015 was 160,677,184.

8. A copy of this Notice of meeting, which includes details of shareholder voting rights, together with any other information as required under Section 311A of the Companies Act 2006, is available to download from the Company's website, www.schroderukgrowthfund.com.

9. Pursuant to section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

Company Summary and Shareholder Information

The Company

Schroder UK Growth Fund plc is an independent investment trust, whose shares are listed on the London Stock Exchange. As at 30 June 2015, the Company had 160,677,184 Ordinary shares of 25p each in issue (a total of 240,000 shares were held in Treasury). The Company's assets are managed and administered by Schroders. The Company has, since its launch in 1994, measured its performance against the FTSE All-Share Index. The Company measures its performance on a total return basis.

It is not intended that the Company should have a limited life, but the Directors consider it desirable that the shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Articles of Association of the Company contain provisions requiring the Directors to put a proposal for the continuation of the Company to Shareholders at the 2019 Annual General Meeting and thereafter at five yearly intervals.

Website and Share Price Information

The Company has a dedicated website, which may be found at www.schroderukgrowthfund.com. The website has been designed to be utilised as the Company's primary method of electronic communication with shareholders. It contains details of the Company's share price and copies of the Report and Accounts and other documents published by the Company as well as information on the Directors, Terms of Reference of Committees and other governance arrangements. In addition, the site contains links to announcements made by the Company to the market, Equiniti's shareview service and Schroders' website. There is also a section entitled "How to Invest".

The Company releases its net asset value per share on both a cum and ex income basis to the market daily.

Share price information may also be found in the Financial Times and on Schroders' website at www.schroders.co.uk/its.

Registrar Services

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. The helpline telephone number of Equiniti Registrars is 0800 032 0641. Calls to this number are free of charge from UK landlines.

Equiniti maintains a web-based enquiry service for shareholders. Currently the "Shareview" site (address below) contains information available on public registers. Shareholders will be invited to enter their name, shareholder reference (account number) and post code and will be able to view information on their own holding. Please visit www.shareview.co.uk for more details.

Association of Investment Companies

The Company is a member of the Association of Investment Companies. Further information on this association can be found on its website, www.theaic.co.uk.

Non-Mainstream Pooled Investments (NPMI) Status

The Company currently conducts its affairs so that its shares can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

AIFM Directive Disclosures

Periodic and Regular Disclosure under the Directive

(a) none of the Company's assets are subject to special arrangements arising from their illiquid nature;
(b) there are no new arrangements for managing the liquidity of the Company including, but not limited to, any material changes to the liquidity management systems and procedures employed by the Manager in place. Shareholders will be notified immediately where the issue, cancellation, sale and redemption of shares is suspended, when redemptions are suspended or where other similar special arrangements are activated;
(c) the current risk profile of the Company and the risk management systems employed by the Manager to manage those risks can be found in the Strategic Report; and
(d) the total amount of leverage employed by the Company may be found in the Strategic Report.

Any changes to the following information will be provided through a regulatory news service without undue delay and in accordance with the Directive:

(a) the maximum level of leverage which the Manager may employ on behalf of the Company; and
(b) the right of re-use of collateral or any changes to any guarantee granted under any leveraging arrangement.

AIFM Remuneration Disclosures

The information required under the AIFM Directive to be made available to investors in the Company on request in respect of remuneration paid by the AIFM to its staff, and, where relevant, carried interest paid by the Company, can be found on the website www.schroders.co.uk/its.

www.schroderukgrowthfund.com

Dealing Codes

ISIN:	GB0007913485
SEDOL:	0791348
Ticker:	SDU

Global Intermediary Identification Number (GIIN)

A60BYK.99999.SL.826

Schroders