ABERFORTH SPLIT LEVEL TRUST plc

Registered in Scotland No. 130668



INTERIM ACCOUNTS

1 July 1997 to 31 March 1998

Prepared and lodged pursuant to s.272 Companies Act 1985

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE INTERIM ACCOUNTS

The law requires that a company shall not make a distribution except out of profits available for the purpose. The accounts which are relevant for determining the profits available for distribution are, in the first instance, the last annual accounts. Where the distribution would be found to contravene the law if reference were made to the Company's last annual accounts, then the Directors may prepare interim accounts. Interim accounts are required to give a true and fair view of the state of affairs of the Company as at the balance sheet date and of the profit or loss of the Company for the period in respect of which the accounts are prepared. In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

STATEMENT OF TOTAL RETURN
(Incorporating the Revenue Account*)

	Notes	9 Months to 31 March 1998			12 Months to 30 June 1997		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	8	-	14,690	14,690	-	(1,170)	(1,170)
Income	2	3,727	-	3,727	5,052	-	5,052
Investment management fee	3	(302)	(504)	(806)	(405)	(675)	(1,080)
Other expenses	4	(112)	-	(112)	(154)	-	(154)
Return on ordinary activities before tax		**3,313**	**14,186**	**17,499**	**4,493**	**(1,845)**	**2,648**
Tax on ordinary activities	5	(617)	-	(617)	(875)	88	(787)
Return attributable to non-equity shareholders		**2,696**	**14,186**	**16,882**	**3,618**	**(1,757)**	**1,861**
Dividends in respect of non-equity shares	6	(2,279)	-	(2,279)	(3,333)	-	(3,333)
Transfer to/(from) reserves		**417**	**14,186**	**14,603**	**285**	**(1,757)**	**(1,472)**
Returns per non-equity interest							
Income Share	7	**8.70p**	-	**8.70p**	**11.67p**	-	**11.67p**
Capital Share	7	**-**	**45.75p**	**45.75p**	**-**	**(5.67p)**	**(5.67p)**
Unit (One Income Share plus one Capital Share)	7	**8.70p**	**45.75p**	**54.45p**	**11.67p**	**(5.67p)**	**6.00p**

* The revenue column of this statement is the profit and loss account of the Company.

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

The accompanying notes are an integral part of this statement.

BALANCE SHEET

	Note	As at 31 Mar 1998 £'000	As at 30 Jun 1997 £'000
FIXED ASSETS - INVESTMENTS			
Securities Listed on the London Stock Exchange			
UK Ordinary Shares		121,134	110,024
UK Convertible Securities		1,072	696
Total Investments	8	**122,206**	110,720
Current Assets			
Debtors	9	2,924	1,223
Cash at Bank		2,867	2,152
		5,791	3,375
Creditors (amounts falling due within one year)	10	**(1,612)**	(2,313)
Net Current Assets		**4,179**	1,062
TOTAL ASSETS LESS CURRENT LIABILITIES		**126,385**	111,782
CAPITAL AND RESERVES: NON EQUITY INTERESTS			
Called up share capital	11	**6,201**	6,201
Reserves			
Share premium account	12	24,543	24,543
Capital redemption reserve	12	45,549	45,549
Capital reserve - realised	12	36,028	30,215
Capital reserve - unrealised	12	13,105	4,732
Revenue reserve	12	959	542
	13	**126,385**	111,782
NET ASSET VALUES			
Per Income Share		**13.1p**	11.7p
Per Capital Share		**394.5p**	348.8p
Per Unit (being one Income Share and one Capital Share)		**407.6p**	360.5p

Approved by the Board of Directors on 22 April 1998 and signed on its behalf by M.J. Walker, Chairman.

Michael Walker

The accompanying notes are an integral part of this balance sheet.

CASH FLOW STATEMENT

		9 mths to 31 Mar 1998 £'000	12 mths to 30 Jun 1997 £'000
Reconciliation of revenue before taxation to net cash inflow/(outflow) from operating activities			
Revenue before taxation		3,313	4,493
Scrip dividends		-	(27)
Tax withheld from income on investment		(656)	(936)
Investment management fee charged to capital		(504)	(675)
Decrease/(increase) in debtors		265	(204)
(Decrease)/increase in creditors		(11)	4
Net cash inflow/(outflow) from operating activities		**2,407**	2,655
CASH FLOW STATEMENT	*Note*		
Net cash inflow/(outflow) from operating activities		2,407	2,655
Returns on investments and servicing of finance	14	(2,760)	(2,992)
Taxation	14	122	90
Capital expenditure and financial investment	14	946	2,034
Increase/(decrease) in cash		**715**	1,787
Reconciliation of net cash flow to movement in net funds	15		
Increase/(decrease) in cash in the year		715	1,787
Change in Net Funds		715	1,787
Net Funds at 1 July 1997		2,152	365
Net Funds at 31 March 1998		**2,867**	2,152

The accompanying notes are an integral part of this statement.

NOTES ON THE ACCOUNTS

1 ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the period and with the preceding year, is set out below.

(a) Basis of accounting

The accounts are prepared under the historical cost convention, modified to include the revaluation of investments. The accounts have been prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice "Financial statements of investment trust companies" ("SORP") except for the basis of the allocation of the investment management fee and the tax effect thereon between capital and revenue. This exception is in accordance with the recommendation of the SORP that certain split capital investment trusts should not comply with those recommendations which, if implemented, could affect the financial benefits or rights attaching the different classes of security.

(b) Valuation of investments

Quoted investments are valued at middle market prices. Where trading in the securities of an investee company is suspended, the investment is valued at the Board's estimate of its net realisable value.

Realised surpluses or deficits on the disposal of investments are taken to capital reserve - realised and unrealised surpluses and deficits on the revaluation of investments are taken to capital reserve - unrealised as explained in note 1(f) below.

(c) Income

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the dash dividend is recognised in capital reserves.

Other income is accounted for on an accruals basis.

(d) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except as follows:

- expenses which are incidental to the acquisition of an investment are included within the cost of the investment;

- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment;

- expenses are charged to capital reserve-realised where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect the investment management fee has been allocated 62.5% to capital reserve-realised and 37.5% to revenue account.

(e) Taxation

Advance corporation tax ("ACT") payable on dividends paid or provided for in the year is written off, except when recoverability is considered to be reasonably certain and foreseeable. In considering recoverability, debit balances arising in respect of ACT on dividends payable or proposed at the balance sheet date are carried forward only to the extent that it is foreseen that they will be recovered against the tax liability of the current year or the subsequent year, having regard to projected dividend payments and of income for that subsequent year and the amount of any ACT likely to be paid, without being replaced by equivalent debit balances. Irrecoverable ACT is charged to the revenue account except to the extent that it arises because of the allocation of expenses to capital leading to a higher distribution.

The tax effect of different items of income/gain and expenditure/loss is allocated between revenue and capital on an equitable basis determined by the Directors.

(f) Capital reserves

Capital Reserve - Realised

The following are accounted for in this reserve:

- gains and losses on the realisation of investments;

- gains and losses on the return of capital by way of investee companies paying special dividends;

- expenses, together with the related taxation effect, charged to this reserve in accordance with the above policies.

Capital Reserve - Unrealised

The following are accounted for in this reserve:

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

2 INCOME

	9 Mths to 31 Mar 1998 £'000	12 Mths to 30 Jun 1997 £'000
Income from investments		
Franked investment income	3,248	4,674
UK unfranked investment income	31	6
Foreign income dividends	228	91
Scrip dividends	-	27
	3,507	4,798
Other income		
Deposit interest	212	228
Underwriting commission	8	26
	220	254
Total income	3,727	5,052
Total income comprises		
Dividends	3,476	4,792
Interest	243	234
Other income	8	26
	3,727	5,052
Income from investments		
Listed UK	3,507	4,798
Unlisted	-	-
	3,507	4,798

3 INVESTMENT MANAGEMENT FEE

	9 Months to 31 March 1998			12 Months to 30 June 1997		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment Management Fee	302	504	806	405	675	1,080

The Company's investment managers are Aberforth Partners. The contract between the Company and Aberforth Partners may be terminated by either party at any time by giving six months' notice of termination. Aberforth Partners receive a quarterly management fee, payable in advance, equal to one-fifth of one per cent of the value of the total net assets of the Company. In addition to the investment management fee, above, the Company also obtains secretarial services from Aberforth Partners. The fee for these services is recorded with other expenses (Note 4).

4 OTHER EXPENSES

	9 Mths to 31 Mar 1998 £'000	12 Mths to 30 Jun 1997 £'000
Secretarial services	41	54
Directors' fees	26	34
Auditors' remuneration	5	6
Other	40	60
	112	154

5 TAXATION

	9 Months to 31 March 1998			12 Months to 30 June 1997		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Tax attributable to franked investment income	650	-	650	935	-	935
Recoverable tax credits - s.242 claim	(33)	-	(33)	(60)	(88)	(148)
	617	-	617	875	(88)	787

6 DIVIDENDS

	9 Mths to 31 Mar 1998 £'000	12 Mths to 30 Jun 1997 £'000
Income Shares		
First interim - 2.45p (Year to 30 June 1997 - 2.25p)	760	697
Second interim - 2.45p (Year to 30 June 1997 - 2.25p)	760	698
Third interim - 2.45p (Year to 30 June 1997 - 2.25p)	759	698
Fourth interim (Year to 30 June 1997 - 4.00p)	-	1,240
	2,279	3,333

The third interim dividend for the year to 30 June 1998 of 2.45p per Income Share will be paid on 5 June 1998 to Shareholders on the register at the close of business on 11 May 1998.

7 RETURNS PER NON-EQUITY SHARES

	9 Months to 31 March 1998			12 Months to 30 June 1997		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Income Share	8.70p	-	8.70p	11.67p	-	11.67p
Capital Share	-	45.75p	45.75p	-	(5.67p)	(5.67p)

The revenue return per Income Share for the 9 months to 31 March 1998 is based on the net revenue on ordinary activities after taxation of £2,696,000 (year to 30 June 1997 - £3,618,000) and on 31,006,286 Income Shares being the weighted average number of Income Shares in issue during both periods.

The capital return per Capital Share for the 9 months to 31 March 1998 is based on net capital gains of £14,186,000 (year to 30 June 1997 - net capital losses of £1,757,000) and on 31,006,286 Capital Shares being the weighted average number of Capital Shares in issue during both periods.

8 INVESTMENTS

	Listed in UK £'000
Opening book cost	105,988
Opening unrealised appreciation	4,732
Opening valuation	110,720
Movements in the period:	
Purchases at cost	39,152
Sales - proceeds	(42,356)
- realised gains/(losses) on sales	6,317
(Decrease)/increase in unrealised appreciation	8,373
Closing valuation	122,206
Closing book cost	109,101
Closing unrealised appreciation	13,105
Closing valuation	122,206

	9 Mths to 31 Mar 1998 £'000	12 Mths to 30 Jun 1997 £'000
Realised gains/(losses) on sales	6,317	16,553
(Decrease)/increase in unrealised appreciation	8,373	(17,723)
Gains/(losses) on investments	14,690	(1,170)

9 DEBTORS

	As at 31 Mar 1998 £'000	As at 30 Jun 1997 £'000
Amounts due from brokers	1,889	100
Investment income receivable	993	940
ACT recoverable	-	48
Other tax recoverable	40	123
Other debtors	2	12
	2,924	1,223

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 31 Mar 1998 £'000	As at 30 Jun 1997 £'000
Amounts due to brokers	840	1,001
Proposed dividend	759	1,240
ACT on dividends	-	48
Other creditors	13	24
	1,612	2,313

11 SHARE CAPITAL

	At 31 March 1998		At 30 June 1997	
	No of Shares	£'000	No of Shares	£'000
Authorised				
Income Shares of 10p	258,750,000	25,875	258,750,000	25,875
Capital Shares of 10p	258,750,000	25,875	258,750,000	25,875
		51,750		51,750
Allotted, issued and fully paid				
Income Shares of 10p	31,006,286	3,100.6	31,006,286	3,100.6
Capital Shares of 10p	31,006,286	3,100.6	31,006,286	3,100.6
		6,201.2		6,201.2

Income Shareholders are entitled to all profits of the Company available for distribution by way of dividend. In a winding up they are entitled to a payment of 10 pence (their nominal value) per share plus any undistributed revenue reserve. Save in relation to any resolution to wind up the Company on or after 1 July 2001 and certain resolutions to reconstruct the Company (on which resolutions the Income Shareholders shall all be deemed to vote in favour), Income Shareholders are entitled to one vote per share.

Capital Shareholders do not participate in any dividend or in any revenue reserve. In a winding up they are entitled to all surplus assets of the Company after payment to the Income Shareholders of 10 pence per Income Share plus any undistributed revenue reserve. Capital Shareholders are entitled to one vote per share.

The Directors are obliged to convene an Extraordinary General Meeting of the Company between 1 July 2001 and 30 June 2004 at which a Special Resolution will be proposed to wind up the Company voluntarily. In common with other investment trust companies whose capital structure is similar, it is the Directors' intention (barring unforeseen circumstances) to convene such a meeting towards the end of the required period.

The Directors shall not, however, be required to convene such an Extraordinary General Meeting if a resolution shall previously have been passed to reconstruct or reorganise the Company (whether by way of unitisation or otherwise).

12 RESERVES

	Share premium account £'000	Capital redemption reserve £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000
As at 1 July 1997	**24,543**	**45,549**	**30,215**	**4,732**	**542**
Net gain/(loss) on realisation of investments	-	-	6,317	-	-
(Decrease)/increase in unrealised appreciation	-	-	-	8,373	-
Management fees charged to capital	-	-	(504)	-	-
Tax effect of capital items	-	-	-	-	-
Retained net revenue for the period	-	-	-	-	417
As at 31 March 1998	**24,543**	**45,549**	**36,028**	**13,105**	**959**

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	9 Mths to 31 Mar 1998 £'000	12 Mths to 30 Jun 1997 £'000
Opening shareholders' funds	111,782	113,254
Total recognised gains and losses before dividends	16,882	1,861
Dividends in respect of Income Shares	(2,279)	(3,333)
Closing shareholders' funds	126,385	111,782
Attributable to Income Shareholders	4,060	3,643
Attributable to Capital Shareholders	122,325	108,139
	126,385	111,782

14 GROSS CASH FLOWS

	9 Mths to 31 Mar 1998 £'000	12 Mths to 30 Jun 1997 £'000
Returns on investment and servicing of finance		
Non-equity dividends paid	(2,760)	(2,992)
Taxation		
UK tax paid	(30)	(9)
UK tax recovered	152	99
	122	90
Capital expenditure and financial investment		
Payments to acquire investments	(39,313)	(44,117)
Receipts from sales of investments	40,259	46,151
	946	2,034

15 ANALYSIS OF CHANGE IN NET FUNDS

	At 1 July 1997 £'000	Cash Flows £'000	At 31 March 1998 £'000
Cash at bank	2,152	715	2,867

16 CONTINGENCIES, GUARANTEES AND FINANCIAL COMMITMENTS

Contingencies, guarantees and financial commitments of the Company as at 31 March 1998, which have not been accrued, are as follows:

	As at 31 Mar 1998 £'000	As at 30 Jun 1997 £'000
Underwriting commitments	-	-
Placing commitments	-	360
	-	360