
**SCHRODER
UK GROWTH
FUND plc**



**Report and Accounts
30 April 2005**



Schroders



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.

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Directors



Alan Clifton (Chairman)*†

Aged 58, was appointed as a Director of the Company on 18 June 2001 and was previously the Managing Director of Morley Fund Management, the asset management arm of Aviva plc. He is currently Chairman of JPMorgan Fleming Japanese Smaller Companies Investment Trust plc and a Director of International Biotechnology Trust plc and a number of other investment companies. He also serves as a Member of The Lord Chancellor's Strategic Investment Board.

Keith Niven†

Aged 56, was appointed as a Director of the Company on 28 January 1994. He is non-executive Chairman of Matrix Income & Growth VCT plc and a non-executive Director of two other investment trusts, Schroder Income Growth Fund plc and Impax Environmental Markets plc. Mr Niven is a trustee of the Charities Aid Foundation ("CAF"), Chairman of CAF's Investment Advisory Committee and a non-executive Director of CAF BANK Limited. He is also a non-executive Director of Healthstar Group plc and an investment advisor to the Rolls-Royce Pension Fund. Mr Niven was previously a Vice Chairman of Schroder Investment Management Limited and Chairman of Schroder Unit Trusts Limited.

Ian Phillips*†

Aged 66, was appointed as a Director of the Company on 2 February 1994 and is Chairman of Oxford University Press Pension Fund, a Director of M&G Equity Investment Trust plc and on the management boards of Pan European Property Unit Trust and the Gloucestershire Hospitals Trust.

Stella Pirie OBE*†

Aged 54, was appointed as a Director of the Company on 5 August 2002. She is currently a Director of GCap Media plc, Stroud & Swindon Building Society and Avon Rubber plc and a board member of UK Trade & Investment. She is also Chair of Governors Bath Spa University College.

David Ritchie*†

Aged 60, was appointed as a Director of the Company on 6 August 2001. He is Chairman of Edinburgh New Income Trust plc and a Director of Cornelian Asset Managers Group Limited and AMEC Staff Pensions Trustee Limited. He is a former Executive Chairman of Scottish Widows Investment Management Limited.

* Member of the Audit Committee and the Management Engagement Committee.

† Member of the Nomination Committee.

Mr Clifton is Chairman of the Nomination Committee and the Management Engagement Committee. Mr Ritchie is Chairman of the Audit Committee.

Financial Highlights

	30 April 2005	30 April 2004	Change %
Net Asset Value – pence	107.36p	102.92p	+4.3
Share price – pence	94.00p	93.50p	+0.5
Share price discount	(12.44)%	(9.15)%	
Total assets (£'000)*	201,770	192,945	+4.6
Loans (£'000)	25,000	20,000	
Shareholders' funds (£'000)	176,770	172,945	+2.2
Market capitalisation (£'000)	154,767	157,123	-1.5
Shares in issue ('000)	164,646	168,046	-2.0
	Year ended 30 April 2005	Year ended 30 April 2004	
Ordinary dividends per share	3.15p	3.00p	
Net asset value total return [†]	+7.0%	+25.9%	
FTSE All-Share Index total return [†]	+10.7%	+22.2%	
Total expense ratio ^{††}	0.69%	0.72%	

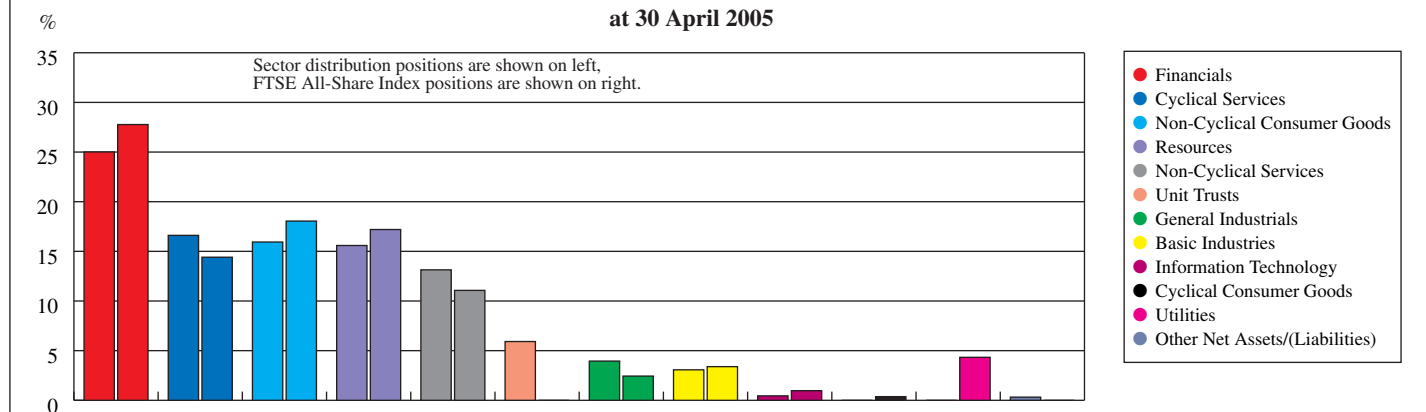
[†] Source: Fundamental Data.

^{††} Calculated in accordance with AITC guidance. Based on operating costs, excluding performance fee and finance costs, and expressed as a percentage of average monthly net assets.

* Total assets less current liabilities, excluding loans.

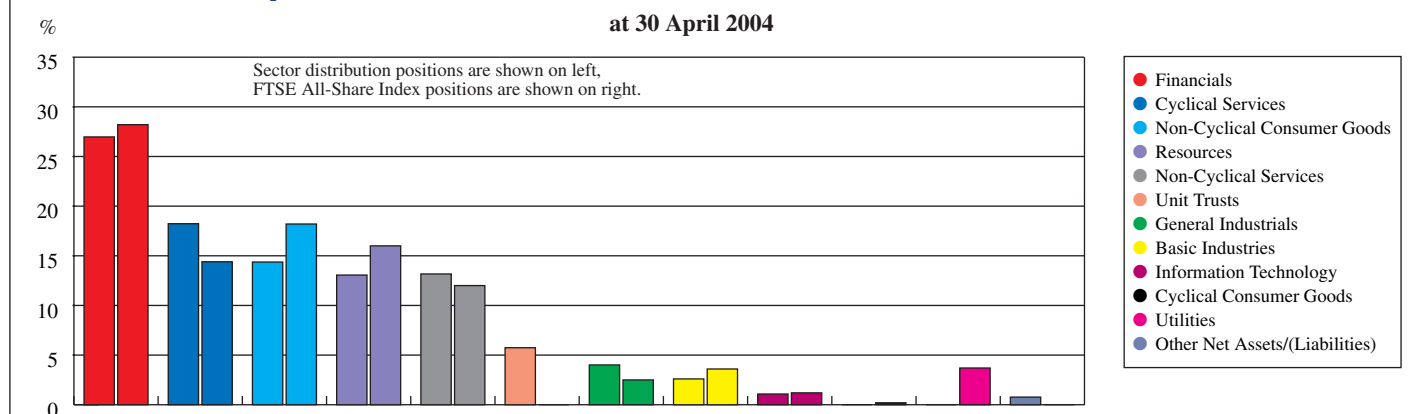
Comparison of Sector Distribution with the FTSE All-Share Index*

at 30 April 2005



Comparison of Sector Distribution with the FTSE All-Share Index*

at 30 April 2004



* Sector distributions are shown as a percentage of total assets less current liabilities (excluding loans).

Long Term Record

30 April	Total assets* £'000	Shareholders*** funds £'000	Diluted NAV***	Undiluted NAV	Price of Ordinary shares	Share price (discount)/ premium %
2005	201,770	176,770	107.36p	107.36p	94.00p	(12.44)
2004	192,945	172,945	102.92p	102.92p	93.50p	(9.15)
2003	161,687	141,687	84.24p	84.24p	77.75p	(7.70)
2002	240,005	210,005	117.41p	119.73p	100.50p	(14.40)
2001	338,339	288,339	144.63p	150.75p	126.00p	(12.88)
2000	367,984	364,984	166.66p	175.63p	145.50p	(12.70)
1999	402,725	402,725	169.14p	178.58p	149.00p	(11.91)
1998	465,811	420,811	173.04p	185.49p	168.50p	(2.62)
1997	342,173	312,173	133.22p	139.69p	136.00p	2.09
1996	289,501	289,501	125.90p	131.00p	133.00p	5.64

* Total assets less current liabilities, excluding loans.

** From 1999 to 30 April 2005, the Company purchased 64,431,684 shares for cancellation, at a cumulative cost of £81.9 million.

*** Warrants expired on 2 September 2002.

Long Term Record

30 April	Earnings	Net dividends	Cost of running trust* £'000	Actual gearing ratio††	Potential gearing ratio†††
2005	3.20p	3.15p	1,208	1.13	1.14
2004	2.96p	3.00p	1,159	1.10	1.12
2003	2.91p	3.00p	1,057	1.13	1.14
2002	3.42p	3.50p	1,531	1.14	1.14
2001	3.07p	4.80p†	2,128	1.10	1.17
2000	3.41p	4.00p	2,451	0.98	1.01
1999	4.59p	3.90p	2,986	0.99	1.00
1998	4.22p	3.60p	3,298	1.05	1.11
1997	3.70p	3.30p	2,760	1.09	1.10
1996	4.94p	4.70p	1,640	1.00	1.00

* Operating expenses before tax relief excluding performance fees and interest payable.

† Includes a special dividend of 1.80p per share.

†† Total assets less cash divided by shareholders' funds.

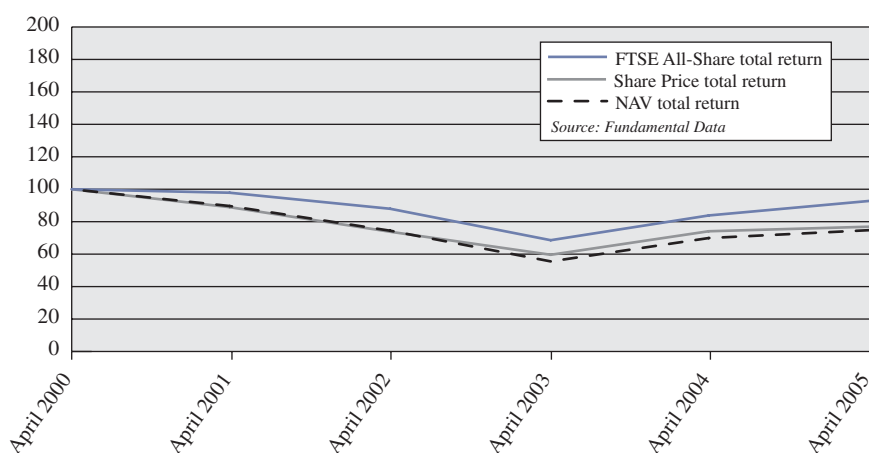
††† Total assets divided by shareholders' funds.

Total Returns to 30 April 2005

	Share Price Total Return %	NAV Total Return %	FTSE All- Share Index Total Return %
1 year	3.78	6.95	10.68
2 years	29.03	34.68	35.28
3 years	4.20	0.44	5.49
4 years	(13.55)	(16.61)	(5.17)
5 years	(23.10)	(25.23)	(7.22)
6 years	(22.83)	(20.63)	(5.94)
7 years	(30.44)	(24.75)	4.79
8 years	(11.71)	0.11	40.69
9 years	(6.33)	9.98	63.46
10 years	29.79	47.97	107.44

Source: Fundamental Data.

Share Price vs NAV vs FTSE All-Share Performance (5 years)



Chairman's Statement

Performance and Background

During the year ended 30 April 2005, the Company's net asset value produced a total return of 7.0%, compared with the FTSE All-Share Index, which recorded an equivalent return of 10.7% over the same period.

While the market as a whole had a stronger year, reaching a three-year high towards our year-end, defensive stocks (like utilities, tobacco etc) tended to be stronger performers and our portfolio is under represented in them. For all of the last 12 months we have had and still have a bias towards stocks likely to benefit from a cyclical profits recovery. Indeed we are seeing just such a recovery in their profits and we continue to believe in due course this will be reflected in their share prices.

Although it is disappointing that numbers have lagged the index in the past year, the performance of the Company has been ahead of benchmark since Richard Buxton, the current manager, assumed responsibility in October 2002.

Earnings and Dividends

Earnings per share increased in the current year from 2.96p per share to 3.20p per share. Given the strength of corporate profits and balance sheets, our Investment Managers are optimistic that dividends will continue to rise in the period ahead. As a result, the Board is pleased to declare a second interim dividend of 1.65p per share, making a total of 3.15p per share for the year as a whole – a 5% increase on the previous year.

Directors and Fees

Ian Trotter retired as a Director of the Company on 31 December 2004. The Board would like to place on record its thanks to him for his significant contribution to the Company during his time as a Director. As a result of Ian Trotter's retirement the Board now consists of five directors. We are satisfied that this is an appropriate number going forward.

Following a periodic review the level of Directors' fees was increased during the year; the fees having not been increased since 1 November 2001. From 1 January 2005 the Chairman's fee has increased from £17,500 to £20,000 per annum and fees paid to Directors have risen from £11,500 to £13,500 per annum. Total annual directors' fees are now very close to the total cap of £75,000 per annum which has been in place since the Company was formed in 1994. In order to provide flexibility for the future, a resolution has been included in the Notice of the Annual General Meeting, proposing to increase the cap to £125,000 per annum.

Gearing Policy

The Company's £25 million borrowing facility was fully drawn down during the year and this level of borrowing has been maintained since the end of the year. In April 2005, the Company increased its £25 million facility to £30 million and extended the borrowing facility for a further year. The additional funds are available to the Manager to utilise when suitable investment opportunities arise. However, at the time of writing, the additional monies available from the facility have not yet been drawn down.

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

Chairman's Statement continued

Purchase of Shares for Cancellation

During the year ended 30 April 2005, the Board continued to operate its share buy-back facility and a total of 3,400,000 ordinary shares were purchased for cancellation, equal to 2.02 per cent. of the shares in issue on 1 May 2004. These purchases had the effect of enhancing net asset value at the time of the various purchases by approximately £372,000.

The Directors will continue to consider purchasing shares for cancellation, to assist in reducing discount volatility. A resolution to renew the authority to purchase shares for cancellation is included in the Notice of the Annual General Meeting, to provide Directors with flexibility in the future.

Outlook

We support the view of our Manager that market valuations appear reasonable, with many stocks reflecting more of the potential risks than the opportunities, and expect that confidence will build as investors' worst fears are confounded and it becomes apparent that an economic downturn is not imminent. The portfolio therefore remains exposed to businesses across a broad range of industry sectors which are well-placed to grow profits in this environment.

Annual General Meeting

The Annual General Meeting will be held at 12.00 noon on Wednesday 3 August 2005, and shareholders are encouraged to attend. The meeting, as in previous years, will include a presentation by the Investment Manager on the prospects for the UK market and the Company's investment strategy.



Alan Clifton
Chairman
23 June 2005

Investment Manager's Review

Performance

Over the twelve months to 30 April 2005 the Company generated a total return of 7.0% compared with the total return of the FTSE All-Share Index over the same period of 10.7%. At times throughout the last year sentiment within the UK market became very defensive as investors worried about the impact of higher oil prices and interest rates on future economic growth. In these periods companies with relatively steady and predictable near-term business patterns were favoured over some of the stocks perceived to be more sensitive to the economy which were held in the portfolio.

This effect was most marked around the middle of the period. The relative performance of the portfolio improved as the nervousness that characterised the summer months began to abate. Many of the holdings that had held back performance earlier rebounded as their solid underlying business fundamentals gained more recognition. If evidence of the continued strong operating performance of companies held within the portfolio builds as we expect, we are confident that the trend of long term outperformance will be sustained.

Market Background

UK share prices have risen over the last twelve months although the market has been buffeted by a variety of concerns. The rise in the oil price – from just over \$30 a barrel in March 2004 to over \$50 by the end of the year – initially raised fears about an upturn in inflation and the possible need for bigger than expected increases in interest rates. However subsequently there was more anxiety that higher commodity prices would prove hard to pass on in the form of higher prices and could depress both growth and company profit margins. As interest rates rose in both the UK and the US, albeit from depressed levels, worries grew about the sustainability of consumer spending and the resilience of the housing market in the UK. Furthermore, the US dollar weakened considerably, putting pressure on British companies that sell products and services to America.

All these concerns have dominated the headlines at certain times in the past year and have distracted attention from fairly resilient economic growth. Many UK companies have issued better-than-expected profits results, helped by cost cutting in recent years, and balance sheets have been strengthened. In addition, companies have signalled confidence by raising dividends by a larger than expected amount. More recently, an increase in merger and acquisition activity involving both corporate and private equity buyers has signalled the value that third parties have seen within the equity market. This activity has begun to restore confidence and helped to support the market in the past few months.

Investment Activity and Portfolio Strategy

We have consistently based our investment policy on a longer term view of the business prospects of companies owned in the portfolio. While we acknowledge that rising input costs and higher interest rates place new challenges on companies, we believe that the response to these in the market has been exaggerated and that the cycle of improving profits in the UK has further to run than is generally appreciated. In particular, potential profits have increased in many companies that are now more efficient and more focused on areas in which they have a real competitive advantage than was the case a few years ago. For large parts of the last year there has been a

Investment Manager's Review continued

divergence between the underlying operating performance of these companies and the performance of their shares as investors have adopted a defensive attitude. For example, during the year ITV was increasing efficiency following its merger between Granada and Carlton, whilst the advertising cycle was beginning to improve, yet the shares fell significantly, until recent results beat expectations and investors warmed to the shares again. The fundamental investment case for companies such as ITV has remained sound. We have therefore been prepared to weather some periods when economically-sensitive companies have been out of favour in comparison to those with more stable business patterns but less long term potential such as food companies and utilities. A number of these holdings, such as Reuters and United Business Media, have rebounded quite substantially in recent months and their performance has begun to vindicate our decision to hold positions in them.

We acknowledge however that the business environment for some companies has become more difficult and we have been careful to build a well-diversified portfolio of companies for which the investment case does not depend entirely on the economic outlook. We have tended to avoid companies heavily dependent on consumers who face increased borrowing costs, preferring companies that should be beneficiaries of recovering business-to-business spending such as Smiths Group in the aerospace sector and engineering company Cookson. Following a strong period of performance from mid-sized companies, we have found increasingly attractive opportunities among some of the larger companies in the market.

Outlook

Market valuations appear reasonable, with many stocks reflecting more of the potential risks than opportunities, and we expect that confidence will build as investors' worst fears are confounded and it becomes apparent that an economic downturn is not imminent. We are encouraged that companies themselves are guardedly optimistic rather than complacent as this should ensure the increased business discipline seen in recent years is maintained. While the UK consumers' spending power has weakened as rates have risen, essentially full employment suggests that we are not heading for a consumer-led recession and we expect the UK housing market to cool rather than collapse. It is likely that UK interest rates have peaked at what by historic standards are relatively low levels and the Bank of England has ample room to manoeuvre to respond to any unexpected developments.

The Company's portfolio is exposed to businesses across a broad range of industry sectors which are well-placed to grow profits in this environment and whose fortunes are to some extent in their own control. We favour companies that are cutting costs or making operational changes to support profits growth, or where strong brands and financial strength provide the flexibility to weather new challenges. As they do so successfully, we are confident that they will prove rewarding investments.

Schroder Investment Management Limited

23 June 2005

Twenty Largest Investments

As at 30 April 2005

Company and Activity	Value of Holdings £'000	Percentage of Shareholders' Funds
Vodafone Global mobile telephone service provider.	15,720	8.89
HSBC International banking and financial services group.	15,022	8.50
GlaxoSmithKline Research based pharmaceutical group.	12,315	6.97
Schroder Institutional UK Smaller Companies Fund Unit Trust.	12,140	6.87
BP Integrated oil group.	12,077	6.83
Royal Bank of Scotland Banking and financial services group.	9,426	5.33
BG Oil and gas exploration and production group.	7,055	3.99
Shell Transport & Trading Integrated oil group.	6,634	3.75
Tesco Leading UK and international food retailing group.	6,253	3.54
HBOS Banking and financial services group.	6,094	3.45
Rio Tinto World leader in finding, mining and processing a wide range of minerals.	5,695	3.22
AstraZeneca Research based pharmaceutical group.	5,453	3.09
Prudential International financial services and insurance group.	4,978	2.82
Standard Chartered Banking and financial services group.	4,693	2.66
British American Tobacco International tobacco company.	4,569	2.58
Lloyds TSB Banking and financial services group.	4,461	2.52
Gallaher International tobacco manufacturing and wholesale company.	3,680	2.08
Wolseley Distributor and wholesaler of building materials and supplies.	3,678	2.08
EMI One of the world's top 5 recorded music and publishing groups.	3,660	2.07
Smiths International engineering company.	3,381	1.91
Total	146,984	83.15

Report of the Directors

The Directors submit their Report and the Accounts of the Company for the year ended 30 April 2005.

Company's Business

The Company carries on business as an investment trust and is an investment company within the meaning of section 266 of the Companies Act 1985 (as amended). In order to continue to obtain exemption from capital gains tax, the Company has conducted itself with a view to being an approved investment trust for the purposes of Section 842 of the United Kingdom Income and Corporation Taxes Act 1988 (as amended). The last accounting period for which the Company has been treated as approved by the Inland Revenue is the year ended 30 April 2004 and the Company has subsequently directed its affairs so as to enable it to continue to qualify for such approval. The Company is not a close company for taxation purposes.

A review of the Company's business and its likely future development is given in the Chairman's Statement on pages 5 and 6 and the Investment Manager's Review on pages 7 and 8.

Revenue and Earnings

The net revenue return before finance costs and taxation for the year was £5,667,000. After deducting interest charges and taxation the amount available for distribution to shareholders was £5,310,000, equivalent to earnings of 3.20p per ordinary share.

Dividend Policy

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, they are permitted to retain up to a maximum of 15% of the Company's gross income from shares and securities in each year as a revenue reserve. The Company may take advantage of this to facilitate a consistent dividend policy.

Having already paid a first interim dividend of 1.50p per share, the Board has now declared a second interim dividend of 1.65p per share for the year ended 30 April 2005. Thus, dividends for the full year amount to 3.15p per share (2004: 3.00p per share). As in previous years, the dividend will be declared as an interim to enable payment at the end of July, ahead of the Company's Annual General Meeting in August.

These distributions absorb £5,191,000 resulting in a retained revenue for the year of £119,000 to be transferred to revenue reserves.

Policy for the Payment of Creditors

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. All other expenses are paid on a timely basis in the ordinary course of business. There were no outstanding trade creditors at 30 April 2005 (2004: £Nil).

Purchase of Shares for Cancellation

At the Annual General Meeting held on 4 August 2004, an authority for the Directors to purchase up to 14.99% of the issued share capital of the Company for cancellation was renewed by shareholders. The Directors have used this authority to purchase 3,400,000 ordinary shares for

Report of the Directors continued

cancellation during the year ended 30 April 2005, amounting to 2.02% of the shares in issue on 1 May 2004.

The total number of shares in issue on 29 June 2005 was 164,645,900 shares. The Directors wish to renew the authority to purchase shares for cancellation. A resolution authorising the Directors to purchase up to 14.99% of the share capital in issue on 29 June 2005 will be proposed at the forthcoming Annual General Meeting for which notice is given on pages 45 and 46.

The authority will lapse at the conclusion of the Company's Annual General Meeting in 2006, unless renewed earlier.

The Directors believe that 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. The Directors intend to keep under review the potential to purchase ordinary shares. Purchases will only be made if the Directors consider that the purchase would be for the benefit of the Company and shareholders, taking into account relevant factors and circumstances at the time.

Issue of New Shares

At the Annual General Meeting of the Company on 4 August 2004 the Directors were also given the power to allot new ordinary shares for cash. The Directors wish to renew the power to allot new ordinary shares for cash at the forthcoming Annual General Meeting for which notice is given on pages 45 and 46.

The Directors intend to use this authority principally to issue new shares to participants in the Schroder Individual Savings Account, the Schroder Personal Equity Plan and the Schroder Investment Trust Dealing Service whenever they believe it is advantageous both to those participants and to the Company's existing shareholders so to do.

If new ordinary shares are to be allotted for cash, Section 89(1) of the Companies Act 1985 requires such new shares to be offered first to existing holders of ordinary shares. This entitlement is known as a "pre-emption right". In certain circumstances it is beneficial for the Directors to allot shares for cash otherwise than pro rata to existing shareholders and the Companies Act 1985 provides for shareholders to give such power to the Directors by waiving their pre-emption rights. Therefore, a special resolution will be proposed at the Annual General Meeting which, if passed, will give the Directors power to allot ordinary shares for cash on a non pre-emptive basis up to an aggregate nominal amount of £2,058,073 (equivalent to 8,232,295 ordinary shares of 25p and 5% of the Company's existing issued ordinary share capital at 29 June 2005), as if Section 89(1) of the Companies Act 1985 did not apply. This authority will lapse unless renewed at the Company's Annual General Meeting in 2006.

Report of the Directors continued

Directors

The Directors of the Company and their beneficial and family interests in the Company's share capital as at 30 April 2005 are given below:

	At 30 April 2005	At 30 April 2004
	Ordinary Shares of 25p	Ordinary Shares of 25p
Alan Clifton	25,000	25,000
Keith Niven	26,278	25,614
Ian Phillips	15,217	7,829
Stella Pirie	10,085	9,830
David Ritchie	20,000	10,000
Ian Trotter*	15,000	15,000

*Mr Trotter retired as a Director of the Company on 31 December 2004.

There have been no changes in the above holdings between the end of the financial year and 29 June 2005.

In accordance with the Company's Articles of Association, Ms Pirie will retire at the forthcoming Annual General Meeting and, being eligible, offers herself for re-election. In accordance with the policy on tenure outlined in the Corporate Governance Statement, on page 18, Mr Phillips, who has served on the Board for more than 9 years will also retire and, being eligible, offers himself for re-election. In accordance with the Listing Rules and the policy on tenure, Mr Niven, who represents the Investment Manager and who has served on the Board for more than 9 years, will also retire and, being eligible, offers himself for re-election.

The Board supports the re-elections of Ms Pirie, Mr Phillips and Mr Niven, who continue to demonstrate commitment to their roles and who provide valuable contributions to the deliberations of the Board.

None of the Directors has a contract of service with the Company. Mr Niven was, until his retirement at the end of October 2001, a Director of Schroder Investment Management Limited. No Director has any material interest in any other contract which is significant to the Company's business.

Directors' Remuneration Report

Legislation requires the Company to produce a yearly report on Directors' remuneration and the Company's remuneration policy, and to put an annual resolution to shareholders for the approval of that report. The Remuneration Report prepared in accordance with the Directors' Remuneration Report Regulations 2002 can be found on pages 14 and 15. The notice of the Annual General Meeting on pages 45 and 46 contains an ordinary resolution (No. 2) to approve the Remuneration Report for the year. It should be noted that the result of this resolution is advisory only.

Report of the Directors continued**Substantial Share Interests**

At 29 June 2005 the Company had not been notified of any interests in excess of 3% of the issued share capital. The Directors are aware, however, that at 29 June 2005 83,975,426 shares, representing 51.0% of the issued share capital, were held by investors in a Schroder Personal Equity Plan/ISA.

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to remain in office and resolutions to reappoint them as auditors to the Company and authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The Auditors did not provide non-audit services to the Company during the year ended 30 April 2005. The Audit Committee has adopted a pre-approval policy on the engagement of the Auditors to supply non-audit services. Terms of Reference for the Audit Committee may be found on pages 22 and 23.

Investment Manager

The Board has considered the services provided by the Manager and believes the continuing appointment of the Manager on the terms of the existing management agreement to be in the interests of shareholders as a whole. Whilst the performance during the year has been disappointing, the Board considers that the Manager has the appropriate depth of resource in its current management team to provide longer-term out-performance of the benchmark Index. In addition, portfolio management is backed up with strong support services from Schroders.

The Investment Manager, Schroder Investment Management Limited, provides investment management and company secretarial services to the Company. The investment management agreement is terminable by either party on not less than three months' notice.

Fees (excluding performance fees) payable to the Investment Manager under the agreement are based on 0.4% of the Company's assets under management. Investments in Schroder funds are subject to rebating to ensure that the Investment Manager receives only 0.4% on such investments. The Manager is also entitled to receive an annual performance fee, capped at £500,000, provided that the total return generated by the Company's net asset value out-performs the FTSE All-Share Index by at least 0.50% per annum. The performance fee equating to 10% of the amount of the out-performance will be calculated annually but averaged and accumulated over a rolling three-year period. Further detail on management fees are given in note 3 (page 32) to the accounts.

The Company Secretary, Schroder Investment Management Limited, is entitled to a secretarial fee, amounting to £55,347 (plus VAT) for the year ended 30 April 2005. This fee increases each year in line with the Retail Price Index.

Registered Office:
31 Gresham Street
London EC2V 7QA

By Order of the Board
Schroder Investment Management Limited
Company Secretary

Registered number: 2894077
29 June 2005

Directors' Remuneration Report for the year ended 30 April 2005

The determination of the Directors' fees is a matter dealt with by the Management Engagement Committee and the Board.

The Company's Articles of Association limit the aggregate fees payable to the Board of Directors to a total of £75,000 per annum. Subject to this overall limit, it is the Company's policy to determine the level of Directors' fees having regard to the level of fees payable to non-executive Directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities, and the time committed to the Company's affairs. At the beginning of the year under review, Directors received fees of £11,500 per annum with £17,500 per annum for the Chairman. Following an annual review, Directors' fees have been increased with effect from 1 January 2005, and the Chairman receives fees at the rate £20,000 per annum and other Directors receive £13,500 per annum. An ordinary resolution is proposed at the Annual General Meeting pursuant to Article 98 of the Articles of Association to increase the maximum aggregate remuneration payable to Directors to £125,000 per annum.

No element of the Directors' remuneration is performance related.

No Director has a service contract with the Company.

No Director past or present has any entitlement to pensions, and the Company has not awarded any share options or long-term performance incentives to any of the Directors.

The Board believes that the principles in Code Provision B of the Combined Code relating to remuneration do not apply to the Company, except as outlined above, as the Company has no executive Directors.

All Directors have a letter of appointment with the Company under which they are entitled to one month's notice in the event of termination. The terms of appointment are available for inspection at the Company's Registered Office address during normal business hours and at the Annual General Meeting.

All Directors are appointed for an initial term covering the period from the date of their appointment until the first Annual General Meeting thereafter, at which they are required to stand for election in accordance with the Articles of Association. Thereafter Directors retire by rotation at least every three years. The Chairman meets with each Director before such Director is proposed for re-election, and, subject to the evaluation of performance carried out each year, the Board agrees whether it is appropriate for such Directors to seek an additional term.

When recommending whether an individual Director should seek re-election, the Board will take into account the provisions of the Combined Code, including the appropriateness of refreshing the Board and its Committees.

Directors' Remuneration Report for the year ended 30 April 2005 continued

A graph showing the Company's Net Asset Value and share price total return compared with its benchmark Index, the FTSE All-Share, over the last 5 years is shown on page 4.

Remuneration for Qualifying Services

	For the year ended 30 April 2005 Fees for services to the Company £	For the year ended 30 April 2004 Fees for services to the Company £
Director		
Alan Clifton (Chairman and highest paid Director)	18,300	17,500
Keith Niven	12,200	11,500
Ian Phillips	12,200	11,500
Stella Pirie	12,200	11,500
David Ritchie	12,200	11,500
Ian Trotter*	7,700	11,500
Totals	74,800	75,000

*Retired on 31 December 2004.

The information in the above table has been audited (see the Independent Auditors' Report on pages 26 and 27).

The amounts paid by the Company to the Directors were for services as non-executive Directors.

By order of the Board

Schroder Investment Management Limited

Company Secretary

29 June 2005

Statement of Directors' Responsibilities

The Directors are responsible for preparing accounts for each financial year which 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, and are in accordance with applicable laws and regulations.

The Directors are satisfied that the Company has adequate resources to continue in business and accordingly that the accounts should be drawn up on a going concern basis. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these accounts and applicable accounting standards have been followed. These policies and standards, for which the Directors accept responsibility, have been discussed with the Auditors.

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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error, other irregularities and non-compliance with laws and regulations.

The financial statements are published on the www.schroders.co.uk website, which is a website maintained by the Company's Investment Manager. The maintenance and integrity of the website maintained by Schroders is, so far as it relates to the Company, the responsibility of Schroders. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

The Directors believe that they have complied with these responsibilities.

Corporate Governance

The Company is committed to high standards of corporate governance. In July 2003, a revised Combined Code on Corporate Governance (the "Code") was published by the Financial Reporting Council. The provisions of the revised Code formally apply to the Company for the first time for the year ended 30 April 2005. The UK Listing Authority requires all listed companies to disclose how they have applied the principles of, and complied with, the provisions of the Combined Code contained in the Listing Rules. This Statement, together with the Statement of Directors' Responsibilities on page 16, indicates how the Company has applied the principles of good governance of the Code and its requirements on Internal Control.

Compliance Statement

The Board considers that the Company has, throughout the year under review, complied with the best practice provisions in Section 1 of the 2003 Combined Code, save in respect of those matters disclosed below, where departure from the Code is considered appropriate given the Company's position as an investment trust. The Board also considers that it substantially complies with the principles of the AITC Code of Governance.

Application of Code Principles

Role of the Chairman

The Chairman is responsible for leading the Board, ensuring its effectiveness in all aspects of its role and setting its agenda.

Role of the Board

The Board determines and monitors the Company's investment objectives and policy, and considers the future strategic direction of the Company. Matters specifically reserved for decision by the Board have been reviewed and redefined during the year. The Board is responsible for presenting a balanced and understandable assessment of the Company's position and, where appropriate, future prospects in annual and interim reports and other forms of public reporting. It monitors and reviews the shareholder base of the Company, marketing and shareholder communication strategies, and evaluates the performance of all service providers, with input from its Committees where appropriate. A procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company, where appropriate. The Directors have access to the advice and services of the corporate Company Secretary through its appointed representative, who is responsible to the Board, *inter alia*, for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with.

Composition and Independence

The Board currently consists of five non-executive Directors. Profiles of each of the Directors, including age and length of service, may be found on page 2. The Board considers each of the Chairman, Ian Phillips, Stella Pirie and David Ritchie to be independent of the Company's Investment Manager. Keith Niven is not considered to be independent. He was, until his retirement in October 2001, an executive Director of Schroder Investment Management Limited, that receives fees from the Company in accordance with the Investment Management agreement. The independence of each Director is considered on a continuing basis.

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

Corporate Governance continued

A review of Board composition and balance including succession planning for appointments to the Board, is included as part of the annual performance evaluation of the Board, details of which may be found below.

The Board is satisfied that it is of sufficient size, with an appropriate balance of skills and experience, and that no individual or group of individuals is or has been in a position to dominate decision making.

Senior Independent Director

The Board has considered whether a senior independent director should be appointed. The Board comprises entirely non-executive Directors and the appointment of a senior independent director is not considered necessary. However, the Chairman of the Audit Committee will lead the evaluation of the performance of the Chairman and is available to shareholders if they have concerns which cannot be resolved through discussion with the Chairman. As part of the evaluation process, the non-executive Directors meet without the Chairman being present.

Tenure

The Directors have adopted a policy on tenure that is considered appropriate for an investment trust.

The Board does not believe that length of service, by itself, leads to a closer relationship with the Investment Manager. Therefore, the independence of Directors will continue to be assessed on a case by case basis.

In order to allow shareholders the opportunity to endorse this policy, and in accordance with the provisions of the Combined Code, any Director who has served for more than 9 years will thereafter be subject to annual re-election at the Annual General Meeting.

The Board does not believe that reaching the age of 70 should necessarily exclude a Director from continuing as a Director of the Company. The ages of all Directors are stated in the Annual Report and Accounts, and any Director who has reached the age of 70 will be subject to annual re-election at the Annual General Meeting.

Induction and Training

When a Director is appointed he or she receives a full, formal and tailored induction, which is administered by the Company Secretary. Directors are provided, on a regular basis, with key information on the Board's policies, regulatory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Other advisers to the Company also prepare reports for the Board from time to time. In addition, Directors may attend ad hoc seminars covering issues and developments relevant to the investment trust industry.

Performance Evaluation

The Board has adopted a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors. The first evaluation was completed in September 2004. The evaluation is in two stages. First, the evaluation of individual Directors is led by the Chairman, and the evaluation of the Chairman's performance is led by the Chairman of the Audit Committee. Secondly, the Board evaluates its own performance and that of its committees.

Evaluation is conducted utilising a questionnaire combined with one to one meetings. The Board has developed criteria for use at the evaluation, which focuses on the individual contribution to the Board and its Committees made by each Director and the responsibilities, composition and agenda of the Committees and of the Board itself.

Corporate Governance continued

Meetings

The Board meets at least five times each year, and, in addition, meets specifically to discuss strategy once each year. Additional meetings are also arranged as required and regular contact between Directors, the Investment Manager and the Company Secretary is maintained throughout the year. Representatives of the Investment Manager and Company Secretary attend each meeting and other advisers also attend when requested to do so by the Board. Attendance at the six scheduled meetings was as set out below:

	Attendance
Director	
Alan Clifton	6
Keith Niven	6
Ian Phillips	6
Stella Pirie	6
David Ritchie	6
Ian Trotter*	5

*Mr Trotter retired as a Director on 31 December 2004 and attended the maximum number of Board meetings before retiring.

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

Information Flows

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 Investment Manager and other key advisers and ad hoc reports and information are supplied to the Board as required.

Committees

The Board has delegated certain responsibilities and functions to committees. Terms of reference, as well as details of membership and activities, for all Committees of the Board, are set out in the following pages. The Board keeps under review the composition of each of its Committees to ensure that undue reliance is not placed on particular individuals.

Directors and Officers' Liability Insurance

During the year, the Company has maintained insurance cover for its Directors and Officers, under a Directors and Officers' liability insurance policy, as permitted by Section 310 of the Companies Act 1985 (as amended).

Relations with Shareholders

The Board believes that the maintenance of good relations with both institutional and retail shareholders is important for the long-term prospects of the Company. It has, since its launch, sought engagement with investors. The Chairman, and other Directors where appropriate, discuss governance and strategy with major shareholders and the Chairman ensures communication of shareholders' views to the Board. The Board receives feedback on the views of shareholders from its corporate broker and the Investment Manager.

The Board believes that the Annual General Meeting provides an appropriate forum for investors to communicate with the Board, and encourages participation. The Annual Report and Accounts

Corporate Governance continued

is, when possible, sent to shareholders at least 20 business days before the Annual General Meeting. The Annual General Meeting is typically attended by the full Board of Directors and proceedings include a presentation by the Investment Manager. There is an opportunity for individual shareholders to question the chairmen of the Board, Audit and Management Engagement Committees at the Annual General Meeting. Details of proxy votes received in respect of each resolution are made available to shareholders at the meeting.

The Board believes that the Company's policy of reporting to shareholders as soon as possible after the Company's year-end and holding the earliest possible Annual General Meeting is valuable. The Notice of Meeting on pages 45 and 46 sets out the business of the meeting.

Environmental Policy

The Company's primary investment objective is to achieve optimal financial returns for shareholders, within established risk parameters and regulatory constraints. Providing that this objective is not compromised in the process the Board do, however, believe that it is also possible to develop a framework that, in the interests of our shareholders, allows a broader range of considerations, including environmental and social issues, to be taken into account when selecting and retaining investments. The investment process therefore contains a review of research into the environmental, social and ethical stance of companies. Where potential financial or reputational risks are identified, their materiality is assessed and given due consideration when selecting or retaining investments.

Exercise of Voting Powers

The Company has delegated responsibility for voting to Schroders who votes in accordance with its corporate governance policy. In situations where a contentious matter is under consideration, the Manager will obtain approval from the Board before voting.

Accountability and Audit

The Statement of Directors' Responsibilities in respect of the financial statements is on page 16 and a statement of going concern is set out below. The independent auditors' report can be found on pages 26 and 27.

Going Concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts as the assets of the Company consist mainly of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

For this reason, and in accordance with FRS18, they continue to adopt the going concern basis in preparing the financial statements.

Internal Control

The Combined Code requires the Board to review the effectiveness of internal controls. The Board has previously undertaken a full review of all the aspects covered by the Turnbull guidance under which the Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board has approved a detailed risk map that identifies significant strategic, investment-related, operational and service provider risks and adopted an enhanced monitoring system to ensure that risk management and all aspects of internal control are considered on a regular basis.

Corporate Governance continued

The Board believes that the key risks identified and the implementation of an on-going system to identify, evaluate and manage these risks are based upon and relevant to the Company's business as an investment trust. The on-going risk assessment, which has been in place throughout the financial year and up to the date of this report, includes consideration of the scope and quality of the systems of internal control adopted by the Investment Manager and other major service providers, and ensures regular communication of the results of monitoring by third parties 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.

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.

The Company does not have an internal audit function as it employs no staff and delegates to third parties most of its operations. The Board will continue to monitor its framework of internal control and will continue to take steps to embed the system of internal control and risk management into the operations of the Company. In so doing the Audit Committee will review at least annually whether a function equivalent to an internal audit is needed.

The Board has conducted an annual review of the effectiveness of the system of internal control covering all controls including financial, operational and compliance controls and risk management. This assessment took into account issues arising from the reports reviewed by the Board during the year together with any additional information necessary to enable the Board to take account of all significant aspects of internal control.

Board Committees

Audit Committee

The members of the Committee as at 30 April 2005 were:

David Ritchie (Chairman)

Alan Clifton

Ian Phillips

Stella Pirie

The Board considers each member of the Committee to be independent. The Board also considers that members of the Committee have recent and relevant financial experience.

Terms of Reference

The Company established an Audit Committee in 1994. 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 responsibilities of the Committee include the following:

Financial Statements

- (a) to monitor the integrity of the financial statements of the Company, and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
- (b) to review and, if appropriate, recommend to the Board, the Company's annual and interim reports;

Internal Control

- (c) to monitor and review annually whether an internal audit function is required;
- (d) to monitor the Company's accounting and financial internal control systems, and to monitor the internal control systems of the Investment Manager and Custodian and to make recommendations on any improvements to such systems;
- (e) to monitor the Company's procedures for ensuring compliance with regulatory and financial reporting requirements and its relationship with the relevant regulatory authorities;

External audit and relationship with the external auditor

- (f) to discuss any matters arising from the audit and recommendations made by the auditors;
- (g) to make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- (h) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements; and
- (i) to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

Board Committees continued

Report on the Committee's Activities

To discharge its duties, the Committee met on two occasions during the year ended 30 April 2005 and considered the following:

- the annual financial statements and interim financial statements
- the external auditors' year-end reports and management letters
- the effectiveness of the audit process
- the independence and objectivity of the external auditor
- revised Terms of Reference
- consideration of an internal Audit review.

Attendance

Both of the meetings held during the year ended 30 April 2005 were attended by all members of the Committee.

A copy of the full Terms of Reference of the Audit Committee is available on request from the Company Secretary.

Board Committees continued

Management Engagement Committee

The members of the Committee as at 30 April 2005 were:

Alan Clifton (Chairman)
Ian Phillips
Stella Pirie
David Ritchie

The Board considers each member of the Committee to be independent.

Terms of Reference

The Company established a Management Engagement Committee in 1994. The role of the Committee is to review the terms of the management contract with the Investment Manager. In addition, the Committee also reviews Directors' fees and makes recommendations to the Board in this regard.

The responsibilities of the Committee include the following:

- (a) to review the performance of the Investment Manager and its continuing suitability to manage the Company's portfolio;
- (b) to review the terms of the management contract between the Company and the Investment Manager, and to ensure that the terms are competitive, fair and reasonable for the shareholders; and
- (c) to review and make recommendations on any proposed amendment or material breach of the management contract.

Report on the Committee's Activities

To discharge its duties, the Committee met on one occasion during the year ended 30 April 2005 and considered the following:

- the performance and suitability of the Investment Manager
- the terms and conditions of the management contract
- the fees paid to Directors

Attendance

This meeting was attended by all members of the Committee.

A copy of the full Terms of Reference of the Management Engagement Committee is available on request from the Company Secretary.

Board Committees continued

Nomination Committee

The members of the Committee as at 30 April 2005 were:

Alan Clifton (Chairman)

Keith Niven

Ian Phillips

Stella Pirie

David Ritchie

The Board considers each member of the Committee, with the exception of Mr Niven, to be independent.

Terms of Reference

The Company established a Nomination Committee in 1999. The role of the Committee is to consider and make recommendations to the Board on its composition and balance of skills and experience, and on individual appointments, to lead the process and make recommendations to the Board.

The responsibilities of the Committee include the following:

- (a) to evaluate the balance of skills, knowledge and experience of the Board of Directors and to prepare a description of the role and capabilities required for a particular appointment. In the case of the appointment of a Chairman, to prepare a job specification;
- (b) to select potential candidates to fill vacancies on the Board of Directors for recommendation to the Board;
- (c) to interview, or arrange for suitable Directors to interview, candidates for Directors;
- (d) to review periodically the terms of appointment of the non-executive Directors; and
- (e) to consider whether a senior independent director should be appointed and, if appropriate, to identify and recommend to the Board suitable candidates for the role.

A formal procedure for the appointment of new Directors is contained in the Terms of Reference of the Committee.

Report on the Committee's Activities

To discharge its duties, the Committee met on one occasion during the year ended 30 April 2005 and considered the following:

- an evaluation of the balance of skills, knowledge and experience of the Board
- revised Terms of Reference
- a revised procedure for the appointment of new Directors
- a job specification for the role of the Chairman.

Attendance

This meeting was attended by all members of the Committee.

A copy of the full Terms of Reference of the Nomination Committee is available on request from the Company Secretary.

Independent Auditors' Report

Independent Auditors' Report To the members of Schroder UK Growth Fund plc

We have audited the financial statements which comprise the statement of total return, the balance sheet, the cash flow statement and the related notes. We have also audited the disclosures required by Part 3 of Schedule 7A to the Companies Act 1985 contained in the directors' remuneration report ("the auditable part").

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities. The directors are also responsible for preparing the directors' remuneration report.

Our responsibility is to audit the financial statements and the auditable part of the directors' remuneration report in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the auditable part of the directors' remuneration report have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises the Chairman's Statement, the Manager's Review, the Report of the Directors, the unaudited part of the Directors' Remuneration Report, the Corporate Governance Report and the other items included in the contents section.

We review whether the corporate governance statement reflects the Company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

Independent Auditors' Report continued

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the auditable part of the directors' remuneration report. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the auditable part of the directors' remuneration report are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs at 30 April 2005 and of its total return and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- those parts of the directors' remuneration report required by Part 3 of Schedule 7A to the Companies Act 1985 have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
29 June 2005

Statement of Total Return (incorporating the Revenue Account)

	Notes	For the year ended 30 April 2005			For the year ended 30 April 2004		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profits on investments	9	–	8,152	8,152	–	32,716	32,716
Income	2	6,283	–	6,283	5,815	–	5,815
Investment management fee	3	(253)	(592)	(845)	(244)	(569)	(813)
Performance fee	3	–	120	120	–	(120)	(120)
Administrative expenses	4	(363)	–	(363)	(346)	–	(346)
Net return before finance costs and taxation		5,667	7,680	13,347	5,225	32,027	37,252
Interest payable	5	(357)	(832)	(1,189)	(243)	(567)	(810)
Net return on ordinary activities before taxation		5,310	6,848	12,158	4,982	31,460	36,442
Taxation on ordinary activities	6	–	–	–	–	–	–
Return on ordinary activities after taxation attributable to equity shareholders		5,310	6,848	12,158	4,982	31,460	36,442
Dividends	7	(5,191)	–	(5,191)	(5,044)	–	(5,044)
Transfer to/(from) reserves		119	6,848	6,967	(62)	31,460	31,398
Return per ordinary share	8	3.20p	4.13p	7.33p	2.96p	18.70p	21.66p
Dividends for the year per ordinary share	7	3.15p	–	3.15p	3.00p	–	3.00p

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.

The notes on pages 31 to 39 form an integral part of these accounts.

Balance Sheet

At 30 April

	Notes	2005 £'000	2004 £'000
Fixed Assets			
Investments			
Listed in the United Kingdom	9	201,365	191,469
Current Assets			
Debtors	10	2,233	2,238
Cash at bank		1,480	3,349
		3,713	5,587
Current Liabilities			
Creditors: amounts falling due within one year	11	(28,308)	(23,991)
Net Current Liabilities		(24,595)	(18,404)
Total Assets less Current Liabilities		176,770	173,065
Creditors: amounts falling due after more than one year	12	–	(120)
Net Assets		176,770	172,945
Capital and Reserves			
Called-up share capital	13	41,161	42,011
Capital redemption reserve	14	16,108	15,258
Share premium account	15	944	944
Share purchase reserve	16	95,727	98,869
Warrant exercise reserve	17	417	417
Capital reserve	18	21,006	14,158
Revenue reserve	18	1,407	1,288
Equity Shareholders' Funds	19	176,770	172,945
Net Asset Value Per Share	20	107.36p	102.92p

The Accounts were approved by the Board of Directors on 29 June 2005 and signed on behalf of the Board by:

A H Clifton

D C Ritchie

Directors

The notes on pages 31 to 39 form an integral part of these accounts.

Cash Flow Statement

	Notes	£'000	For the year ended 30 April 2005 £'000	£'000	For the year ended 30 April 2004 £'000
Operating Activities					
Income from investments		5,915		5,310	
Interest received		240		78	
Administrative expenses		(313)		(343)	
Investment management fee		(837)		(775)	
Net cash inflow from operating activities	21		5,005		4,270
Returns on investments and servicing of finance					
Bank loan and overdraft interest paid		(1,171)		(810)	
Net cash outflow from returns on investments and servicing of finance			(1,171)		(810)
Financial Investment					
Purchases of investments		(23,441)		(42,210)	
Sales of investments		21,011		45,643	
Net cash (outflow)/inflow from financial investment			(2,430)		3,433
Equity dividends paid			(4,995)		(5,046)
Net cash (outflow)/inflow before financing			(3,591)		1,847
Financing					
Purchase of shares for cancellation		(3,278)		–	
Bank loan drawn down		5,000		–	
Net cash inflow from financing			1,722		–
Net cash (outflow)/inflow in the year			(1,869)		1,847

Reconciliation of Net Cash Flow to Movement in Net Debt

	Notes	£'000	For the year ended 30 April 2005 £'000	£'000	For the year ended 30 April 2004 £'000
(Decrease)/increase in cash in the year		(1,869)		1,847	
Movement in bank loan to finance investments		(5,000)		–	
Change in net debt resulting from cash flows			(6,869)		1,847
Net debt at 1 May			(16,651)		(18,498)
Net debt at 30 April	22		(23,520)		(16,651)

The notes on pages 31 to 39 form an integral part of these accounts.

Notes to the Accounts

1 Accounting policies

A summary of the more important accounting policies is set out below:

a Basis of accounting

These accounts have been prepared on the historical cost basis of accounting, modified to include the revaluation of investments, and in accordance with applicable United Kingdom accounting standards and the Statement of Recommended Practice “Financial Statements of Investment Trust Companies” (the “SORP”) (revised January 2003).

b Valuation of Investments

Listed investments are valued according to the prices issued by the London Stock Exchange being the closing mid-market prices for all investments other than FTSE 100 constituents and FTSE 100 reserve list constituents for which the last trade prices are used. Quoted Unit Trusts are valued at 4.00 pm on the basis of the middle value between creation and cancellation prices of the quoted units. Unlisted investments are valued at market prices where an organised market exists, other unquoted or suspended investments are included at Directors’ valuation.

c Income recognition

Dividends received from investments are credited to the revenue account by reference to their ex-dividend date. Other income is recognised on an accruals basis. UK dividends are accounted for net of any tax credits.

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 foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised in capital reserve.

d Investment management fee and finance costs

The investment management fee and finance costs are apportioned 30% to the revenue account and 70% to the capital reserve, in line with the Board’s expected long-term split of returns from the investment portfolio of the Company. Performance fees are allocated entirely to the capital reserve as they are primarily attributable to the capital performance of the Company’s investments.

e Foreign exchange

Transactions denominated in foreign currencies are calculated in sterling at the rate of exchange ruling as at the date of such transactions. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at balance sheet date, and the resulting gains or losses are taken to capital reserves.

f Taxation

Deferred tax is provided in accordance with FRS19 on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they are recoverable.

g Capital reserve – realised

The following are accounted for in this reserve:

- gains on losses on the realisation of investments
- other capital charges and credits charged or credited to this account 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 year end.

Notes to the Accounts continued

2 Income

	For the year ended 30 April 2005 £'000	For the year ended 30 April 2004 £'000
UK dividends	6,044	5,733
Bond interest	–	–
Income from investments	6,044	5,733
Underwriting commission	3	–
Deposit interest	236	82
Total income	6,283	5,815

3 Investment management fee

	For the year ended 30 April 2005 £'000	For the year ended 30 April 2004 £'000
Investment management fee		
– charged to revenue	253	244
– charged to capital	592	569
	845	813
Performance fee accrual		
– (credited)/charged to capital	(120)	120

Included within investment management fees of £845,000 (2004: £813,000) is £126,000 (2004: £121,000) in respect of irrecoverable VAT.

The bases for calculating the investment management fee and the performance fee are set out in the Report of the Directors on page 13.

No performance fee is payable in respect of the 3 year performance period ended 30 April 2005 and no fee is accrued in respect of the performance periods ending 30 April 2006 and 30 April 2007.

4 Administrative expenses

	For the year ended 30 April 2005 £'000	For the year ended 30 April 2004 £'000
General expenses	209	193
Secretarial fee	65	63
Directors' emoluments	75	75
Auditors' remuneration		
– audit	14	15
– non audit	–	–
	363	346

Details of Directors' emoluments are disclosed in the Directors' Remuneration Report on page 15.

Notes to the Accounts continued

5 Interest payable

	For the year ended 30 April 2005 £'000	For the year ended 30 April 2004 £'000
Loan and overdraft facility		
– charged to revenue	357	243
– charged to capital	832	567
	1,189	810

All interest is in respect of borrowings repayable within one year.

6 Taxation

The Company has no corporation tax liability in the year to 30 April 2005 (2004: Nil).

a) Tax attributable to expenses charged to capital

The Company has sufficient current and brought forward excess management expenses available, (charged to revenue), to offset against any taxable profits on the revenue account such that no relief is derived from expenses charged to the capital reserve.

b) Factors affecting tax charge for the year

Approved investment trust companies are exempt from tax on capital gains within the Company.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are explained below:

	For the year ended 30 April 2005 Revenue £'000	For the year ended 30 April 2004 Revenue £'000
Return on ordinary activities before tax	5,310	4,982
Return on ordinary activities multiplied by the standard rate of UK corporation tax of 30% (2004: 30%)	1,593	1,495
Tax effects of:		
UK dividends*	(1,813)	(1,720)
Revenue expenses not utilised in the year	220	225
Total current taxation	–	–

* These items are not subject to tax in investment trust companies.

c) Provision for deferred taxation

No provision for deferred taxation has been made in the current or prior year.

d) Factors that may affect future tax charges

The Company has deferred tax assets of £5,232,000 (2004: £4,910,000) arising primarily from unutilised management expenses that have not been recognised as it is unlikely that these expenses will be utilised.

7 Dividends

	For the year ended 30 April 2005 £'000	For the year ended 30 April 2004 £'000
First interim dividend	2,483	2,523
Second interim dividend	2,717	2,521
Adjustment to prior year dividend*	(9)	–
	5,191	5,044

The first interim dividend of 1.50 pence per share (2004: 1.50 pence per share) is based on 165,545,900 (2004: 168,195,900) ordinary shares in issue.

The second interim dividend of 1.65 pence per share (2004: 1.50 pence per share) is payable on 29 July 2005 based on 164,645,900 (2004: 168,045,900) ordinary shares ranking for dividend.

* Adjustment for 600,000 Shares bought back by the Company for cancellation in June 2004, prior to the ex-dividend date.

Notes to the Accounts continued

8 Return per ordinary share

	For the year ended 30 April 2005			For the year ended 30 April 2004		
	Revenue	Capital	Total	Revenue	Capital	Total
Return per ordinary share (in pence)	3.20p	4.13p	7.33p	2.96p	18.70p	21.66p

The basic revenue return per ordinary share is based on the net return on ordinary activities after interest payable and taxation of £5,310,000 (2004: £4,982,000) and on 166,000,147 (2004: 168,195,080) ordinary shares, being the weighted average number of ordinary shares in issue in the year.

The basic capital return per ordinary share is based on the net return for the year of £6,848,000 (2004: £31,460,000) and on 166,000,147 (2004: 168,195,080) ordinary shares, being the weighted average number of ordinary shares in issue in the year.

9 Investments

	For the year ended 30 April 2005 £'000
Opening book cost	180,073
Opening unrealised profits	11,396
Opening valuation	191,469
Purchases at cost	22,645
Sales proceeds	(20,901)
Realised losses for the year	(1,145)
Unrealised profits for the year	9,297
Closing valuation	201,365
Closing book cost	183,723
Closing unrealised profits	17,642
Closing valuation	201,365

The investments are valued on the basis set out in note 1b.

	For the year ended 30 April 2005 £'000
Profits on investments	
Realised profits based on historical cost	1,906
Add: amounts recognised as unrealised profits in previous years (note 18)	(3,051)
Realised losses based on carrying value at previous balance sheet date	(1,145)
Net movement in unrealised profits	9,297
Profits on investments	8,152

Notes to the Accounts continued

10 Debtors

	2005 £'000	2004 £'000
Amounts due from brokers	–	110
Dividends and interest receivable	2,212	2,083
Prepayments	21	45
	2,233	2,238

11 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Amounts falling due within one year:		
Amounts payable to brokers	194	990
Bank loan	25,000	20,000
Dividends payable	2,717	2,521
Investment management fee	212	203
Creditors and accrued charges	185	137
Purchase of own shares for cancellation	–	140
	28,308	23,991

The Company has a £30 million revolving credit facility with the Royal Bank of Scotland Finance (Ireland), of which £25 million is drawn down. The facility is unsecured and is not subject to any early termination charges.

12 Creditors: amounts falling due after more than one year

	2005 £'000	2004 £'000
Performance fee accrual (see note 3)	–	120

13 Share capital

	2005 £'000	2004 £'000
Authorised:		
1,272,500,000 ordinary shares of 25p each	318,125	318,125
Allotted, called up and fully paid:		
Opening balance of 168,045,900 (2004: 168,195,900) ordinary shares of 25p each	42,011	42,049
Purchase of own shares (note 14)	(850)	(38)
Closing balance of 164,645,900 (2004: 168,045,900) ordinary shares of 25p each	41,161	42,011

During the year the Company purchased 3,400,000 (2004: 150,000) ordinary shares of 25p each for cancellation at a total cost of £3,142,000 (2004: £140,000).

Notes to the Accounts continued

14 Capital redemption reserve

	2005	2004
	£'000	£'000
Capital redemption reserve brought forward	15,258	15,220
Purchase of own shares (note 13)	850	38
Capital redemption reserve carried forward	16,108	15,258

15 Share premium account

	2005	2004
	£'000	£'000
Share premium account brought forward and carried forward	944	944

16 Share purchase reserve

	2005	2004
	£'000	£'000
Share purchase reserve brought forward	98,869	99,009
Cost of shares purchased for cancellation	(3,126)	(139)
Stamp duty on shares purchased for cancellation	(16)	(1)
Share purchase reserve carried forward	95,727	98,869

17 Warrant exercise reserve

	2005	2004
	£'000	£'000
Warrant exercise reserve brought forward and carried forward	417	417

18 Other reserves

	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Capital reserve – total £'000	Revenue reserve £'000
Balance brought forward	2,762	11,396	14,158	1,288
Transfer on disposal of investments	3,051	(3,051)	–	–
Increase in unrealised profits on investments	–	9,297	9,297	–
Realised losses on investments sold	(1,145)	–	(1,145)	–
Investment management fee	(592)	–	(592)	–
Loan facility interest	(832)	–	(832)	–
Reversal of performance fee accrual	120	–	120	–
Amount transferred to revenue reserve	–	–	–	119
Balance carried forward	3,364	17,642	21,006	1,407

Notes to the Accounts continued

19 Reconciliation of movements in shareholders' funds

	2005	2004
	£'000	£'000
Revenue return on ordinary activities after taxation	5,310	4,982
Dividends	(5,191)	(5,044)
Revenue return/(deficit)	119	(62)
Non-distributable capital return	6,848	31,460
Purchase of shares for cancellation (note 16)	(3,142)	(140)
Net increase in shareholders' funds	3,825	31,258
Shareholders' funds brought forward	172,945	141,687
Shareholders' funds carried forward	176,770	172,945

20 Net asset value per share

	2005	2004
Net asset value per share (in pence)	107.36p	102.92p

Net asset value per ordinary share is based on 164,645,900 (2004: 168,045,900) ordinary shares in issue.

21 Reconciliation of net revenue return before finance costs and taxation to net cash inflow from operating activities

	For the year ended 30 April 2005	For the year ended 30 April 2004
	£'000	£'000
Net revenue return before finance costs and taxation	5,667	5,225
Movements in creditors	35	35
Movements in debtors	24	6
Movements in accrued income	(129)	(427)
Investment management fee charged to capital	(592)	(569)
Net cash inflow from operating activities	5,005	4,270

22 Analysis of changes in net debt

	At 1 May 2004	Cash Flows £'000	At 30 April 2005	At 1 May 2003	Cash Flows £'000	At 30 April 2004
Cash at bank	3,349	(1,869)	1,480	1,502	1,847	3,349
Debt due within one year	(20,000)	(5,000)	(25,000)	(20,000)	–	(20,000)
Net debt	(16,651)	(6,869)	(23,520)	(18,498)	1,847	(16,651)

Notes to the Accounts continued

23 Transactions with the Manager

The Company has appointed Schroder Investment Management Limited (“SIM”), a wholly owned subsidiary of Schroders plc, to provide investment management, accounting, secretarial, administrative and custodial services. Details of the management and secretarial fee arrangements for these services are given in the Directors’ Report on page 13. The total management fee (inclusive of VAT) payable under this agreement to SIM in respect of the year ended 30 April 2005 was £845,000 (2004: £813,000), of which £212,000 was outstanding at the year end (2004: £203,000). The total secretarial fee payable to SIM in respect of the year ended 30 April 2005 was £65,000 (inclusive of VAT) (2004: £63,000), of which £17,000 (2004: £17,000) was outstanding at the year end.

In addition to the above services, SIM also provided investment trust dealing services. The total cost to the Company of this service, payable to Lloyds TSB Registrars, for the year ended 30 April 2005 was £12,000 (2004: £13,000), of which £4,000 was outstanding at the year end (2004: £8,000).

Banking facilities were provided during the year by Schroder & Co Limited and also by the Company’s custodian, SIM.

At 30 April 2005, the balance held at Schroder & Co Limited was £23,000 (2004: £21,000) and the total interest receivable in the year ended 30 April 2005 was £1,000 (2004: £1,000).

At 30 April 2005 the Company had an investment in the Schroder Institutional UK Smaller Companies Fund valued at £12,140,000. This investment was acquired on 31 October 2002 by way of a in-specie transfer of certain Company holdings to that Fund at market value.

At 29 June 2005 SIM had an interest in 83,975,426 ordinary shares, representing 51.0% of the Company’s issued share capital on that date which are held by investors in a Schroder Personal Equity Plan/ISA.

24 Risk

The following disclosures relating to the risks faced by the Company are provided in accordance with Financial Reporting Standard 13, “Derivatives and other financial instruments: disclosures”.

Financial instruments and risk profile

The Company’s investment objective is to provide capital growth predominantly from investment in listed UK equities. Consistent with that objective, the Company’s financial instruments largely comprise UK equity investments. In addition, the Company holds cash and short term deposits and various items such as debtors and creditors that arise directly from its operations. The financial instruments held by the Company are generally liquid. The Company’s assets and liabilities are all stated at fair value.

The holding of securities, investing activities and associated financing undertaken pursuant to this objective involves certain inherent risks. Events may occur that would result in either a reduction in the Company’s net assets or a reduction of revenue profits available for dividend.

The Company does not enter into derivatives contracts.

As an investment trust, the Company invests in securities for the long term. Accordingly, it is the Company’s policy that no trading in investments or other financial instruments shall be undertaken.

The main risk arising from the Company’s financial instruments is market price risk. The Board reviews and agrees policy for managing this risk, as summarised below. This policy has remained substantially unchanged throughout the current and preceding year.

Market price risk

The Company’s exposure to market price risk comprises mainly movements in the value of its equity investments. A detailed breakdown of the investment portfolio is given on pages 40 to 41. Investments are valued in accordance with the Company’s accounting policies stated on note 1b on page 31. The Company does not hedge against movements in the value of these investments, although sensitivity to market price risk will be affected by changes in levels of borrowing and liquidity, as approved by the Board. At 30 April 2005, a 10% movement in the market value of the Company’s investments would result in a 11.4% change in net asset value per share.

Notes to the Accounts continued

Credit risk

The Company's transactions in securities expose it to potential counterparty risk, although this is minimised by only entering into deals with brokers pre-approved by a credit committee of Schroder Investment Management Limited.

Foreign currency risk

The Company's investment objective is to invest predominantly in UK equities. The Company may, however, hold foreign denominated assets. As at 30 April 2005, no foreign denominated assets were held (2004: nil).

Interest rate risk

The Company will be affected by interest rate changes as it holds interest-bearing financial assets and liabilities. Interest rate changes will also have an impact on the valuation of equities, although this forms part of market price risk, which has already been considered separately above.

Financial liabilities

The Company currently has a revolving credit facility of £30 million with The Royal Bank of Scotland Finance (Ireland) of which £25 million was drawn down at the period end (2004: £20 million). The level of gearing is reviewed by the Board on a regular basis. The interest rate profile of the Company's financial liabilities (excluding short-term creditors) was:

	As at 30 April 2005				As at 30 April 2004			
	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Weighted average interest rate %	Weighted average period for which rate is fixed	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Weighted average interest rate %	Weighted average period for which rate is fixed
Loans	25,000	–	5.05	30 days	20,000	–	4.09	30 days

List of Investments

At 30 April 2005

Company	Industrial Classification	Value of Holdings £'000	Percentage of Shareholders' Funds
Resources			
BG	Oil and Gas	7,055	
BP	Oil and Gas	12,077	
Rio Tinto	Mining	5,695	
Shell Transport & Trading	Oil and Gas	6,634	
		31,461	17.80
Basic Industries			
Hanson	Construction and Building Materials	424	
Johnson Matthey	Chemicals	743	
Taylor Woodrow	Construction and Building Materials	1,353	
Wolseley	Construction and Building Materials	3,678	
		6,198	3.51
General Industrials			
Cookson	Engineering and Machinery	2,260	
Smiths	Aerospace and Defence	3,381	
Tomkins	Engineering and Machinery	2,337	
		7,978	4.51
Non-Cyclical Consumer Goods			
AstraZeneca	Pharmaceuticals and Biotechnology	5,453	
British American Tobacco	Tobacco	4,569	
Cadbury Schweppes	Food Producers and Processors	3,150	
Gallaher	Tobacco	3,680	
GlaxoSmithKline	Pharmaceuticals and Biotechnology	12,315	
Scottish & Newcastle	Beverages	1,460	
Smith & Nephew	Health	1,537	
		32,164	18.19
Cyclical Services			
BAA	Transport	1,951	
BBA	Transport	2,102	
British Sky Broadcasting	Media and Photography	2,547	
EMI	Media and Photography	3,660	
Intercontinental Hotels	Leisure, Entertainment and Hotels	3,243	
Intertek	Support Services	547	
ITV	Media and Photography	2,801	
Kingfisher	General Retailers	2,011	
MFI	General Retailers	1,526	
Peninsular & Oriental Steam Navigation	Transport	2,051	
Reed Elsevier	Media and Photography	1,083	
Reuters	Media and Photography	3,271	
Signet	General Retailers	2,137	
United Business Media	Media and Photography	3,372	
Woolworths	General Retailers	1,225	
		33,527	18.97

List of Investments continued

At 30 April 2005

Company	Industrial Classification	Value of Holdings £'000	Percentage of Shareholders' Funds
Non-Cyclical Services			
Cable & Wireless	Telecommunication Services	2,054	
O ₂	Telecommunication Services	2,492	
Tesco	Food and Drug Retailers	6,253	
Vodafone	Telecommunication Services	15,720	
		26,519	15.00
Financials			
Alliance & Leicester	Banks	2,307	
British Land	Real Estate	2,454	
HBOS	Banks	6,094	
HSBC	Banks	15,022	
Lloyds TSB	Banks	4,461	
Prudential	Life Assurance	4,978	
Royal Bank of Scotland	Banks	9,426	
Royal & Sun Alliance Insurance	Insurance	1,035	
Standard Chartered	Banks	4,693	
		50,470	28.55
Information Technology			
Marconi	Information Technology Hardware	908	
		908	0.51
Unit Trusts			
Schroder Institutional UK Smaller Companies Fund	Unit Trusts	12,140	
		12,140	6.87
Total Investment Portfolio		201,365	113.91
Other net liabilities		(24,595)	(13.91)
Shareholders' Equity		176,770	100.00

Company Summary

The Company

Schroder UK Growth Fund plc is an independent investment trust listed on the London Stock Exchange, managed and administered by Schroders. The Company has, since its launch in March 1994, measured its performance against the FTSE All-Share Index.

Investment trust companies are able to switch investments without liability for capital gains tax. This, together with the advantages of professional management and spread of risk, makes investment trusts a valuable investment medium.

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 2009 Annual General Meeting and thereafter at five yearly intervals.

Price Information

The Company's shares are listed on the London Stock Exchange. The stock exchange code for the shares is SDU. The price of the shares is quoted daily in The Financial Times, The Times and The Daily Telegraph.

Real time price information is available on the FT Cityline by dialling:
0906 843 4037 for the shares.

Calls are charged at 60p per minute at all times.

The Company releases its Net Asset Value to the London Stock Exchange on a weekly basis.

Share price information (prices displayed are not real time but at least twenty minutes out of date) is available on the internet at

<http://www.schroders.co.uk/its>

The site also contains other information on the Company including, *inter alia*, a sector analysis and the Company's ten largest investments. There is also a factsheet, which is updated quarterly and is available to shareholders, in printed form, on request from the Secretary of the Company.

Association of Investment Trust Companies

The Company is a member of the Association of Investment Trust Companies, which produces monthly publications of detailed information on the majority of investment trusts. Copies of these publications can be obtained by subscription on application to the Association of Investment Trust Companies, 9th Floor, 24 Chiswell Street, London EC1Y 4YY.

The aims of the Association are to protect and promote the interests of member companies and their shareholders by:

- taking specific action to safeguard and to improve the fiscal and regulatory regime for member companies and their shareholders.

Company Summary continued

- improving investor awareness of investment trusts through education, publicity and the provision of reliable statistical and other information.
- encouraging commitment to good practice and high professional standards in the industry.

Capital Gains Tax Information

The acquisition costs of the shares for capital gains tax purposes based upon initial dealings are as follows:

- for the benefit of those shareholders who acquired their holdings in the original Offer for Subscription, with initial dealings on 25 April 1994:
Each ordinary share of 25p each 93.30p
- for the benefit of those shareholders who acquired their holdings in the C share issue, with initial dealings on 29 April 1996:
Each ordinary share of 25p each 122.65p

For the 2005/2006 tax year, the annual capital gains of private individuals in excess of £8,500 (2004/2005: £8,200) are assessed for capital gains tax.

Capital gains on shares disposed of by individuals may be eligible for taper relief. The taper reduces the amount of a chargeable gain according to how long the asset has been held for periods after 5 April 1998.

Where shares were acquired before 6 April 1998, the capital gain will also be reduced by indexation allowance for the period up to April 1998, but not thereafter.

Analysis of Register of Shareholders

At 30 April 2005	Shares
Percentage of issued shares held by:	%
Private individuals	7.2
Banks/Nominees (excluding Schroder PEP/ISA/Dealing Service)	37.7
Schroder PEP/ISA Holders	52.0
Schroder Investment Trust Dealing Service Participants	1.71
Others	1.39
	100.00
Total number of registered holders	5,399

Shareholder Information

Schroder Investment Trust Dealing Service

The Schroder Investment Trust Dealing Service provides a convenient and cost effective means of investing in the ordinary shares of the Company. The Service offers investors:

- a regular investment option from a minimum of £50 per month
- a lump sum investment option from a minimum of £1,000
- daily dealing
- competitive charges
- the option to reinvest income.

Other investment trusts which are available through this service are Schroder AsiaPacific Fund plc, Schroder Income Growth Fund plc, Schroder Japan Growth Fund plc, Schroder Split Investment Fund plc, Schroder Split ZDP plc, Schroder UK Mid & Small Cap Fund plc, SVG Capital plc and International Biotechnology Trust plc.

Individual Savings Account – Schroder Maxi ISA Plan

The Schroder ISA offers investors:

- lump sum investments in the ordinary shares of the Company from a minimum of £1,000 to a maximum of £7,000 in the current tax year
- a regular investment option from a minimum of £50 per month
- competitive charges
- the option to reinvest income
- the option to include other trusts.

If you would like further information about the Schroder Investment Trust Dealing Service or the Schroder Maxi ISA, please contact the Secretary of the Company at 31 Gresham Street, London EC2V 7QA or call Schroder Investor Services on freephone 0800 718 777.

Financial Calendar

January	Interim Report published
31 January	First interim dividend payable
30 April	Company's year end
June	Second interim dividend and preliminary results announced
July	Annual Report and Accounts published
31 July	Second interim dividend payable
August	Annual General Meeting
December	First interim dividend announced

Notice and Agenda

NOTICE is hereby given that the Annual General Meeting of Schroder UK Growth Fund plc will be held at 12.00 noon on Wednesday 3 August 2005 at 31 Gresham Street, London EC2V 7QA, to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 9 will be proposed as Ordinary Resolutions and resolutions 10 and 11 will be proposed as Special Resolutions:

1. That the Report of the Directors and the Accounts for the year ended 30 April 2005 be adopted.
2. That the Directors' Remuneration Report for the year ended 30 April 2005 be approved.
3. That Ms Stella Pirie be re-elected as a Director of the Company.
4. That Mr Ian Phillips be re-elected as a Director of the Company.
5. That Mr Keith Niven be re-elected as a Director of the Company.
6. That PricewaterhouseCoopers LLP be re-appointed as Auditors of the Company.
7. That the Board be authorised to agree the Auditors' remuneration.
8. That the aggregate limit of all fees payable to Directors, as set out in Article 98 of the Company's Articles of Association, be increased to £125,000 per annum.
9. That the Directors be and they are hereby generally and unconditionally authorised in substitution for all subsisting authorities in accordance with Section 80 of the Companies Act 1985 (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 £2,058,073 (representing 5% of the aggregate nominal amount of the share capital in issue on 29 June 2005) provided that this authority shall expire on the date of the next Annual General Meeting of the Company, but so that this authority shall allow the Company to make offers or agreements before such expiry which would or might require relevant securities to be allotted after such expiry.
10. That, subject to the passing of resolution 9 set out above, the Directors be and they are hereby empowered, pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) pursuant to the authority given in accordance with Section 80 of the Act by the said resolution 9 as if Section 89(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 £2,058,073 (representing 5% of the aggregate nominal amount of the share capital in issue on 29 June 2005); and provided that this power shall expire on the date 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.
11. That the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 (the 'Act') to make market purchases (within the meaning of Section 163 of the Act) of Ordinary Shares of 25p each in the capital of the Company ('Shares'), provided that:
 - (a) the maximum number of Shares hereby authorised to be purchased shall be 24,680,420 (equivalent to 14.99% of the share capital in issue on 29 June 2005);
 - (b) the minimum price which may be paid for a Share is 25p;
 - (c) the maximum price which may be paid for a Share is an amount equal to 105% of the average of the middle market quotations for a Share taken from the London Stock

Notice and Agenda continued

Exchange Daily Official List for the five business days immediately preceding the day on which the Share is purchased;

- (d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company unless such authority is renewed prior to such time; and
- (e) the Company may make a contract to purchase 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 Shares pursuant to any such contract.

Registered Office:
31 Gresham Street
London EC2V 7QA
4 July 2005

By Order of the Board
Schroder Investment Management Limited
Company Secretary

Notes

- 1 An ordinary shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and (insofar as permitted by the Company's Articles of Association) to vote instead of him.

A proxy need not be a member. A form of proxy is enclosed for ordinary shareholders which should be completed and returned to the Company's registrar, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6ZR not later than 48 hours before the time fixed for the meeting. Completion of the proxy will not preclude an ordinary shareholder from attending and voting in person.

- 2 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 1 August 2005 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 1 August 2005 shall be disregarded in determining the right of any person to attend and vote at the meeting.
- 3 In accordance with the requirements of the Companies Act 1985, 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, 31 Gresham Street, London EC2V 7QA, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) and by any person attending the Annual General Meeting, during the continuance of the Meeting. None of the Directors have a contract of service with the Company.
- 4 Profiles of each of the Directors offering themselves for re-election are on page 2 of this report.
- 5 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA01) by the latest time for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by a particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

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