COMPANY NUMBER: 3749536

BFS SMALL COMPANIES DIVIDEND TRUST PLC

INTERIM ACCOUNTS FOR THE QUARTER TO 31 JANUARY 2002

BFS SMALL COMPANIES DIVIDEND TRUST PLC

Statement of total return (incorporating the revenue account*)
for the period ended 31 January 2002

		Period to 31 January 2002			Year to 30 April 2001		
		Revenue	Capital	Total	Revenue	Capital	Total
	Note	£	£	£	£	£	£
Gains on investments	10	-	205,500	205,500	-	4,823,349	4,823,349
Commitment to subscribe for shares	17	-	(437,750)	(437,750)	-	(541,148)	(541,148)
Income	2	1,589,635	-	1,589,635	2,022,666	-	2,022,666
Investment management fee	3	(93,190)	(139,784)	(232,974)	(119,239)	(178,859)	(298,098)
Other expenses	4	(145,759)	(3,750)	(149,509)	(173,813)	(3,500)	(177,313)
Net return before finance costs and taxation		1,350,686	(375,784)	974,902	1,729,614	4,099,842	5,829,456
Interest payable and similar charges	6	(120,139)	(203,453)	(323,592)	(179,121)	(299,533)	(478,654)
Return on ordinary activities before taxation		1,230,547	(579,237)	651,310	1,550,493	3,800,309	5,350,802
Taxation on ordinary activities	7	-	-	-	-	-	-
Return on ordinary activities after taxation for the financial period		1,230,547	(579,237)	651,310	1,550,493	3,800,309	5,350,802
Dividends in respect of equity shares	8	(1,015,875)	-	(1,015,875)	(1,496,250)	-	(1,496,250)
Transfer to/(from) reserves		214,672	(579,237)	(364,565)	54,243	3,800,309	3,854,552
		Revenue pence	Capital pence	Total pence	Revenue pence	Capital pence	Total pence
Return per Ordinary share	9	7.81	(3.68)	4.13	9.84	24.13	33.97

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 31 January 2002

	Note	31 January 2002	30 April 2001
		£	£
Fixed assets			
Listed investments	10	30,805,557	30,132,857
Investment in subsidiary undertaking	12	-	2
		30,805,557	30,132,859
Current assets			
Debtors	13	802,322	1,315,223
Cash at bank		-	-
		802,322	1,315,223
Creditors - Amounts falling due within one year			
Creditors	14	7,790,150	7,561,408
Dividends		338,625	504,000
		8,128,775	8,065,408
Net current liabilities		(7,326,453)	(6,750,185)
Total assets less current liabilities		23,479,104	23,382,674
Creditors - Amounts falling due after more than one year			
Loan Note: 30 April 2007 - BSC	16	6,092,942	6,069,697
Provision for liabilities and charges			
Commitment to subscribe for shares	17	1,464,105	1,026,355
Net assets		15,922,057	16,286,622
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	255,924	835,161
Revenue reserve	18	602,383	387,711
Shareholders' funds	19	15,922,057	16,286,622
		pence	pence
Net Asset Value per ordinary share	20	99.73	103.41

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

These Financial Statements were approved by the Board on 28 February 2002.

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

BFS SMALL COMPANIES DIVIDEND TRUST PLC

Statement of cash flows
for the period ended 31 January 2002

	NOTE	Period to 31 January 2002 £	Year to 30 April 2001 £
Operating activities			
Investment income received		1,847,366	2,041,812
Deposit interest received		13,317	9,142
Underwriting commission received		-	1,359
Investment management fees paid		(232,591)	(281,380)
Secretarial fees paid		(34,684)	(45,307)
Other cash payments		(110,374)	(115,218)
Net cash inflow from operating activities	21	1,483,034	1,610,408
Servicing of finance			
Non-equity dividends paid		-	-
Interest paid		(305,376)	(443,122)
Net cash outflow from servicing of finance		(305,376)	(443,122)
Taxation			
Income tax recovered		7,612	-
Total taxation recovered		7,612	-
Capital expenditure and financial investment			
Purchases of investments		(11,062,666)	(12,147,752)
Sales of investments		11,041,658	10,434,995
Investment in subsidiary		(6,310)	(4,366)
Net cash outflow from capital expenditure and financial investment		(27,318)	(1,717,123)
Equity Dividends Paid		(1,181,250)	(1,464,750)
Net cash outflow before financing		(23,298)	(2,014,587)
Financing			
Proceeds of share issue		-	-
Issue expenses		-	-
Issue of loan note from subsidiary		-	-
Net cash inflow from financing		-	-
Decrease in cash	22	(23,298)	(2,014,587)
		(23,298)	(2,014,587)

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

Notes to the Financial Statements - at 31 January 2002

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.

Notes to the Financial Statements - at 31 January 2002

2 INCOME

	Period to 31 January 2002 £	Year to 30 April 2001 £
Income from listed investments		
Dividends from UK companies	1,575,911	1,997,098
Interest and other dividends from listed investments	-	15,721
	1,575,911	2,012,819
Other income		
Bank interest receivable	13,724	8,488
Underwriting commission	-	1,359
Other	-	-
	13,724	9,847
Total income	1,589,635	2,022,666
Total income comprises :		
Dividends	1,575,911	1,997,098
Interest	13,724	24,209
Other	-	1,359
	1,589,635	2,022,666

3 INVESTMENT MANAGEMENT FEE

	Period to 31 January 2002			Year to 30 April 2001		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Investment management fee	79,311	118,965	198,276	101,480	152,220	253,700
Irrecoverable VAT thereon	13,879	20,819	34,698	17,759	26,639	44,398
	93,190	139,784	232,974	119,239	178,859	298,098
Investment management performance fee	-	-	-	-	-	-
Irrecoverable VAT thereon	-	-	-	-	-	-
	-	-	-	-	-	-
Total investment management fee	93,190	139,784	232,974	119,239	178,859	298,098

4 OTHER EXPENSES

	Period to 31 January 2002			Year to 30 April 2001		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Administrative & secretarial fee	34,762	-	34,762	45,420	-	45,420
Directors' remuneration	41,250	-	41,250	55,000	-	55,000
Auditors' remuneration:						
audit services	12,191	-	12,191	9,400	-	9,400
non audit services	-	-	-	-	-	-
Overdraft arrangement fee	-	3,750	3,750	-	3,500	3,500
Other expenses	57,556	-	57,556	63,993	-	63,993
Total other expenses	145,759	3,750	149,509	173,813	3,500	177,313

5 DIRECTORS' REMUNERATION

	31 January 2002	30 April 2001
	£	£
Total fees	41,250	55,000

Remuneration to Directors	£	£
B N Lenygon (Chairman)	11,250	15,000
J E Chappell	7,500	10,000
D Harris (appointed 30 May 2000)	7,500	9,000
M W Latham (resigned 30 May 2000)	-	1,000
A A Reid	7,500	10,000
N J Randall	7,500	10,000

6 INTEREST PAYABLE

	Period to 31 January 2002			Year to 30 April 2001		
	Revenue	Capital	Total	Revenue	Capital	Total
	£	£	£	£	£	£
On bank overdraft	120,139	180,208	300,347	179,121	268,681	447,802
Amortisation of loan note issue costs	-	23,245	23,245	-	30,852	30,852
	120,139	203,453	323,592	179,121	299,533	478,654

7 TAXATION

	Period to 31 January 2002			Year to 30 April 2001		
	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 31 January 2002	Year to 30 April 2001
	£	£
Per Ordinary share :		
First interim dividend paid of 2.15p (2001: 2.10p)	338,625	330,750
Second interim dividend paid of 2.15p (2001: 2.10p)	338,625	330,750
Third interim dividend proposed of 2.15p net (2001: 2.10p)	338,625	330,750
Fourth interim dividend proposed of 0p net (2001: 3.20p)	-	504,000
	1,015,875	1,496,250

9 RETURN PER SHARE

Ordinary shares

Basic revenue return per Ordinary share is based on the net revenue on ordinary activities after taxation of £ 1,230,547 (2001:£ 1,550,493) and on 15,750,000 (2001: 15,750,000) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

10 INVESTMENTS

	31 January 2002	30 April 2001
	£	£
Investments listed on a recognised investment exchange	30,805,557	30,132,857

	31 January 2002	30 April 2001
	£	£
Opening book cost	29,595,551	28,468,154
Opening unrealised depreciation	537,306	(4,134,235)
Opening valuation	30,132,857	24,333,919
Movements in the period:		
Purchases at cost	11,269,733	12,334,709
Sales:		
Proceeds	(10,802,533)	(11,359,120)
Realised gains on sales	(213,300)	151,808
Increase in unrealised appreciation/(depreciation)	418,800	4,671,541
Closing valuation	30,805,557	30,132,857
Closing book cost	29,849,451	29,595,551
Closing unrealised appreciation/(depreciation)	956,106	537,306
	30,805,557	30,132,857

	31 January 2002	30 April 2001
	£	£
Realised gains on sales	(213,300)	151,808
Increase in unrealised appreciation/(depreciation)	418,800	4,671,541
Gains/(losses) on investments	205,500	4,823,349

11 SIGNIFICANT INTERESTS

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

Name of undertaking	Class of share	Percentage held:
		31 January 2002
Parkwood Hldgs	Ordinary	4.082
ATA Group	Ordinary	3.712
Broadcastle	Ordinary	3.690
Sirdar	Ordinary	3.624
Ryland	Ordinary	3.054

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 31 January 2002

	31 January 2002	30 April 2001
13 DEBTORS - amounts falling due within one year	**£**	**£**
Sales for future settlement	685,000	924,125
Dividends receivable	91,756	363,211
Amounts due from subsidiary company	14,325	8,013
Prepayments and accrued income	6,273	7,294
Taxation recoverable	4,968	12,580
	802,322	1,315,223

	31 January 2002	30 April 2001
14 CREDITORS - amounts falling due within one year	**£**	**£**
Purchases for future settlement	562,596	355,529
Corporation tax	-	-
Other creditors	142,391	144,014
Bank overdraft	7,085,163	7,061,865
	7,790,150	7,561,408

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.

	31 January 2002	30 April 2001
15 SHARE CAPITAL	**£**	**£**
Authorised:		
33,000,000 Ordinary shares of 25p each	8,250,000	8,250,000
	8,250,000	8,250,000
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

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.

	31 January 2002	30 April 2001
	£	£
Opening balance	6,069,697	6,038,845
Issue of loan note	-	-
Costs of raising loan note	-	-
Amortisation of costs	23,245	30,852
	6,092,942	6,069,697

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 31 January 2002 are given in note 15 and the maximum commitment under the subscription agreement at 31 January 2002 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.

	31 January 2002	30 April 2001
	£	£
Opening balance	1,026,355	485,207
Increase in capital entitlement of zero dividend preference shareholders	435,572	538,455
Increase in capital entitlement of preference shareholders	2,178	2,693
	1,464,105	1,026,355

18 RESERVES

	Share premium account	Capital reserve realised	Capital reserve unrealised	Revenue reserve
	£	£	£	£
At 1 May 2001	11,126,250	297,855	537,306	387,711
Net losses on realisation of investments	-	(213,300)	-	-
Transfer on disposal of investments	-	-	-	-
Movement in unrealised appreciation	-	-	418,800	-
Costs charged to capital	-	(323,742)	-	-
Tax relief on costs charged to capital	-	-	-	-
Issue of share capital	-	-	-	-
Costs of issue	-	-	-	-
Increase in provision for commitment to subscribe for shares	-	(437,750)	-	-
Amortisation of loan note issue costs	-	(23,245)	-	-
Retained net revenue for the period	-	-	-	214,672
At 31 January 2002	11,126,250	(700,182)	956,106	602,383

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Period to 31 January 2002 £	Year to 30 April 2001 £
Profit available to Ordinary shareholders'	1,230,547	1,550,493
Dividends paid and proposed	(1,015,875)	(1,496,250)
	214,672	54,243
Recognised (losses)/gains for the period	(579,237)	3,800,309
Issue of share capital	-	-
Premium on issue of share capital	-	-
Issue expenses	-	-
Net addition to shareholders' funds	(364,565)	3,854,552
Opening shareholders' funds	16,286,622	12,432,070
Closing shareholders' funds	15,922,057	16,286,622

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 exclude current period revenue, are calculated in accordance with the Articles of Association and are as follows:

	Net Asset value per share attributable		Total Assets attributable	
	31.01.2002 Pence	30.04.2001 Pence	31.01.2002 £	30.04.2001 £
Ordinary shares	99.73	103.41	15,707,385	16,286,622

Net assets at 31.01.2002 include current period revenue

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

	Period to 31 January 2002 £	Year to 30 April 2001 £
Income before interest payable and taxation	1,350,686	1,729,614
(Increase)/decrease in debtors	272,476	32,796
(Decrease)/increase in creditors	3,406	35,434
Tax on UK dividend income	-	-
Tax on interest income	-	(5,077)
Expenses charged to the capital reserve	(143,534)	(182,359)
	1,483,034	1,610,408

22 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	31.01.2002 £
Decrease in cash in period	(23,298)
Loan note issue costs	-
Amortisation of loan note issue costs	(23,245)
Movement in net funds	(46,543)
Net debt at 1 May 2001	(13,131,562)
Net debt at 31 January 2002	(13,178,105)

23 ANALYSIS OF CHANGES IN NET DEBT

	At 1 May 2001 £	Cash flows £	Other changes £	At 31 January 2002 £
Cash at bank	(7,061,865)	(23,298)	-	(7,085,163)
Debts due after more than one year	(6,069,697)	-	(23,245)	(6,092,942)
	(13,131,562)	(23,298)	(23,245)	(13,178,105)

24 COMMITMENTS

At 31 January 2002 the Company had underwritten share issues to a value of £nil (30 April 2001 : £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.