Interim.

SMALL COMPANIES DIVIDEND TRUST PLC

Financial Statements for the period

1 May 2003 to 31 October 2003

REGISTRATION NUMBER: 3749536

SMALL COMPANIES DIVIDEND TRUST PLC

Statement of total return (incorporating the revenue account*)
for the period ended 31 October 2003

		Period to 31 October 2003			Year to 30 April 2003		
		Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	Note	**£**	**£**	**£**	**£**	**£**	**£**
Gains/(Losses) on investments	10	-	9,051,889	9,051,889	-	(4,460,658)	(4,460,658)
Commitment to subscribe for shares	18	-	(343,251)	(343,251)	-	(657,693)	(657,693)
Income	2	1,224,776	-	1,224,776	2,185,943	-	2,185,943
Investment management fee	3	(77,609)	(276,310)	(353,919)	(120,261)	(180,393)	(300,654)
Other expenses	4	(107,775)	(5,000)	(112,775)	(197,231)	(3,750)	(200,981)
Net return before finance costs and taxation		1,039,392	8,427,328	9,466,720	1,868,451	(5,302,494)	(3,434,043)
Interest payable and similar charges	6	(72,700)	(124,694)	(197,394)	(143,303)	(246,123)	(389,426)
Return on ordinary activities before taxation		966,692	8,302,634	9,269,326	1,725,148	(5,548,617)	(3,823,469)
Taxation on ordinary activities	7	525	-	525	-	-	-
Return on ordinary activities after taxation for the financial period		967,217	8,302,634	9,269,851	1,725,148	(5,548,617)	(3,823,469)
Dividends in respect of equity shares	8	(708,750)	-	(708,750)	(1,575,000)	-	(1,575,000)
Transfer to reserves		258,467	8,302,634	8,561,101	150,148	(5,548,617)	(5,398,469)
		Revenue pence	Capital pence	Total pence	Revenue pence	Capital pence	Total pence
Return per Ordinary share	9	6.14	52.72	58.86	10.95	(35.23)	(24.28)

The notes on pages 4 to 12 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.

SMALL COMPANIES DIVIDEND TRUST PLC

Balance sheet
As at 31 October 2003

	Note	31 October 2003	30 April 2003
		£	£
Fixed assets			
Listed investments	10	41,128,275	30,030,670
Investment in subsidiary undertaking	12	2	2
		41,128,277	30,030,672
Current assets			
Debtors	13	334,567	657,491
Cash at bank		125,996	308,307
		460,563	965,798
Creditors - Amounts falling due within one year			
Creditors	14	4,700,480	7,846,981
Dividends		354,375	535,500
		5,054,855	8,382,481
Net current liabilities		(4,594,292)	(7,416,683)
Total assets less current liabilities		36,533,985	22,613,989
Creditors - Amounts falling due after more than one year			
Loan Note: 30 April 2007 - BSC	16	6,147,520	6,131,876
Business loan		5,000,000	
Provision for liabilities and charges			
Commitment to subscribe for shares	18	2,611,725	2,268,474
Net assets		22,774,740	14,213,639
Share capital and reserves			
Called up share capital	15	3,937,500	3,937,500
Share premium account	19	11,126,250	11,126,250
Capital reserve	19	6,816,839	(1,485,795)
Revenue reserve	19	894,151	635,684
Shareholders' funds	20	22,774,740	14,213,639
		pence	pence
Net Asset Value per ordinary share	21	142.29	89.44

The notes on pages 4 to 12 form part of these Financial Statements

These Financial Statements were approved by the Board on 8 December 2003

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

SMALL COMPANIES DIVIDEND TRUST PLC

Statement of cash flows
for the period ended 31 October 2003

	NOTE	Period to 31 October 2003 £	Year to 30 April 2003 £
Operating activities			
Investment income received		452,349	387,731
Deposit interest received		3,613	7,959
Underwriting commission received		-	-
Investment management fees paid		(430,558)	(315,216)
Investment management performance fee paid		-	(888,204)
Secretarial fees paid		75,435	(46,839)
Other cash payments		1,041,285	1,561,498
Net cash inflow from operating activities	22	1,142,124	706,929
Servicing of finance			
Non-equity dividends paid		-	-
Interest paid		(183,798)	(327,610)
Net cash outflow from servicing of finance		(183,798)	(327,610)
Taxation			
Income tax recovered		-	5,142
Total taxation recovered		-	5,142
Capital expenditure and financial investment			
Purchases of investments		(8,794,458)	(6,007,084)
Sales of investments		6,698,237	7,009,916
Investment in subsidiary		(7,516)	(11,706)
Net cash (outflow)/inflow from capital expenditure and financial investment		(2,103,737)	991,126
Equity Dividends Paid		(889,875)	(1,559,250)
Net cash outflow before financing		(2,035,286)	(183,663)
Financing			
Proceeds of share issue		-	-
Issue expenses		-	-
Issue of loan note from subsidiary		-	-
Drawdown of bank loan		5,000,000	-
Net cash inflow from financing		5,000,000	-
Decrease in cash	23	(2,035,286)	(183,664)
		2,964,714	(183,664)

The notes on pages 4 to 12 form part of these Financial Statements

Notes to the Financial Statements - at 31 October 2003

1 ACCOUNTING POLICIES

Accounting convention

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.
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 net revenue for the period.
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 the average tax rates that are expected to be applied when the liability or asset is expected to crystallise, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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

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.

SMALL COMPANIES DIVIDEND TRUST PLC

Notes to the Financial Statements - at 31 October 2003

2 INCOME

	Period to 31 October 2003 £	Year to 30 April 2003 £
Income from listed investments		
Dividends from UK companies	1,221,315	2,178,090
Interest and other dividends from listed investments	-	-
	1,221,315	2,178,090
Other income		
Bank interest receivable	3,461	7,853
Underwriting commission	-	-
Other	-	-
	3,461	7,853
Total income	1,224,776	2,185,943
Total income comprises :		
Dividends	1,221,315	2,178,090
Interest	3,461	7,853
Other	-	-
	1,224,776	2,185,943

3 INVESTMENT MANAGEMENT FEE

	Period to 31 October 2003			Year to 30 April 2003		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Investment management fee	66,050	99,076	165,126	102,350	153,526	255,876
Irrecoverable VAT thereon	11,559	17,338	28,897	17,911	26,867	44,778
	77,609	116,414	194,023	120,261	180,393	300,654
Investment management performance fee	-	136,082	136,082	-	-	-
Irrecoverable VAT thereon	-	23,814	23,814	-	-	-
	-	159,896	159,896	-	-	-
Total investment management fee	77,609	276,310	353,919	120,261	180,393	300,654

4 OTHER EXPENSES

	Period to 31 October 2003			Year to 30 April 2003		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Administrative & secretarial fee	24,176	-	24,176	46,884	-	46,884
Directors' remuneration	27,500	-	27,500	57,876	-	57,876
Auditors' remuneration:						
audit services	5,581	-	5,581	16,450	-	16,450
non audit services	-	-	-	-	-	-
Overdraft arrangement fee	-	5,000	5,000	-	3,750	3,750
Other expenses	50,518	-	50,518	76,021	-	76,021
Total other expenses	107,775	5,000	112,775	197,231	3,750	200,981

SMALL COMPANIES DIVIDEND TRUST PLC

Notes to the Financial Statements - at 31 October 2003

5 DIRECTORS' REMUNERATION

	31 October 2003	30 April 2003
	£	£
Total fees	27,500	57,876
Remuneration to Directors	£	£
B N Lenygon (Chairman)	8,750	17,500
J E Chappell	6,250	12,500
D Harris	6,250	12,500
A A Reid	6,250	12,500
N J Randall	-	2,876

6 INTEREST PAYABLE

		Period to 31 October 2003				Year to 30 April 2003
	Revenue	Capital	Total	Revenue	Capital	Total
	£	£	£	£	£	£
On bank overdraft	72,700	109,050	181,750	143,303	214,955	358,258
Amortisation of loan note issue costs	-	15,644	15,644	-	31,168	31,168
	72,700	124,694	197,394	143,303	246,123	389,426

7 TAXATION

	Period to 31 October 2003	Year to 30 April 2003
	£	£
Based on the profits for the period:		
Current tax	-	-
Deferred tax	-	-

The current tax charge for the year is lower than the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are explained below:

	Period to 31 October 2003	Year to 30 April 2003
Revenue on ordinary activities before taxation	966,692	1,725,148
Theoretical tax at UK corporation rate of 30% (2002:30%)	290,008	517,544
Effects of:		
UK dividends which are not taxable	(366,395)	(653,427)
Prior Year adjustment	(525)	
Excess expenses in the year	76,387	135,883
Actual current tax charged to the revenue	(525)	-

8 DIVIDENDS PAID AND PROPOSED

	Period to 31 October 2003 £	Year to 30 April 2003 £
Per Ordinary share :		
First interim dividend paid of 2.25p (2003: 2.20p)	354,375	346,500
Second interim dividend proposed of 2.25p (2003: 2.20p)	354,375	346,500
Third interim dividend proposed of 0p net (2003: 2.20p)	-	346,500
Fourth interim dividend proposed of 0p net (2003: 3.40p)	-	535,500
	708,750	1,575,000

9 RETURN PER SHARE

Ordinary shares

Basic revenue return per Ordinary share is based on the net revenue on ordinary activities after taxation of £ 967,217 (2002:£ 1,725,148) and on 15,750,000 (2002: 15,750,000) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

10 INVESTMENTS

	31 October 2003 £	30 April 2003 £
Investments listed on a recognised investment exchange	41,128,275	30,030,670

	31 October 2003 £	30 April 2003 £
Opening book cost	30,351,546	30,523,079
Opening unrealised (depreciation)/appreciation	(320,876)	5,363,242
Opening valuation	30,030,670	35,886,321
Movements in the period:		
Purchases at cost	8,614,565	5,573,298
Sales:		
Proceeds	(6,568,849)	(6,968,291)
Realised gains on sales	1,297,819	1,223,460
Increase in unrealised appreciation/(depreciation)	7,754,070	(5,684,118)
Closing valuation	41,128,275	30,030,670
Closing book cost	33,695,081	30,351,546
Closing unrealised appreciation/(depreciation)	7,433,194	(320,876)
	41,128,275	30,030,670

	31 October 2003 £	30 April 2003 £
Realised gains on sales	1,297,819	1,223,460
Increase in unrealised appreciation/(depreciation)	7,754,070	(5,684,118)
Gains/(losses) on investments	9,051,889	(4,460,658)

Notes to the Financial Statements - at 31 October 2003

11 SIGNIFICANT INTERESTS

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

Name of undertaking	Class of share	Percentage held: 31 October 2003
Dee Valley	Ordinary	6.208
ATA Group	Ordinary	5.772
Collins & Hayes	Ordinary	5.629
Sinclair (Williams)	Ordinary	5.437
Waterman Group	Ordinary	4.720

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.

13 DEBTORS - amounts falling due within one year

	31 October 2003 £	30 April 2003 £
Sales for future settlement	21,143	150,531
Dividends receivable	258,004	476,023
Amounts due from subsidiary company	34,072	26,031
Prepayments and accrued income	21,348	4,906
Taxation recoverable	-	-
	334,567	657,491

14 CREDITORS - amounts falling due within one year

	31 October 2003 £	30 April 2003 £
Purchases for future settlement	3,638	183,530
Corporation tax	-	-
Other creditors	352,521	172,105
Bank overdraft	4,344,321	7,491,346
	4,700,480	7,846,981

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.

SMALL COMPANIES DIVIDEND TRUST PLC

Notes to the Financial Statements - at 31 October 2003

15 SHARE CAPITAL

	31 October 2003	30 April 2003
	£	£
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 October 2003	30 April 2003
	£	£
Opening balance	6,131,876	6,100,708
Issue of loan note	-	-
Costs of raising loan note	-	-
Amortisation of costs	15,644	31,168
	6,147,520	6,131,876

17 BUSINESS LOAN

The Company has arranged a £5,000,000 fixed term loan facility effective from 11 September 2003. Interest on this facility is payable payable quarterly in arrears at a fixed rate of 5.595%. The loan is repayable on 31 March 2007.

Notes to the Financial Statements - at 31 October 2003

18 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 October 2003 are given in note 15 and the maximum commitment under the subscription agreement at 31 October 2003 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 October 2003	30 April 2003
	£	£
Opening balance	2,241,948	1,610,781
Increase in capital entitlement of zero dividend preference shareholders	335,391	628,025
Increase in capital entitlement of preference shareholders	1,677	3,142
	2,579,016	2,241,948

19 RESERVES

	Share premium account	Capital reserve realised	Capital reserve unrealised	Revenue reserve
	£	£	£	£
At 1 May 2003	11,126,250	(1,164,919)	(320,876)	635,684
Net gains on realisation of investments	-	1,297,819	-	-
Transfer on disposal of investments	-	-	-	-
Movement in unrealised appreciation	-	-	7,754,070	-
Costs charged to capital	-	(390,360)	-	-
Tax relief on costs charged to capital	-	-	-	-
Issue of share capital	-	-	-	-
Costs of issue	-	-	-	-
Increase in provision for commitment to subscribe for shares	-	(343,251)	-	-
Amortisation of loan note issue costs	-	(15,644)	-	-
Retained net revenue for the period	-	-	-	258,467
At 31 October 2003	11,126,250	(616,355)	7,433,194	894,151

SMALL COMPANIES DIVIDEND TRUST PLC

Notes to the Financial Statements - at 31 October 2003

20	**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**	**Period to 31 October 2003 £**	**Year to 30 April 2003 £**
	Profit available to Ordinary shareholders'	967,217	1,725,148
	Dividends paid and proposed	(708,750)	(1,575,000)
		258,467	150,148
	Recognised gains for the period	8,302,634	(5,548,617)
	Issue of share capital	-	-
	Premium on issue of share capital	-	-
	Issue expenses	-	-
	Net addition to shareholders' funds	8,561,101	(5,398,469)
	Opening shareholders' funds	14,213,639	19,612,108
	Closing shareholders' funds	22,774,740	14,213,639

21 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 the Company's Articles of Association and are as follows:

	Net Asset value per share attributable		Total Assets attributable	
	31.10.2003 Pence	30.04.2003 Pence	31.10.2003 £	30.04.2003 £
Ordinary shares	142.29	89.44	22,410,477	14,087,365

Net assets at 31.10.2003 exclude current period revenue

22	**RECONCILIATION OF NET REVENUE BEFORE FINANCE COSTS AND TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES**	**Period to 31 October 2003 £**	**Year to 30 April 2003 £**
	Income before interest payable and taxation	1,039,392	1,868,451
	Decrease/(Increase) in debtors	201,577	(68,633)
	Increase/(Decrease) in creditors	182,465	(908,746)
	Expenses charged to the capital reserve	(281,310)	(184,143)
		1,142,124	706,929

23 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	31.10.2003
	£
Decrease in cash in period	(2,035,286)
Loan note issue costs	-
Amortisation of loan note issue costs	(15,644)
Movement in net funds	(2,050,930)
Net debt at 1 May 2003	(13,314,915)
Net debt at 31 October 2003	(15,365,845)

24 ANALYSIS OF CHANGES IN NET DEBT

	At 1 May 2003	Cash flows	Other changes	At 1 October 2003
	£	£	£	£
Cash at bank	(7,183,039)	(2,035,286)	5,000,000	(4,218,325)
Debts due after more than one year	(6,131,876)	-	(5,015,644)	(11,147,520)
	(13,314,915)	(2,035,286)	(15,644)	(15,365,845)

25 COMMITMENTS

At 31 October 2003 the Company had underwritten share issues to a value of £nil (30 April 2003 : £nil).

26 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.