

COMPANY NUMBER: 3749536

SMALL COMPANIES DIVIDEND TRUST PLC

**DIVIDEND INTERIM ACCOUNTS FOR THE QUARTER
TO 31 JANUARY 2005**



SMALL COMPANIES DIVIDEND TRUST PLC

**Statement of total return (incorporating the revenue account*)
for the period ended 31 January 2005**

	Note	Period to 31 January 2005			Year to 30 April 2004		
		Revenue	Capital	Total	Revenue	Capital	Total
		£	£	£	£	£	£
Gains/(Losses) on investments	10	-	6,819,305	6,819,305	-	11,995,710	11,995,710
Commitment to subscribe for shares	18	-	(557,501)	(557,501)	-	(694,006)	(694,006)
Income	2	1,704,723	-	1,704,723	2,226,467	-	2,226,467
Investment management fee	3	(137,549)	(2,235,312)	(2,372,861)	(165,681)	(1,312,078)	(1,477,759)
Other expenses	4	(158,511)	-	(158,511)	(197,508)	(5,000)	(202,508)
Net return before finance costs and taxation		1,408,663	4,026,492	5,435,155	1,863,278	9,984,626	11,847,904
Interest payable and similar charges	6	(162,992)	(268,088)	(431,080)	(172,095)	(289,470)	(461,565)
Return on ordinary activities before taxation		1,245,671	3,758,404	5,004,075	1,691,183	9,695,156	11,386,339
Taxation on ordinary activities	7	-	-	-	525	-	525
Return on ordinary activities after taxation for the financial period		1,245,671	3,758,404	5,004,075	1,691,708	9,695,156	11,386,864
Dividends in respect of equity shares	8	(1,110,375)	-	(1,110,375)	(1,630,125)	-	(1,630,125)
Transfer to reserves		135,296	3,758,404	3,893,700	61,583	9,695,156	9,756,739
		Revenue pence	Capital pence	Total pence	Revenue pence	Capital pence	Total pence
Return per Ordinary share	9	7.91	23.86	31.77	10.74	61.56	72.30

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.

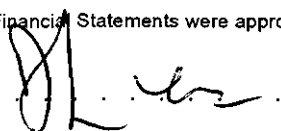
SMALL COMPANIES DIVIDEND TRUST PLC

Balance sheet
As at 31 January 2005

		31 January 2005	30 April 2004
	Note	£	£
Fixed assets			
Listed investments	10	49,828,477	44,237,698
Investment in subsidiary undertaking	12	<u>2</u>	<u>2</u>
		49,828,479	44,237,700
Current assets			
Debtors	13	168,564	548,024
Cash at bank		<u>190,822</u>	<u>23,652</u>
		359,386	571,676
Creditors - Amounts falling due within one year			
Creditors	14	7,246,876	6,146,314
Dividends		<u>370,125</u>	<u>567,000</u>
		7,617,001	6,713,314
Net current liabilities		<u>(7,257,615)</u>	<u>(6,141,638)</u>
Total assets less current liabilities		42,570,864	38,096,062
Creditors - Amounts falling due after more than one year			
Loan Note: 30 April 2007 - BSC	16	6,186,805	6,163,204
Business loan	17	5,000,000	5,000,000
Provision for liabilities and charges			
Commitment to subscribe for shares	18	3,519,981	2,962,480
Net assets		<u>27,864,078</u>	<u>23,970,378</u>
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	11,967,765	8,209,361
Revenue reserve	19	<u>832,563</u>	<u>697,267</u>
Shareholders' funds	20	<u>27,864,078</u>	<u>23,970,378</u>
		pence	pence
Net Asset Value per ordinary share	21	175.64	151.59

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

These Financial Statements were approved by the Board on 24th February 2005.



B N Lenygon, Chairman

SMALL COMPANIES DIVIDEND TRUST PLC

Statement of cash flows
for the period ended 31 January 2005

		Period to 31 January 2005	Year to 30 April 2004
	Note	£	£
Operating activities			
Investment income received		2,041,911	2,255,967
Deposit interest received		7,419	4,966
Underwriting commission received		-	-
Investment management fees paid		(330,405)	(379,030)
Investment management performance fee paid		(1,063,556)	-
Secretarial fees paid		(37,063)	(48,229)
Other cash payments		(136,471)	(163,357)
Net cash inflow from operating activities	22	481,835	1,670,317
Servicing of finance			
Non-equity dividends paid		-	-
Interest paid		(400,545)	(422,669)
Net cash outflow from servicing of finance		(400,545)	(422,669)
Taxation			
Income tax recovered		-	-
Total taxation recovered		-	-
Capital expenditure and financial investment			
Purchases of investments		(9,772,475)	(11,966,086)
Sales of investments		11,047,431	9,660,286
Investment in subsidiary		(9,627)	(8,465)
Net cash inflow/(outflow) from capital expenditure and financial investment		1,265,329	(2,314,265)
Equity Dividends Paid		(1,307,250)	(1,598,625)
Net cash inflow/(outflow) before financing		39,369	(2,665,242)
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
Increase in cash	23	39,369	2,334,758
		39,369	2,334,758

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

SMALL COMPANIES DIVIDEND TRUST PLC

Notes to the Financial Statements - at 31 January 2005

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 2003 statement of recommended practice ("SORP") 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 net of 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.

Interest receivable is included on an accruals basis.

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 January 2005

2 INCOME

	Period to 31 January 2005 £	Year to 30 April 2004 £
Income from listed investments		
Dividends from UK companies	1,697,336	2,221,286
Interest and other dividends from listed investments	-	-
	<u>1,697,336</u>	<u>2,221,286</u>
Other income		
Bank interest receivable	7,387	5,181
Underwriting commission	-	-
Other	-	-
	<u>7,387</u>	<u>5,181</u>
Total income	<u>1,704,723</u>	<u>2,226,467</u>
Total income comprises :		
Dividends	1,697,336	2,221,286
Interest	7,387	5,181
Other	-	-
	<u>1,704,723</u>	<u>2,226,467</u>

3 INVESTMENT MANAGEMENT FEE

	Period to 31 January 2005			Year to 30 April 2004		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Investment management fee	117,063	175,595	292,658	141,005	211,508	352,513
Irrecoverable VAT thereon	20,486	30,729	51,215	24,676	37,014	61,690
	<u>137,549</u>	<u>206,324</u>	<u>343,873</u>	<u>165,681</u>	<u>248,522</u>	<u>414,203</u>
Investment management performance fee	-	1,726,798	1,726,798	-	905,154	905,154
Irrecoverable VAT thereon	-	302,190	302,190	-	158,402	158,402
	<u>-</u>	<u>2,028,988</u>	<u>2,028,988</u>	<u>-</u>	<u>1,063,556</u>	<u>1,063,556</u>
Total investment management fee	<u>137,549</u>	<u>2,235,312</u>	<u>2,372,861</u>	<u>165,681</u>	<u>1,312,078</u>	<u>1,477,759</u>

4 OTHER EXPENSES

	Period to 31 January 2005			Year to 30 April 2004		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Administrative & secretarial fee	37,163	-	37,163	48,351	-	48,351
Directors' remuneration	48,750	-	48,750	55,000	-	55,000
Auditors' remuneration:						
audit services	10,575	-	10,575	12,338	-	12,338
non audit services	-	-	-	-	-	-
Overdraft arrangement fee	-	-	-	-	5,000	5,000
Other expenses	62,023	-	62,023	81,819	-	81,819
Total other expenses	<u>158,511</u>	<u>-</u>	<u>158,511</u>	<u>197,508</u>	<u>5,000</u>	<u>202,508</u>

SMALL COMPANIES DIVIDEND TRUST PLC

Notes to the Financial Statements - at 31 January 2005

5 DIRECTORS' REMUNERATION

	31 January 2005 £	30 April 2004 £
Total fees	48,750	55,000
Remuneration to Directors	£	£
B N Lennygon (Chairman)	15,000	17,500
J E Chappell	11,250	12,500
D Harris	11,250	12,500
A A Reid	11,250	12,500

6 INTEREST PAYABLE

	Period to 31 January 2005			Year to 30 April 2004		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
On bank overdraft	162,992	244,487	407,479	172,095	258,142	430,237
Amortisation of loan note issue costs	-	23,601	23,601	-	31,328	31,328
	162,992	268,088	431,080	172,095	289,470	461,565

7 TAXATION

	Period to 31 January 2005 £	Year to 30 April 2004 £
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% (2004: 30%). The differences are explained below:

	Period to 31 January 2005	Year to 30 April 2004
Revenue on ordinary activities before taxation	1,245,671	1,691,183
Theoretical tax at UK corporation rate of 30% (2004:30%)	373,701	507,355
Effects of:		
UK dividends which are not taxable	(509,201)	(666,386)
Prior Year adjustment	-	(525)
Excess expenses in the year	135,500	159,031
Actual current tax charged to the revenue	-	(525)

SMALL COMPANIES DIVIDEND TRUST PLC

Notes to the Financial Statements - at 31 January 2005

8 DIVIDENDS PAID AND PROPOSED

	Period to 31 January 2005 £	Year to 30 April 2004 £
Per Ordinary share :		
First interim dividend paid of 2.35p (2003: 2.25p)	370,125	354,375
Second interim dividend paid of 2.35p (2003: 2.25p)	370,125	354,375
Third interim dividend proposed of 2.35p net (2004: 2.25p)	370,125	354,375
Fourth interim dividend proposed of 0.00p net (2004: 3.60p)	-	567,000
	<u>1,110,375</u>	<u>1,630,125</u>

9 RETURN PER SHARE

Ordinary shares

Basic revenue return per Ordinary share is based on the net revenue on ordinary activities after taxation of £1,245,671 (2004: £1,691,708) and on 15,750,000 (2004: 15,750,000) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

10 INVESTMENTS

	31 January 2005 £	30 April 2004 £
Investments listed on a recognised investment exchange	<u>49,828,477</u>	<u>44,237,698</u>
	31 January 2005	30 April 2004
	£	£
Opening book cost	33,609,085	30,351,546
Opening unrealised appreciation/(depreciation)	10,628,613	(320,876)
Opening valuation	<u>44,237,698</u>	<u>30,030,670</u>
Movements in the period:		
Purchases at cost	9,772,475	11,782,554
Sales:		
Proceeds	(11,001,001)	(9,571,236)
Realised gains on sales	2,033,008	1,046,221
Increase in unrealised appreciation/(depreciation)	4,786,297	10,949,489
Closing valuation	<u>49,828,477</u>	<u>44,237,698</u>
Closing book cost	34,413,567	33,609,085
Closing unrealised appreciation/(depreciation)	15,414,910	10,628,613
	<u>49,828,477</u>	<u>44,237,698</u>
	31 January 2005	30 April 2004
	£	£
Realised gains on sales	2,033,008	1,046,221
Increase in unrealised appreciation/(depreciation)	4,786,297	10,949,489
Gains/(losses) on investments	<u>6,819,305</u>	<u>11,995,710</u>

SMALL COMPANIES DIVIDEND TRUST PLC

Notes to the Financial Statements - at 31 January 2005

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 2005
Dee Valley	Ordinary	6.208
Sinclair (Williams)	Ordinary	6.041
ATA Group	Ordinary	5.745
Collins & Hayes	Ordinary	5.629
Broadcastle	Ordinary	4.505
Honeycombe Leisure	Ordinary	3.794
Waterman Group	Ordinary	3.605
Coral Products	Ordinary	3.405
UCM	Ordinary	3.344

12 INVESTMENT IN SUBSIDIARY COMPANY

The Company owns the whole of the issued ordinary share capital of 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 January 2005	30 April 2004
	£	£
Sales for future settlement	15,051	61,481
Dividends receivable	96,767	441,342
Amounts due from subsidiary company	44,646	35,019
Prepayments and accrued income	12,100	10,182
Taxation recoverable	-	-
	<u>168,564</u>	<u>548,024</u>
14 CREDITORS - amounts falling due within one year	31 January 2005	30 April 2004
	£	£
Purchases for future settlement	-	-
Corporation tax	-	-
Other creditors	2,247,142	1,274,381
Bank overdraft	<u>4,999,734</u>	<u>4,871,933</u>
	<u>7,246,876</u>	<u>6,146,314</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.

SMALL COMPANIES DIVIDEND TRUST PLC

Notes to the Financial Statements - at 31 January 2005

15 SHARE CAPITAL

31 January 2005

30 April 2004

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 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 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 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 Small Companies PLC "SC" 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 SC, at any time prior to that date. These costs are being amortised through the capital reserve.

31 January 2005

30 April 2004

£

£

Opening balance

6,163,204

6,131,876

Issue of loan note

-

-

Costs of raising loan note

-

-

Amortisation of costs

23,601

31,328

6,186,805

6,163,204

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 30 March 2007.

SMALL COMPANIES DIVIDEND TRUST PLC

Notes to the Financial Statements - at 31 January 2005

18 COMMITMENT TO SUBSCRIBE FOR SHARES

The Company has entered into an agreement with its subsidiary, Small Companies PLC "SC", pursuant to which the Company will subscribe on 30 April 2007 for one ordinary share in SC. The subscription would be at such a premium as would result in the assets of SC 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 SC at 31 January 2005 are given in note 15 and the maximum commitment under the subscription agreement at 31 January 2005 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 SC 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 2005 £	30 April 2004 £
Opening balance	2,962,480	2,268,474
Increase in capital entitlement of zero dividend preference shareholders	548,773	680,182
Increase in capital entitlement of preference shareholders	2,744	3,402
Revenue Reserve losses in subsidiary	5,534	8,765
Net unrealised losses on investments in subsidiary	450	1,657
	<u>3,519,981</u>	<u>2,962,480</u>

19 RESERVES

	Share premium account £	Capital reserve realised £	Capital reserve unrealised £	Revenue reserve £
At 1 May 2004	11,126,250	(2,419,252)	10,628,613	697,267
Net gains on realisation of investments	-	2,033,008	-	-
Movement in unrealised appreciation	-	-	4,786,297	-
Costs charged to capital	-	(2,479,799)	-	-
Increase in provision for commitment to subscribe for shares	-	(557,501)	-	-
Amortisation of loan note issue costs	-	(23,601)	-	-
Retained net revenue for the period	-	-	-	135,296
At 31 January 2005	<u>11,126,250</u>	<u>(3,447,145)</u>	<u>15,414,910</u>	<u>832,563</u>

SMALL COMPANIES DIVIDEND TRUST PLC

Notes to the Financial Statements - at 31 January 2005

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Period to 31 January 2005 £	Year to 30 April 2004 £
Profit available to Ordinary shareholders'	1,245,671	1,691,708
Dividends paid and proposed	(1,110,375)	(1,630,125)
	135,296	61,583
Recognised gains for the period	3,758,404	9,695,156
Issue of share capital	-	-
Premium on issue of share capital	-	-
Issue expenses	-	-
Net addition to shareholders' funds	3,893,700	9,756,739
Opening shareholders' funds	23,970,378	14,213,639
Closing shareholders' funds	27,864,078	23,970,378

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	
	31.01.05 Pence	30.04.04 Pence	31.01.05 £	30.04.04 £
Ordinary shares	175.64	151.59	27,662,971	23,875,433

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

	Period to 31 January 2005 £	Year to 30 April 2004 £
Income before interest payable and taxation	1,408,663	1,863,278
Decrease in debtors	342,657	29,405
Increase in creditors	965,827	1,152,368
Expenses charged to the capital reserve	(2,235,312)	(1,317,078)
	481,835	1,727,973

SMALL COMPANIES DIVIDEND TRUST PLC

Notes to the Financial Statements - at 31 January 2005

23 RECONCILIATION OF NET CASH FLOW TO
MOVEMENT IN NET DEBT

31 January 2005
£

Increase in cash in period	39,369
Loan note issue costs	-
Amortisation of loan note issue costs	(23,601)
Movement in net funds	15,768
Net debt at 1 May 2004	(16,011,485)
Net debt at 31 January 2005	(15,995,717)

24 ANALYSIS OF CHANGES IN NET DEBT

	At 1 May 2004	Cash flows	Other changes	At 31 January 2005
	£	£	£	£
Cash at bank	23,652	167,170	-	190,822
Overdraft	(4,871,933)	(127,801)	-	(4,999,734)
Debts due after more than one year	(11,163,204)	-	(23,601)	(11,186,805)
	(16,011,485)	39,369	(23,601)	(15,995,717)

25 COMMITMENTS

At 31 January 2005 the Company had underwritten share issues to a value of £nil (30 April 2004: £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.