BFS SMALL COMPANIES DIVIDEND TRUST PLC

Interim Accounts

to support payment of the 4th interim dividend

for the period 1 May 2000 to 30 April 2001-06-29

Registration Number 3749536

30TH

BFS SMALL COMPANIES DIVIDEND TRUST PLC

Financial Statements for the period

1 May 2000 to 30 April 2001

REGISTRATION NUMBER: 3749536

BFS SMALL COMPANIES DIVIDEND TRUST PLC

Statement of total return (incorporating the revenue account*)
for the period ended 30 April 2001

		Period to 30 April 2001			Period to 30 April 2000		
		Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	Note	**£**	**£**	**£**	**£**	**£**	**£**
Gains/(losses) on investments	10	-	4,823,349	4,823,349	-	(2,175,063)	(2,175,063)
Commitment to subscribe for shares	17	-	(541,148)	(541,148)	-	(485,207)	(485,207)
Income	2	2,022,666	-	2,022,666	2,056,537	-	2,056,537
Investment management fee	3	(119,239)	(178,859)	(298,098)	(99,567)	(149,352)	(248,919)
Other expenses	4	(173,813)	(3,500)	(177,313)	(156,949)	(6,250)	(163,199)
Net return before finance costs and taxation		1,729,614	4,099,842	5,829,456	1,800,021	(2,815,872)	(1,015,851)
Interest payable and similar charges	6	(179,121)	(299,533)	(478,654)	(79,053)	(149,276)	(228,330)
Return on ordinary activities before taxation		1,550,493	3,800,309	5,350,802	1,720,968	(2,965,148)	(1,244,181)
Taxation on ordinary activities	7	-	-	-	-	-	-
Return on ordinary activities after taxation for the financial period		1,550,493	3,800,309	5,350,802	1,720,968	(2,965,148)	(1,244,181)
Dividends in respect of equity shares	8	(1,496,250)	-	(1,496,250)	(1,387,500)	-	(1,387,500)
Transfer to/(from) reserves		54,243	3,800,309	3,854,552	333,468	(2,965,148)	(2,631,681)
		Revenue pence	Capital pence	Total pence	Revenue pence	Capital pence	Total pence
Return per Ordinary share	9	9.84	24.13	33.97	11.38	(19.60)	(8.22)

The notes on pages 4 to 11 form part of these Financial Statements

* The revenue column of this statement is the revenue account of the company.
All revenue and capital items in the above statement derive from continuing operations.
No operations were acquired or discontinued in the period.

BFS SMALL COMPANIES DIVIDEND TRUST PLC

Balance sheet
As at 30 April 2001

	Note	30 April 2001 £	30 April 2000 £
Fixed assets			
Listed investments	10	30,132,857	24,333,919
Investment in subsidiary undertaking	12	2	2
		30,132,859	24,333,921
Current assets			
Debtors	13	1,315,223	414,451
Cash at bank		-	-
		1,315,223	414,451
Creditors - Amounts falling due within one year			
Creditors	14	7,561,408	5,319,750
Dividends		504,000	472,500
		8,065,408	5,792,250
Net current liabilities		(6,750,185)	(5,377,799)
Total assets less current liabilities		23,382,674	18,956,122
Creditors - Amounts falling due after more than one year			
Loan Note: 30 April 2007 - BSC	16	6,069,697	6,038,845
Provision for liabilities and charges			
Commitment to subscribe for shares	17	1,026,355	485,207
Net assets		16,286,622	12,432,070
Share capital and reserves			
Called up share capital	15	3,937,500	3,937,500
Share premium account	18	11,126,250	11,126,250
Capital reserve	18	835,161	(2,965,148)
Revenue reserve	18	387,711	333,468
Shareholders' funds	19	16,286,622	12,432,070
		pence	pence
Net Asset Value per ordinary share	20	103.41	78.93

The notes on pages 4 to 11 form part of these Financial Statements

These Financial Statements were approved by the Board on 12 June 2001.

. . . . **B N Lenygon, Chairman**

Statement of cash flows
for the period ended 30 April 2001

	NOTE	Period to 30 April 2001 £	Period to 30 April 2000 £
Operating activities			
Investment income received		2,041,812	1,619,858
Deposit interest received		9,142	31,176
Underwriting commission received		1,359	-
Investment management fees paid		(281,380)	(187,058)
Secretarial fees paid		(45,307)	(39,133)
Other cash payments		(115,218)	(108,902)
Net cash inflow from operating activities	21	1,610,408	1,315,941
Servicing of finance			
Non-equity dividends paid		-	-
Interest paid		(443,122)	(176,062)
Net cash outflow from servicing of finance		(443,122)	(176,062)
Taxation			
Income tax recovered		-	-
Total taxation recovered		-	-
Capital expenditure and financial investment			
Purchases of investments		(12,147,752)	(34,288,111)
Sales of investments		10,434,995	7,947,701
Investment in subsidiary		(4,366)	(3,647)
Net cash outflow from capital expenditure and financial investment		(1,717,123)	(26,344,057)
Equity Dividends Paid		(1,464,750)	(915,000)
Net cash outflow before financing		(2,014,587)	(26,119,178)
Financing			
Proceeds of share issue		-	(15,663,750)
Issue expenses		-	850,000
Issue of loan note from subsidiary		-	(6,258,150)
Net cash inflow from financing		-	(21,071,900)
Decrease in cash	22	(2,014,587)	(5,047,278)
		(2,014,587)	(26,119,178)

The notes on pages 4 to 11 form part of these Financial Statements

Notes to the Financial Statements - at 30 April 2001

1 ACCOUNTING POLICIES

Accounting convention

The financial statements are the Company's initial accounts, as defined under section 270 of The Companies Act 1985.
The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and are prepared in accordance with applicable accounting standards in the United Kingdom and in accordance with the statement of recommended practice for financial statements of Investment Trust Companies.
As this is the first period since incorporation there are no comparative figures.
The financial statements are not consolidated financial statements and present information in relation to the Company not the Group.

Income recognition

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date. As prescribed in Financial Reporting Standard No. 16: Current tax, UK dividends are disclosed excluding the associated tax credit.
Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established.
Underwriting commission is recognised as income in so far as it relates to shares the Company is not required to take up. Where the Company is required to take up shares underwritten the commission received is treated as a deduction from the cost of shares.
Where fixed interest stocks are purchased cum interest the revenue account is credited with interest accruing from the date of purchase.
Similarly, where fixed interest stocks are sold cum interest the revenue account is credited with interest accrued up to the date of sale.
Other income is accounted for on an accruals basis.

Expenditure

All expenses are accounted for on an accruals basis. All expenses are charged through the revenue account in the statement of total return except as follows:
expenses which are incidental to the acquisition of an investment are included within the cost of the investment;
expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investments;
expenses are charged to capital reserve (realised) where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In respect of the investment management fee and debit interest, 60% has been allocated to capital reserve (realised) and 40% to revenue reserve in the statement of total return, being in line with the Board's expected long-term split of returns, in the form of capital gains and income respectively, from the investment portfolio of the Company. The investment management performance fee is charged, in total, to the capital reserve (realised). All of the bank overdraft arrangement fee has also been charged to capital reserve (realised).

Investments

Listed investments are included in the balance sheet at middle-market value at the close of business at the period end. Interest accrued on fixed interest rate securities at the date of purchase or sale is accounted for separately as accrued income or as income receipt, so that the value or purchase price or sale proceeds is shown net of such items.
Any unrealised profits and losses are taken directly to the capital reserve. Any realised profits and losses arising on the disposal of investments are also taken directly to the capital reserve.

Taxation

The charge for taxation is based on the profit for the period. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.
Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Provision is made at a rate which is expected to be applied when the liability or asset is expected to crystallise.
The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue on the same basis as the particular item to which it relates, using the Company's effective rate of tax for the accounting period.

Loan note issue costs

BFS Small Companies PLC, issued 6,250,000 zero dividend preference shares of 0.05p each for cash at £1 per share. The proceeds of the issue of the zero dividend preference shares have been used to subscribe for a loan note, issued by the parent company, as detailed in note 16 to these financial statements. The placing document provides that the costs of these issues are all borne by BFS Small Companies Dividend Trust PLC.
A proportion of the total issue costs, calculated by reference to the respective placing proceeds of the ordinary and zero dividend preference shares is regarded as a cost of the issue of the loan note. This proportion of the issue costs has been deducted from the loan note proceeds and is amortised, through the capital reserve, at a constant rate over the period from issue of the loan note until maturity on 30 April 2007.

2 INCOME

	Period to 30 April 2001 £	Period to 30 April 2000 £
Income from listed investments		
Dividends from UK companies	1,997,098	1,973,737
Interest and other dividends from listed investments	15,721	50,905
	2,012,819	2,024,642
Other income		
Bank interest receivable	8,488	31,895
Underwriting commission	1,359	-
Other	-	-
	9,847	31,895
Total income	2,022,666	2,056,537
Total income comprises :		
Dividends	1,997,098	1,973,737
Interest	24,209	82,800
Other	1,359	-
	2,022,666	2,056,537

3 INVESTMENT MANAGEMENT FEE

	Period to 30 April 2001 Revenue £	Capital £	Total £	Period to 30 April 2000 Revenue £	Capital £	Total £
Investment management fee	101,480	152,220	253,700	84,738	127,108	211,846
Irrecoverable VAT thereon	17,759	26,639	44,398	14,829	22,244	37,073
	119,239	178,859	298,098	99,567	149,352	248,919
Investment management performance fee	-	-	-	-	-	-
Irrecoverable VAT thereon	-	-	-	-	-	-
	-	-	-	-	-	-
Total investment management fee	119,239	178,859	298,098	99,567	149,352	248,919

4 OTHER EXPENSES

	Period to 30 April 2001 Revenue £	Capital £	Total £	Period to 30 April 2000 Revenue £	Capital £	Total £
Administrative & secretarial fee	45,420	-	45,420	42,805	-	42,805
Directors' remuneration	55,000	-	55,000	55,000		55,000
Auditors' remuneration:						
audit services	9,400	-	9,400	18,800	-	18,800
non audit services	-	-	-	-	-	-
Overdraft arrangement fee	-	3,500	3,500	-	6,250	6,250
Other expenses	63,993	-	63,993	40,344	-	40,344
Total other expenses	173,813	3,500	177,313	156,949	6,250	163,199

5 DIRECTORS' REMUNERATION

	30 April 2001	30 April 2000
	£	£
Total fees	55,000	55,000
Remuneration to Directors	£	£
B N Lenygon (Chairman)	15,000	15,000
J E Chappell	10,000	10,000
D Harris (appointed 30 May 2000)	9,000	-
M W Latham (resigned 30 May 2000)	1,000	10,000
A A Reid	10,000	10,000
N J Randall	10,000	10,000

6 INTEREST PAYABLE

		Period to 30 April 2001				Period to 30 April 2000
	Revenue	Capital	Total	Revenue	Capital	Total
	£	£	£	£	£	£
On bank overdraft	179,121	268,681	447,802	79,053	118,581	197,634
Amortisation of loan note issue costs	-	30,852	30,852	-	30,695	30,695
	179,121	299,533	478,654	79,053	149,276	228,330

7 TAXATION

		Period to 30 April 2001			Period to 30 April 2000	
	Revenue	Capital	Total	Revenue	Capital	Total
	£	£	£	£	£	£
Based on the profits for the period:						
Tax attributable to UK dividends	-	-	-	-	-	-
Tax attributable to costs charged to capital	-	-	-	-	-	-
	-	-	-	-	-	-

8 DIVIDENDS PAID AND PROPOSED

	Period to 30 April 2001	Period to 30 April 2000
	£	£
Per Ordinary share :		
First interim dividend paid of 2.10p (2000: 2.0p)	330,750	300,000
Second interim dividend paid of 2.10p (2000: 2.0p)	330,750	300,000
Third interim dividend paid of 2.10p net (2000: 2.0p)	330,750	315,000
Fourth interim dividend proposed of 3.20p net (2000: 3.20p)	504,000	472,500
	1,496,250	1,387,500

9 RETURN PER SHARE

Ordinary shares

Basic revenue return per Ordinary share is based on the net revenue on ordinary activities after taxation of £ 1,550,493 (2000:£ 1,720,968) and on 15,750,000 (2000: 15,124,648) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

10 INVESTMENTS

	30 April 2001	30 April 2000
	£	£
Investments listed on a recognised investment exchange	30,132,857	24,333,919

	30 April 2001	30 April 2000
	£	£
Opening book cost	28,468,154	-
Opening unrealised depreciation	(4,134,235)	-
Opening valuation	24,333,919	-
Movements in the period:		
Purchases at cost	12,334,709	34,456,683
Sales:		
Proceeds	(11,359,120)	(7,947,701)
Realised gains on sales	151,808	1,959,172
Increase in unrealised appreciation/(depreciation)	4,671,541	(4,134,235)
Closing valuation	30,132,857	24,333,919
Closing book cost	29,595,551	28,468,154
Closing unrealised appreciation/(depreciation)	537,306	(4,134,235)
	30,132,857	24,333,919

	30 April 2001	30 April 2000
	£	£
Realised gains on sales	151,808	1,959,172
Increase in unrealised appreciation/(depreciation)	4,671,541	(4,134,235)
Gains/(losses) on investments	4,823,349	(2,175,063)

11 SIGNIFICANT INTERESTS

The Company had holdings of 3% or more in the following investments:

Name of undertaking	Class of share	Percentage held:
		30 April 2001
Parkwood Hldgs	Ordinary	5.610
Pittards	Ordinary	4.400
Europower	Ordinary	3.860
ATA Group	Ordinary	3.710
Sirdar	Ordinary	3.680
Brunel Hldgs	Ordinary	3.400

12 INVESTMENT IN SUBSIDIARY COMPANY

The Company owns the whole of the issued ordinary share capital of BFS Small Companies PLC, especially formed for the issuing of zero dividend preference shares, which is incorporated and registered in England and Wales.

Notes to the Financial Statements - at 30 April 2001

13	DEBTORS - amounts falling due within one year	30 April 2001 £	30 April 2000 £
	Sales for future settlement	924,125	-
	Dividends receivable	363,211	383,891
	Amounts due from subsidiary company	8,013	3,647
	Prepayments and accrued income	7,294	19,410
	Taxation recoverable	12,580	7,503
		1,315,223	414,451

14	CREDITORS - amounts falling due within one year	30 April 2001 £	30 April 2000 £
	Purchases for future settlement	355,529	168,572
	Corporation tax	-	-
	Other creditors	144,014	103,900
	Bank overdraft	7,061,865	5,047,278
		7,561,408	5,319,750

The Company has bank loan and overdraft facilities which are secured by a legal mortgage over the Company's investment portfolio. This ranks after all other charges.

15	SHARE CAPITAL	30 April 2001 £	30 April 2000 £
	Authorised:		
	16,500,000 Ordinary shares of 25p each	4,125,000	4,125,000
		4,125,000	4,125,000
	Issued, allotted and fully paid:		
	15,750,000 (2000 : 15,750,000) Ordinary shares of 25p each	3,937,500	3,937,500
		3,937,500	3,937,500

DURATION AND RIGHTS ON WINDING UP

The Company was incorporated with an authorised share capital of £50,000 divided into 50,000 ordinary shares of £1 each. Two of the Ordinary shares of £1 each were issued, nil paid, to the subscribers to the Memorandum of Association.
On 7 April 1999, 49,998 Ordinary shares of £1 each were allotted to CO Nominees Limited. These Ordinary shares and the subscriber shares were not retained by the allottees but were included in the placing.
Pursuant to special resolutions passed on 6 May 1999:
(i) Each Ordinary share of £1 each was subdivided into four Ordinary shares of 25p each.
(ii) The authorised share capital of the Company was increased from £50,000 to £4,125,000 by the creation of 16,300,000 Ordinary shares of 25p each.
(iii) On 12 May 1999, 15,000,000 ordinary shares were allotted pursuant to a placing.
The Company's subsidiary BFS Small Companies PLC ('BSC') issued 6,250,000 Zero Dividend Preference Shares on 12 May 1999. 'BSC' also allotted 31,260 Preference Shares on 29 April 1999.
The market value of the shares on the first day of dealing on the London Stock Exchange were :
Ordinary: 102 p Zero Dividend Preference: 101.75 p

As to dividends each year
Ordinary shares are entitled to all the revenue profits of the Company available for distribution, including all undistributed income.

As to capital on winding up
On winding up, holders of Zero Dividend Preference shares and Preference shares issued by BFS Small Companies PLC ,are entitled to payment of an amount equal to 100p per share increased daily from 13 May 1999 at such a compound rate as will give an entitlement to 184.63p for each Zero Dividend Preference share and Preference share at 30 April 2007.
The holders of Ordinary shares will receive all the assets available for distribution to shareholders after payment of all debts and satisfaction of all liabilities of the Company rateably according to the amounts paid or credited as paid up on the Ordinary Shares held by them respectively.

Duration
The Articles of Association provide that the Directors shall convene an Extraordinary General Meeting of the company to be held on 30 April 2007, or if that day is not a business day, on the immediate proceeding business day, at which an ordinary resolution shall be proposed, to the effect that BFS Small Companies Dividend Trust PLC continue in existence. In the event that such resolution is not passed, the Directors shall convene a second extraordinary general meeting to be convened not more than four months after the first, at which an ordinary resolution shall be proposed pursuant to section 84 of the Insolvency Act 1986 requiring the Company to be wound up voluntarily. For so long as the Company continues in existence, this procedure shall apply again at five - yearly intervals thereafter, taking references therein to 2007 as references to the year in question.

16 UNSECURED LOAN NOTES

On 25 May 1999 the Company issued a loan note to its subsidiary BFS Small Companies PLC "BSC" with a value of £6,258,150. The loan note is non interest bearing and will be repaid or redeemed at par on 30 April 2007 or, if required by BSC, at any time prior to that date. These costs are being amortised through the capital reserve.

	30 April 2001	30 April 2000
	£	£
Opening balance	6,038,845	-
Issue of loan note	-	6,258,150
Costs of raising loan note	-	(250,000)
Amortisation of costs	30,852	30,695
	6,069,697	6,038,845

17 COMMITMENT TO SUBSCRIBE FOR SHARES

The Company has entered into an agreement with its subsidiary, BFS Small Companies PLC "BSC", pursuant to which the Company will subscribe on 30 April 2007 for one ordinary share in BSC. The subscription would be at such a premium as would result in the assets of BSC being sufficient to satisfy the capital entitlement on 30 April 2007 of £1.8463 per share of the zero dividend preference shares and the preference shares in issue on that date. Details of the zero dividend preference shares and the preference shares issued by BSC at 30 April 2001 are given in note 15 and the maximum commitment under the subscription agreement at 30 April 2001 is £ 11,597,080.

As stated in note 15, the capital entitlement of the zero dividend preference shares and the preference shares increases daily at a compound rate over the period to redemption on 30 April 2007. A provision is made in the financial statements for the company's commitment to subscribe for the BSC share, equal to the increase in the capital entitlement of the zero dividend preference shares and the preference shares. This provision is taken to the capital reserve.

	30 April 2001	30 April 2000
	£	£
Opening balance	485,207	-
Increase in capital entitlement of zero dividend preference shareholders	538,455	482,792
Increase in capital entitlement of preference shareholders	2,693	2,415
	1,026,355	485,207

18 RESERVES

	Share premium account	Capital reserve realised	Capital reserve unrealised	Revenue reserve
	£	£	£	£
At 1 May 2000	11,126,250	1,169,087	(4,134,235)	333,468
Net gains on realisation of investments	-	2,400,833	-	-
Transfer on disposal of investments	-	(2,249,025)	2,249,025	-
Movement in unrealised appreciation	-	-	2,422,516	-
Costs charged to capital	-	(451,040)	-	-
Tax relief on costs charged to capital	-	-	-	-
Issue of share capital	-	-	-	-
Costs of issue	-	-	-	-
Increase in provision for commitment to subscribe for shares	-	(541,148)	-	-
Amortisation of loan note issue costs	-	(30,852)	-	-
Retained net revenue for the period	-	-	-	54,243
At 30 April 2001	11,126,250	297,855	537,306	387,711

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Period to 30 April 2001 £	Period to 30 April 2000 £
Profit available to Ordinary shareholders'	1,550,493	1,720,968
Dividends paid and proposed	(1,496,250)	(1,387,500)
	54,243	333,468
Recognised gains/(losses) for the period	3,800,309	(2,965,148)
Issue of share capital	-	3,937,500
Premium on issue of share capital	-	11,726,250
Issue expenses	-	(600,000)
Net addition to shareholders' funds	3,854,552	12,432,070
Opening shareholders' funds	12,432,070	-
Closing shareholders' funds	16,286,622	12,432,070

20 NET ASSET VALUE PER SHARE

The net asset value per share and the net assets attributable to the ordinary shareholders' at the period end are calculated in accordance with the Articles of Association and are as follows:

	Net Asset value per share attributable 30.04.2001 Pence	30.04.2000 Pence	Total Assets attributable 30.04.2001 £	30.04.2000 £
Ordinary shares	103.41	78.93	16,286,622	12,432,070

Net assets at 30.04.2001 include current period revenue

21 RECONCILIATION OF NET REVENUE BEFORE FINANCE COSTS AND TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Period to 30 April 2001 £	Period to 30 April 2000 £
Income before interest payable and taxation	1,729,614	1,800,021
(Increase)/decrease in debtors	32,796	(403,301)
(Decrease)/increase in creditors	35,434	82,326
Tax on UK dividend income	-	-
Tax on interest income	(5,077)	(7,503)
Expenses charged to the capital reserve	(182,359)	(155,602)
	1,610,408	1,315,941

22 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	30.04.2001 £
Decrease in cash in period	(2,014,587)
Loan note issue costs	-
Amortisation of loan note issue costs	(30,852)
Movement in net funds	(2,045,439)
Net debt at 1 May 2000	(11,086,123)
Net debt at 30 April 2001	(13,131,562)

23 ANALYSIS OF CHANGES IN NET DEBT

	At 1 May 2000	Cash flows	Other changes	At 30 April 2001
	£	£	£	£
Cash at bank	(5,047,278)	(2,014,587)	-	(7,061,865)
Debts due after more than one year	(6,038,845)	-	(30,852)	(6,069,697)
	(11,086,123)	(2,014,587)	(30,852)	(13,131,562)

24 COMMITMENTS

At 30 April 2001 the Company had underwritten share issues to a value of £nil (30 April 2000 : £nil).

25 RELATED PARTY TRANSACTIONS

The Company's investments are managed by BFS Investments PLC, a company in which A A Reid, a Director of the Company, has an interest. The amounts paid to the Manager are disclosed in note 3.