

COMPANY NUMBER: 3749536

BFS SMALL COMPANIES DIVIDEND TRUST PLC

**INTERIM ACCOUNTS FOR THE QUARTER
TO 30 APRIL 2002**



BFS SMALL COMPANIES DIVIDEND TRUST PLC

**Statement of total return (incorporating the revenue account*)
for the period ended 30 April 2002**

	Note	Year to 30 April 2002			Year to 30 April 2001		
		Revenue	Capital	Total	Revenue	Capital	Total
		£	£	£	£	£	£
Gains on investments	10	-	5,159,462	5,159,462	-	4,823,349	4,823,349
Commitment to subscribe for shares	17	-	(584,426)	(584,426)	-	(541,148)	(541,148)
Income	2	2,101,419	-	2,101,419	2,022,666	-	2,022,666
Investment management fee	3	(129,671)	(1,082,709)	(1,212,380)	(119,239)	(178,859)	(298,098)
Other expenses	4	(185,029)	(3,750)	(188,779)	(173,813)	(3,500)	(177,313)
Net return before finance costs and taxation		1,786,719	3,488,577	5,275,296	1,729,614	4,099,842	5,829,456
Interest payable and similar charges	6	(153,269)	(260,916)	(414,185)	(179,121)	(299,533)	(478,654)
Return on ordinary activities before taxation		1,633,450	3,227,661	4,861,111	1,550,493	3,800,309	5,350,802
Taxation on ordinary activities	7	-	-	-	-	-	-
Return on ordinary activities after taxation for the financial period		1,633,450	3,227,661	4,861,111	1,550,493	3,800,309	5,350,802
Dividends in respect of equity shares	8	(1,535,625)	-	(1,535,625)	(1,496,250)	-	(1,496,250)
Transfer to reserves		97,825	3,227,661	3,325,486	54,243	3,800,309	3,854,552
Return per Ordinary share	9	10.37	20.49	30.86	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.

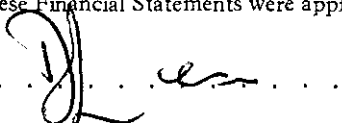
BFS SMALL COMPANIES DIVIDEND TRUST PLC

Balance sheet
As at 30 April 2002

	Note	30 April 2002 £	30 April 2001 £
Fixed assets			
Listed investments	10	35,886,321	30,132,857
Investment in subsidiary undertaking	12	<u>2</u>	<u>2</u>
		35,886,323	30,132,859
Current assets			
Debtors	13	623,919	1,315,223
Cash at bank		-	-
		<u>623,919</u>	<u>1,315,223</u>
Creditors - Amounts falling due within one year			
Creditors	14	8,666,895	7,561,408
Dividends		519,750	504,000
		<u>9,186,645</u>	<u>8,065,408</u>
Net current liabilities		<u>(8,562,726)</u>	<u>(6,750,185)</u>
Total assets less current liabilities		27,323,597	23,382,674
Creditors - Amounts falling due after more than one year			
Loan Note: 30 April 2007 - BSC	16	6,100,708	6,069,697
Provision for liabilities and charges			
Commitment to subscribe for shares	17	1,610,781	1,026,355
Net assets		<u>19,612,108</u>	<u>16,286,622</u>
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	4,062,822	835,161
Revenue reserve	18	485,536	387,711
Shareholders' funds	19	<u>19,612,108</u>	<u>16,286,622</u>
		pence	pence
Net Asset Value per ordinary share	20	124.52	103.41

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

These Financial Statements were approved by the Board on 6 June 2002.

 B N Lenygon, Chairman

BFS SMALL COMPANIES DIVIDEND TRUST PLC

**Statement of cash flows
for the period ended 30 April 2002**

	NOTE	Year to 30 April 2002 £	Year to 30 April 2001 £
Operating activities			
Investment income received		2,038,346	2,041,812
Deposit interest received		15,065	9,142
Underwriting commission received		-	1,359
Investment management fees paid		(1,211,997)	(281,380)
Secretarial fees paid		(46,272)	(45,307)
Other cash payments		775,802	(115,218)
Net cash inflow from operating activities	21	1,570,944	1,610,408
Servicing of finance			
Non-equity dividends paid		-	-
Interest paid		(389,984)	(443,122)
Net cash outflow from servicing of finance		(389,984)	(443,122)
Taxation			
Income tax recovered		7,963	-
Total taxation recovered		7,963	-
Capital expenditure and financial investment			
Purchases of investments		(13,812,011)	(12,147,752)
Sales of investments		14,211,765	10,434,995
Investment in subsidiary		(6,312)	(4,366)
Net cash inflow/(outflow) from capital expenditure and financial investment		393,442	(1,717,123)
Equity Dividends Paid		(1,519,875)	(1,464,750)
Net cash inflow/(outflow) before financing		62,490	(2,014,587)
Financing			
Proceeds of share issue		-	-
Issue expenses		-	-
Issue of loan note from subsidiary		-	-
Net cash inflow from financing		-	-
Increase/(decrease) in cash	22	62,490	(2,014,587)
		62,490	(2,014,587)

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

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.

BFS SMALL COMPANIES DIVIDEND TRUST PLC

Notes to the Financial Statements - at 30 April 2002

2 INCOME

	Year to 30 April 2002 £	Year to 30 April 2001 £
Income from listed investments		
Dividends from UK companies	2,085,947	1,997,098
Interest and other dividends from listed investments	-	15,721
	<u>2,085,947</u>	<u>2,012,819</u>
Other income		
Bank interest receivable	15,472	8,488
Underwriting commission	-	1,359
Other	-	-
	<u>15,472</u>	<u>9,847</u>
Total income	<u>2,101,419</u>	<u>2,022,666</u>
Total income comprises :		
Dividends	2,085,947	1,997,098
Interest	15,472	24,209
Other	-	1,359
	<u>2,101,419</u>	<u>2,022,666</u>

3 INVESTMENT MANAGEMENT FEE

	Year to 30 April 2002			Year to 30 April 2001		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Investment management fee	110,358	165,536	275,894	101,480	152,220	253,700
Irrecoverable VAT thereon	19,313	28,969	48,282	17,759	26,639	44,398
	<u>129,671</u>	<u>194,505</u>	<u>324,176</u>	<u>119,239</u>	<u>178,859</u>	<u>298,098</u>
Investment management performance fee	-	755,918	755,918	-	-	-
Irrecoverable VAT thereon	-	132,286	132,286	-	-	-
	<u>-</u>	<u>888,204</u>	<u>888,204</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investment management fee	<u>129,671</u>	<u>1,082,709</u>	<u>1,212,380</u>	<u>119,239</u>	<u>178,859</u>	<u>298,098</u>

4 OTHER EXPENSES

	Year to 30 April 2002			Year to 30 April 2001		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Administrative & secretarial fee	46,350	-	46,350	45,420	-	45,420
Directors' remuneration	55,000	-	55,000	55,000	-	55,000
Auditors' remuneration:						
audit services	15,275	-	15,275	9,400	-	9,400
non audit services	-	-	-	-	-	-
Overdraft arrangement fee	-	3,750	3,750	-	3,500	3,500
Other expenses	68,404	-	68,404	63,993	-	63,993
Total other expenses	<u>185,029</u>	<u>3,750</u>	<u>188,779</u>	<u>173,813</u>	<u>3,500</u>	<u>177,313</u>

BFS SMALL COMPANIES DIVIDEND TRUST PLC

Notes to the Financial Statements - at 30 April 2002

5 DIRECTORS' REMUNERATION

	30 April 2002 £	30 April 2001
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	10,000	9,000
M W Latham (resigned 30 May 2000)	-	1,000
A A Reid	10,000	10,000
N J Randall	10,000	10,000

6 INTEREST PAYABLE

	Year to 30 April 2002			Year to 30 April 2001		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
On bank overdraft	153,269	229,905	383,174	179,121	268,681	447,802
Amortisation of loan note issue costs	-	31,011	31,011	-	30,852	30,852
	153,269	260,916	414,185	179,121	299,533	478,654

7 TAXATION

	Year to 30 April 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

	Year to 30 April 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 paid of 2.15p net (2001: 2.10p)	338,625	330,750
Fourth interim dividend proposed of 3.30p net (2001: 3.20p)	519,750	504,000
	1,535,625	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 £ 1,633,450 (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.

BFS SMALL COMPANIES DIVIDEND TRUST PLC

Notes to the Financial Statements - at 30 April 2002

10 INVESTMENTS	30 April 2002	30 April 2001
	£	£
Investments listed on a recognised investment exchange	<u>35,886,321</u>	<u>30,132,857</u>
	30 April 2002	30 April 2001
	£	£
Opening book cost	29,595,551	28,468,150
Opening unrealised depreciation	537,306	(4,134,231)
Opening valuation	<u>30,132,857</u>	<u>24,333,919</u>
Movements in the period:		
Purchases at cost	14,073,798	12,334,700
Sales:		
Proceeds	(13,479,796)	(11,359,120)
Realised gains on sales	333,526	151,808
Increase in unrealised appreciation/(depreciation)	4,825,936	4,671,541
Closing valuation	<u>35,886,321</u>	<u>30,132,857</u>
Closing book cost	30,523,079	29,595,551
Closing unrealised appreciation/(depreciation)	5,363,242	537,306
	<u>35,886,321</u>	<u>30,132,857</u>
	30 April 2002	30 April 2001
	£	£
Realised gains on sales	333,526	151,808
Increase in unrealised appreciation/(depreciation)	4,825,936	4,671,541
Gains/(losses) on investments	<u>5,159,462</u>	<u>4,823,349</u>

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 2002
ATA Group	Ordinary	5.382
Broadcastle	Ordinary	4.612
Sirdar	Ordinary	4.056

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.

BFS SMALL COMPANIES DIVIDEND TRUST PLC

Notes to the Financial Statements - at 30 April 2002

13 DEBTORS - amounts falling due within one year	30 April 2002 £	30 April 2001 £
Sales for future settlement	192,156	924,129
Dividends receivable	410,812	363,211
Amounts due from subsidiary company	14,325	8,019
Prepayments and accrued income	2,009	7,294
Taxation recoverable	4,617	12,580
	<u>623,919</u>	<u>1,315,223</u>

14 CREDITORS - amounts falling due within one year	30 April 2002 £	30 April 2001 £
Purchases for future settlement	617,316	355,529
Corporation tax	-	-
Other creditors	1,050,204	144,014
Bank overdraft	6,999,375	7,061,865
	<u>8,666,895</u>	<u>7,561,408</u>

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 2002 £	30 April 2001 £
Authorised:		
33,000,000 Ordinary shares of 25p each	8,250,000	8,250,000
	<u>8,250,000</u>	<u>8,250,000</u>
Issued, allotted and fully paid:		
15,750,000 (2000 : 15,750,000) Ordinary shares of 25p each	3,937,500	3,937,500
	<u>3,937,500</u>	<u>3,937,500</u>

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 preceding 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.

BFS SMALL COMPANIES DIVIDEND TRUST PLC

Notes to the Financial Statements - at 30 April 2002

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 2002	30 April 2001
	£	£
Opening balance	6,069,697	6,038,845
Issue of loan note	-	-
Costs of raising loan note	-	-
Amortisation of costs	31,011	30,852
	<u>6,100,708</u>	<u>6,069,697</u>

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 2002 are given in note 15 and the maximum commitment under the subscription agreement at 30 April 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.

	30 April 2002	30 April 2001
	£	£
Opening balance	1,026,355	485,207
Increase in capital entitlement of zero dividend preference shareholders	581,518	538,455
Increase in capital entitlement of preference shareholders	2,908	2,693
	<u>1,610,781</u>	<u>1,026,355</u>

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 gains on realisation of investments	-	333,526	-	-
Transfer on disposal of investments	-	-	-	-
Movement in unrealised appreciation	-	-	4,825,936	-
Costs charged to capital	-	(1,316,364)	-	-
Tax relief on costs charged to capital	-	-	-	-
Issue of share capital	-	-	-	-
Costs of issue	-	-	-	-
Increase in provision for commitment to subscribe for shares	-	(584,426)	-	-
Amortisation of loan note issue costs	-	(31,011)	-	-
Retained net revenue for the period	-	-	-	97,825
	<u>11,126,250</u>	<u>(1,300,420)</u>	<u>5,363,242</u>	<u>485,536</u>
At 30 April 2002	11,126,250	(1,300,420)	5,363,242	485,536

BFS SMALL COMPANIES DIVIDEND TRUST PLC

Notes to the Financial Statements - at 30 April 2002

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year to 30 April 2002 £	Year to 30 April 2001 £
Profit available to Ordinary shareholders'	1,633,450	1,550,490
Dividends paid and proposed	<u>(1,535,625)</u>	<u>(1,496,250)</u>
	97,825	54,240
Recognised gains for the period	3,227,661	3,800,300
Issue of share capital	-	-
Premium on issue of share capital	-	-
Issue expenses	-	-
Net addition to shareholders' funds	<u>3,325,486</u>	<u>3,854,550</u>
Opening shareholders' funds	16,286,622	12,432,070
Closing shareholders' funds	<u><u>19,612,108</u></u>	<u><u>16,286,620</u></u>

20 NET ASSET VALUE PER SHARE

The net asset value per share and the net assets attributable to the ordinary shareholders at the year end include current period revenue, are calculated in accordance with FRS 4 and are as follows:

	Net Asset value per share attributable		Total Assets attributable	
	30.04.2002 Pence	30.04.2001 Pence	30.04.2002 £	30.04.2001 £
Ordinary shares	124.52	103.41	19,612,108	16,286,622

Net assets at 30.04.2002 include current period revenue

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

	Year to 30 April 2002 £	Year to 30 April 2001 £
Income before interest payable and taxation	1,786,719	1,729,614
(Increase)/decrease in debtors	(42,316)	32,796
(Decrease)/increase in creditors	913,000	35,434
Tax on UK dividend income	-	-
Tax on interest income	-	(5,077)
Expenses charged to the capital reserve	<u>(1,086,459)</u>	<u>(182,359)</u>
	<u><u>1,570,944</u></u>	<u><u>1,610,408</u></u>