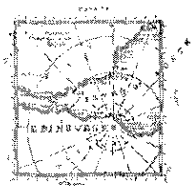
Aberforth Split Level Trust plc

Annual Report and Accounts

30 June 2001



Company Number: 130668

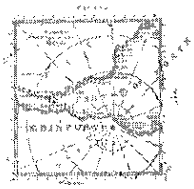


INVESTMENT OBJECTIVE

"The objective of Aberforth Split Level Trust plc (ASLeT) is to achieve a total return (with dividends reinvested) on its assets greater than on the Hoare Govett Smaller Companies Index (excluding investment trusts) over the long term by investing in a diversified portfolio of small UK quoted companies."

CONTENTS

Investment Record	1
Company Summary	2
Year's Summary	4
Directors and Advisers	6
Chairman's Statement	7
Information on Aberforth Partners	9
Managers' Report	10
Portfolio Information	15
Long-Term Record	18
Directors' Responsibility Statement	20
Report by the Auditors	20
Report of the Directors	21
Statement of Total Return	25
Balance Sheet	26
Cash Flow Statement	27
Notes on the Accounts	28
Shareholder Information	36
Notice of Annual General Meeting	38
Form of Proxy	39



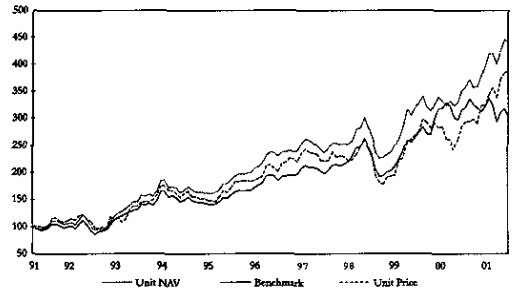
INVESTMENT RECORD

The charts below indicate how an investment in the Company's Units has performed relative to the Benchmark Index and the underlying Unit Net Asset Value over the period from 14 May 1991 (the Company's date of inception) to 30 June 2001.

The charts below indicate how an investment in the Company's Capital Shares and Income Shares has performed over the period from 14 May 1991 (the Company's date of inception) to 30 June 2001. The third chart depicts the growth in dividends compared to the growth in RPI (Retail Price Index).

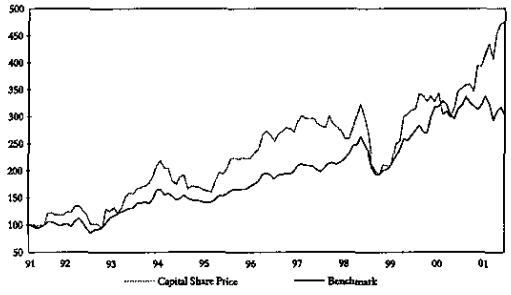
Unit Absolute performance

(figures are total returns and have been rebased to 100 at 14 May 1991)



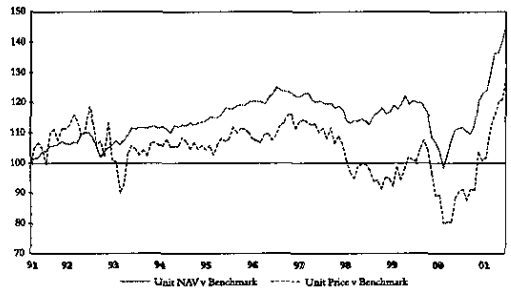
Capital Share Absolute Performance

(figures are total returns and have been rebased to 100 at 14 May 1991)



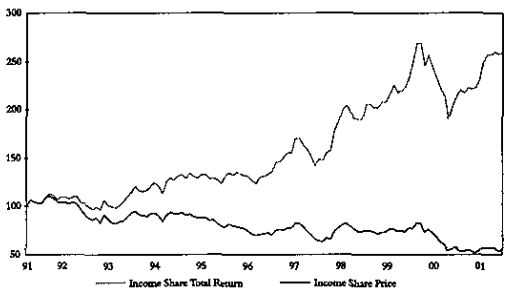
Unit Relative performance

(figures are total returns and have been rebased to 100 at 14 May 1991)



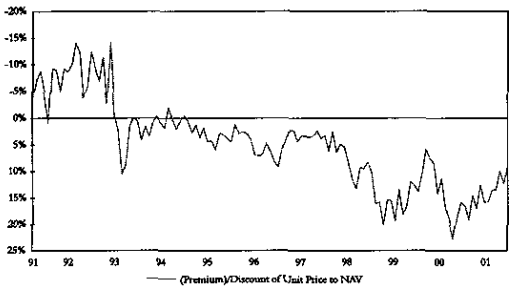
Income Share Absolute Performance

(figures have been rebased to 100 at 14 May 1991)



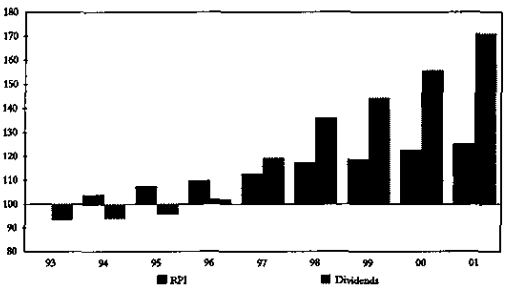
Unit (Premium)/discount

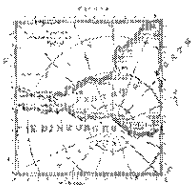
(being the % difference between Unit Price and NAV)



Dividends and RPI growth

(figures have been rebased to 100 at 30 June 1992)





COMPANY SUMMARY

BENCHMARK INDEX

The Company's performance is measured against the total return on the Hoare Govett Smaller Companies Index (excluding investment trusts). This comprises the bottom 10% of all UK quoted companies by market value which at 1.1.01 included some 1,024 companies, the largest market capitalisation of which was £795m and the aggregate market capitalisation of which was £137bn.

RISK

The Board believes that the Company has a relatively low risk profile in the context of the investment trust industry. This belief arises from the following factors: the Company has a relatively simple capital structure; it invests only in small UK quoted companies; it has never been geared and does not intend to employ any gearing; it has never been exposed to derivatives and does not intend any such exposure; and it outsources all its main operational activities to recognised, well-established firms. Investment in small companies is generally perceived to carry more risk than investment in large companies. While this is correct when comparing individual companies, it is much less so when comparing the volatility of returns from diversified portfolios of small and large companies. The Board believes the Company's portfolio is diversified. In addition, since the correlation of returns from small and large companies is low, there is an opportunity for investors to reduce risk by holding portfolios of both small and large companies together.

MANAGEMENT FIRM

Aberforth Partners are contracted as the investment managers and secretaries to the Company. Both of these contracts can be terminated by either party at any time by giving six months' notice of termination. Aberforth Partners manages over £700m invested in small UK quoted companies and further information on the firm is set out on page 9.

MANAGEMENT AND SECRETARIAL FEES

The Company pays a quarterly management fee, in advance, equal to 0.2% of the total net assets of the Company at the end of each calendar quarter. This equates to an annual fee of approximately 0.8%. However, the total fee paid each year may be slightly higher or lower than 0.8% depending on movements in the value of the Company's assets during the year. The total fee paid for the year to 30 June 2001 was £1,248,000, equal to 0.85% of the Company's total net assets at 30 June 2000 and of this 62.5% was charged to capital and 37.5% to the revenue account. The Company also pays a quarterly secretarial fee, in advance, of £12,787, equal to an annual fee of £51,148. This fee is adjusted annually in line with the Retail Prices Index. Both these fees are subject to Value Added Tax which is irrecoverable by the Company.

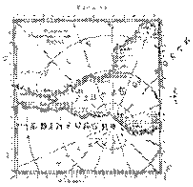
SHAREHOLDERS' FUNDS AND MARKET CAPITALISATION

At 30 June 2001	Total	Capital Shares	Income Shares
Shareholders' Funds	£178m	£174m	£4m
Market Capitalisation	£164m	£147m	£17m

CAPITAL STRUCTURE

Summary

ASLeT has a split capital structure such that Income Shareholders are entitled to all profits of the Company available for distribution and the Capital Shareholders, whilst not entitled to any dividend, will benefit from all capital appreciation achieved on the Company's assets. In a winding up, Income Shareholders are entitled, *inter alia*, to a payment of 10 pence per share in preference to any payment to Capital Shareholders.



■ COMPANY SUMMARY

As at 30 June 2001 ASLeT had in issue 31,006,286 Income Shares and 31,006,286 Capital Shares, of which approximately 14,753,000 of each class are dealt in separately on the London Stock Exchange. Approximately 16,253,000 Units, each comprising one Income Share and one Capital Share are also dealt in on the London Stock Exchange. Units may be presented by holders to the Company's Registrars at any time and exchanged for the underlying Income Shares and Capital Shares. Also, holders of Income Shares and Capital Shares may exchange an equal number of Income Shares and Capital Shares for Units.

The Income Shares

Income Shareholders are entitled to all profits of the Company available for distribution by way of dividend. In a winding up they are entitled to a payment of 10 pence (their nominal value) per share plus any undistributed revenue reserve. Save in relation to any resolution to wind up ASLeT on or after 1 July 2001 and certain resolutions to reconstruct the Company (on which resolutions the Income Shareholders shall all be deemed to vote in favour), Income Shareholders are entitled to one vote per share.

The Capital Shares

Capital Shareholders do not participate in any dividend or in any revenue reserve. In a winding up they are entitled to all surplus assets of the Company after payment to the Income Shareholders of 10 pence per Income Share plus any undistributed revenue reserve. Capital Shareholders are entitled to one vote per share.

Duration

The Directors are obliged to convene an Extraordinary General Meeting of the Company between 1 July 2001 and 30 June 2004 at which a Special Resolution will be proposed to wind up the Company voluntarily. In common with other investment trust companies whose capital structure is similar, it is the Directors' intention (barring unforeseen circumstances) to convene such a meeting towards the end of the required period.

The Directors shall not, however, be required to convene such an Extraordinary General Meeting if a resolution shall previously have been passed to reconstruct or reorganise the Company (whether by way of unitisation or otherwise).

The foregoing represents a summary only. Full details of ASLeT's capital structure are available in the Company's Articles of Association.

■ ISA STATUS

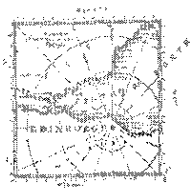
Each of the Company's listed securities are eligible for inclusion in the "Stocks and Shares" component of an Individual Savings Account.

■ PEP STATUS

Each of the Company's listed securities qualifies for investment in a Personal Equity Plan and the Company intends to maintain this qualification.

■ AITC

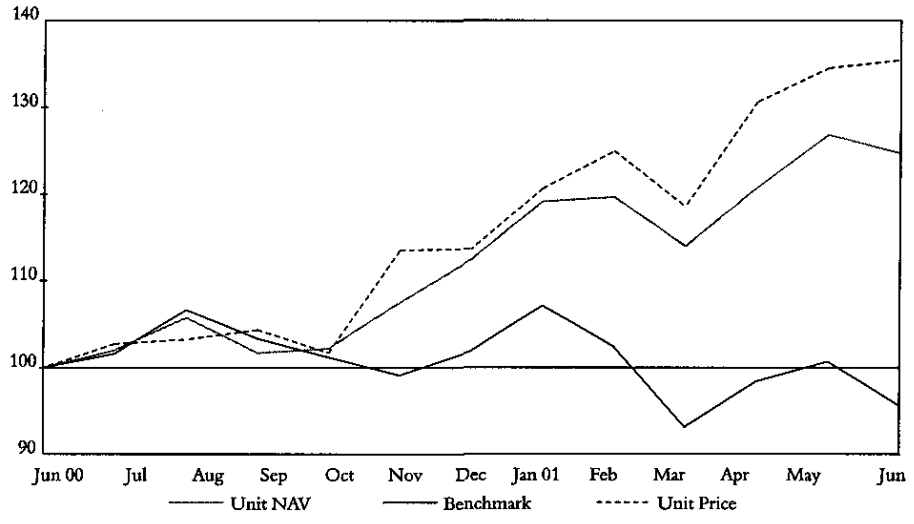
The Company is a member of the Association of Investment Trust Companies. The Company does not contribute to the AITC's "**its**" marketing campaign.



■ YEAR'S SUMMARY

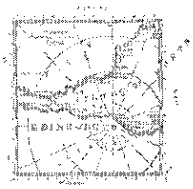
Year to 30 June 2001 Total Returns

ASLeT Unit* Net Asset Value	**24.7%**
Benchmark Index	**-4.4%**
ASLeT Unit Price	**35.4%**
ASLeT Capital Share Price	**37.1%**
ASLeT Income Share Price	**21.6%**



(Figures are total returns and have been rebased to 100 at 30 June 2000)

*A unit comprises 1 Income and 1 Capital Share.

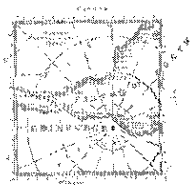


■ YEAR'S SUMMARY

	As at 30 June 2001	As at 30 June 2000	**% Change**
Total assets (before deduction of borrowings)	**£178.4m**	£147.0m	21.3
Loans and other borrowings	**—**	—	
Shareholders' funds	**£178.4m**	£147.0m	21.3
Market capitalisation	**£164.2m**	£125.4m	30.9
Unit net asset value	**575.2p**	474.1p	21.3
Capital Share net asset value	**561.5p**	461.1p	21.8
Income Share net asset value	**13.7p**	13.0p	5.4
Benchmark Index (capital only)	**2,611.13**	2,818.39	-7.4
Unit price	**524.0p**	400.0p	31.0
Capital Share price	**475.0p**	346.5p	37.1
Income Share price	**54.5p**	58.0p	-6.0
Earnings per Income Share	**16.1p**	14.1p	14.2
Dividends per Income Share	**15.4p**	14.0p	10.0
Expense ratio (Unit)	**1.01%**	1.06%	
Portfolio turnover	**47.0%**	58.3%	
Unit discount	**8.9%**	15.6%	
Capital Share discount	**15.4%**	24.9%	

	Year to 30 June 2001		Year to 30 June 2000	
Year's high and low (on month end values)	**High**	**Low**	High	Low
Unit net asset value	**592.0p**	**474.1p**	474.1p	431.1p
Capital Share net asset value	**573.5p**	**461.1p**	461.1p	416.9p
Income Share net asset value	**18.4p**	**13.0p**	16.9p	12.9p
Unit price	**524.0p**	**400.0p**	425.0p	342.5p
Capital Share price	**475.0p**	**346.0p**	346.5p	298.5p
Income Share price	**58.0p**	**51.5p**	82.5p	54.3p
Unit discount	**8.9%**	**18.5%**	5.6%	22.1%
Capital Share discount	**15.4%**	**26.4%**	20.9%	30.1%

	Year to 30 June 2001	Year to 30 June 2000
Total return per Unit		
Revenue	**16.07p**	14.11p
Capital	**100.47p**	29.64p
Total	**116.54p**	43.75p



DIRECTORS AND ADVISERS

DIRECTORS

Michael J Walker (65) (Chairman) (Appointed April 1991)

Michael Walker is Chairman of James Walker (Leith) Limited, a private company which is one of the leading timber and building materials companies in Scotland. He is a Director of Lothian Health Board and was the Chairman of the Western General Hospital NHS Trust and a Trustee of the Trustee Savings Bank of South of Scotland.

Hamish N Buchan (56) (Appointed August 2000)

Hamish Buchan is a consultant in the financial sector and is a Director of Collective Assets Trust plc, The Fleming American Investment Trust plc, Personal Assets Trust plc, Standard Life European Private Equity Trust plc and Shires Income plc. From 1969 until his retirement in 2000 he was an investment trust analyst with Wood Mackenzie & Co and its successor firms.

Alastair C Dempster (61) (Appointed April 1991)

Alastair Dempster is Chairman of Sports Scotland and the Scottish Community Foundation. He was Chief Executive of Lloyds TSB Scotland plc.

Donald J Macdonald (54) (Appointed May 2000)

Donald Macdonald is a founding director of Macdonald Hotels plc and is responsible for its development and expansion. He has over 20 years' experience in the hotel industry, including 13 years as a managing director and 9 years as main board director of a plc.

Sir Fraser Morrison, CBE (53) (Appointed April 1991)

Until its takeover in 2000 Sir Fraser Morrison was Chairman and Chief Executive of Morrison Construction Group plc, a listed company involved with development partnerships, construction and asset management. He is also Deputy Chairman of Clydesdale Bank plc.

ADVISERS

INVESTMENT MANAGERS AND SECRETARIES
Aberforth Partners
14 Melville Street
Edinburgh EH3 7NS
Tel No 0131-220 0733
Email: **mail@aberforth.co.uk**
Website: **www.aberforth.co.uk**

REGISTERED OFFICE
14 Melville Street
Edinburgh EH3 7NS

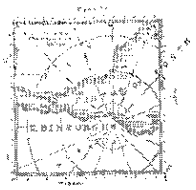
REGISTRARS
Northern Registrars Limited
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0LA
Tel No 01484 600900

BANKERS
Bank of Scotland
38 St Andrew Square
Edinburgh EH2 2YR

Clydesdale Bank plc
30 St Vincent Place
Glasgow G1 2HL

AUDITORS
Ernst & Young LLP
Ten George Street
Edinburgh EH2 2DZ

SOLICITORS AND SPONSORS
Dickson Minto W.S.
11 Walker Street
Edinburgh EH3 7NE



CHAIRMAN'S STATEMENT

PERFORMANCE

For the year 30 June 2001 the performance of Aberforth Split Level Trust plc (ASLeT) has bettered that of its investment benchmark. In the year under review a total return of 24.7% was achieved which compares with a negative return of 4.4% from the Hoare Govett Smaller Companies Index (excluding investment trusts.) The comparative performance of large companies, represented by the FTSE All-Share Index, was a return of minus 7.7%.

Shareholders may recall that the year to 30 June 2000 was a year in which ASLeT did not perform as well as its investment benchmark – the total returns being 10.0% and 19.0% respectively for ASLeT and the investment benchmark. It is satisfactory to note that the underperformance of that year has been more than made up in the latest year.

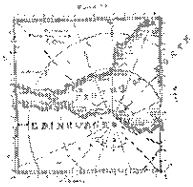
It is appropriate that this report reviews not only the events of the past twelve months but of the past twenty four months. In this respect I should like to draw attention to the table on page 13 showing the historic performance of ASLeT alongside that of its investment benchmark. As can be seen, over the two years to 30 June 2001 ASLeT has outperformed its benchmark by a considerable margin; within this period, however, ASLeT has witnessed both its strongest and poorest quarters of relative performance since its launch in 1991.

The most striking feature of the two year period has been the extraordinary stockmarket performance of the share prices of the companies associated with the Technology, Media and Telecommunication sectors – known under the acronym of "TMT".

The constituents of these sectors participated in a period of dramatic performance between August 1999 and March 2000, which saw stockmarket valuations rise to levels that proved to be unsustainable. There followed a much longer period in which these same companies have seen their valuations decline sharply, initially as investor sentiment wavered before evidence began to emerge that many of the companies were unable to achieve the high expectations held for them.

There have, however, also been other significant trends within economies and stockmarkets, not least the rapid action taken by the United States Federal Reserve to slow and subsequently attempt to stimulate the rate of growth in the economy. In the United Kingdom the past two years have seen almost a full interest rate cycle.

One of the strengths of the value investment philosophy to which your Managers have consistently adhered is that it encourages the search for value in sectors of the stockmarket which are out of favour but whose constituents are displaying attractive value characteristics. This contrary approach has proved rewarding not only over the long term for ASLeT, but particularly so in the past twenty four months in a stockmarket where the swings in fashion and favour have been much more extreme than any other time in ASLeT's history.



CHAIRMAN'S STATEMENT

DIVIDENDS

Your Board is pleased to announce an increase in this year's dividends to a total for the year of 15.40p per Income Share, up from 14.00p last year, representing an increase of 10.0%. This means that the fourth interim dividend will be 7.00p per Income Share, up from 6.20p paid last year. The fourth interim dividend will be paid on 7 September 2001 to holders of Income Shares on the register on 10 August 2001. This increase is consistent with the underlying rate of dividend growth of the companies held in the portfolio. Consistent with a slowing economic background, it would be prudent to expect a lower rate of increase for the year to June 2002.

BOARD COMPOSITION

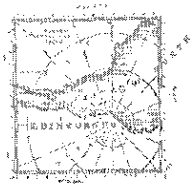
Mr Hamish Buchan was appointed a Director of the Company in August 2000 following a long and distinguished career as an analyst of the investment trust sector. Shareholders' approval for Mr Buchan's appointment to the Board will be sought at the forthcoming Annual General Meeting.

OUTLOOK

The outlook for the global economy is, to a large extent, determined by events in the United States where a rapid slowdown in the rate of economic growth has already taken place. In a global context, the United Kingdom economy appears relatively robust not least due to the early, and to date appropriate, action by the Monetary Policy Committee of the Bank of England. However, despite this, the outlook for corporate profits growth is less certain than in the recent past as the twin forces of slowing economic growth and increasing cost pressures make their impact.

There are opportunities, however in every pattern of stock market. Shareholders may be assured that your Managers' vigilance in searching for such opportunities remains undiminished. While perhaps not anticipating a continuation of the recent margin of performance relative to the investment benchmark, your Board believes that ASLeT's future relative performance is likely to continue to be positive.

Michael J Walker
Chairman
18 July 2001



INFORMATION ON ABERFORTH PARTNERS

Aberforth Partners are Managers and Secretaries to the Company. Aberforth Partners were established in 1990 to provide institutional and wholesale investors with a high level of resources entirely focused on small UK quoted companies. Since then funds under management have grown to over £700 million (as at 30 June 2001). Aberforth Partners are wholly owned by six partners – five founding partners who are investment managers and a sixth partner who is responsible for administration. The firm has recently employed two additional investment managers and the seven work as a team managing the Company's portfolio on a collegiate basis. The founding partners have been managing the portfolio since the Company's inception in May 1991. These partners each have a substantial personal investment in the Company. The curriculum vitae of the seven investment managers are as follows:

Andrew P Bamford (34) BCom (Hons), CA – Andy joined Aberforth Partners in April 2001 and is responsible for investment research and stock selection in the following areas – Information Technology Hardware; Transport; and Leisure, Entertainment and Hotels. Previously he was with Edinburgh Fund Managers for 7 years, latterly as Deputy Head of UK Small Companies, with specific responsibility for institutional clients. Prior to joining Edinburgh Fund Managers he was a senior investment analyst with General Accident for 2 years supporting the head of UK Smaller Companies. Before joining General Accident, he was a chartered accountant with Price Waterhouse.

John M Evans (43) MA (Hons) – John was a founding partner in May 1990 and is responsible for investment research and stock selection in the following areas – Automobiles; Beverages; Construction and Building Materials; Distributors; Household Goods and Textiles; and Utilities. Previously he was with Ivory & Sime for 11 years where he was latterly responsible for the management of portfolios whose objectives were income and capital growth from UK equities.

Euan R Macdonald (31) BA (Hons) – Euan joined Aberforth Partners in May 2001 and is responsible for investment research and stock selection in the following areas – Engineering and Machinery; and Software and Computer Services. Previously he was with Baillie Gifford for 10 years where he managed portfolios invested in small companies both in Continental Europe and in the UK.

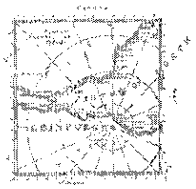
Richard M J Newbery (41) BA (Hons) – Richard was a founding partner in May 1990 and is responsible for investment research and stock selection in the following areas – Electronic and Electrical Equipment; Food and Drug Retailers; Food Producers and Processors; General Retailers; Personal Care and Household Products; and Telecommunications Services. Previously he was with Ivory & Sime for 9 years where he managed international portfolios for a range of clients including those with a small company specialisation.

David T M Ross (52) FCCA – David was a founding partner in May 1990 and is responsible for investment research and stock selection in the following areas – Insurance; Life Assurance; Real Estate; and Speciality and Other Finance. Previously he was with Ivory & Sime for 22 years, the last two of which were as Managing Director. He was a Director of US Smaller Companies Investment Trust plc and served as a member of the Executive Committee of the Association of Investment Trust Companies.

David Warnock (43) BCom (Hons), CDipAF – David was a founding partner in May 1990 and is responsible for investment research and stock selection in the following areas – Chemicals; Forestry and Paper; Health; Packaging; and Support Services. Previously he was with Ivory & Sime for 4 years and had responsibility for the management of investment trusts whose objectives were capital and income growth from equities on a global basis. Prior to joining Ivory & Sime, he was with 3i for 7 years in both Scotland and the USA.

Alistair J Whyte (38) – Alistair was a founding partner in May 1990 and is responsible for investment research and stock selection in the following areas – Aerospace and Defence; Diversified Industrials; Media and Photography; Mining; Oil and Gas; Pharmaceuticals; and Steel and Other Metals. Previously he was with Ivory & Sime for 11 years where latterly he managed portfolios in Asia. Prior to that he managed portfolios with the objective of capital growth from smaller companies in the UK and internationally.

Further information on Aberforth Partners and their clients is available on its website – **www.aberforth.co.uk**



MANAGERS' REPORT

The twelve month period to 30 June 2001 has been an excellent one for ASLeT. The shares of small companies have outperformed their larger counterparts for the second year in succession. Further, and more significantly for Shareholders, ASLeT has outperformed its investment benchmark by the largest margin in its ten year history. The salient data are detailed below.

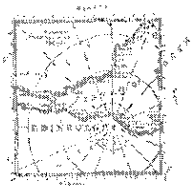
Total Returns	Year to 30 Jun 2001	Half year to 30 Jun 2001	Half year to 31 Dec 2000
ASLeT	+24.7%	+10.9%	+12.4%
Benchmark Index	-4.4%	-6.1%	+1.9%
FTSE All-Share Index	-7.8%	-7.3%	-0.5%

Clearly the recent background has been relatively favourable to ASLeT and the following paragraphs summarise the key elements.

- The global stockmarket trends established at the end of the first quarter of calendar 2000 have been maintained throughout ASLeT's fiscal year. The US economy has slowed sharply, partially in response to the tightening in monetary policy commenced by the Federal Reserve in the second half of 1999. Indeed, since early 2001, monetary tightening has given way to aggressive easing as growth rates have slowed and inflation is not currently perceived to be a concern. Thus far, this monetary easing has not had the desired effect of stimulating a recovery in economic activity.

  The sales and profit performance of the TMT (Technology, Media and Telecommunications) sectors has played an important role in the economic slowdown. In so doing, it has highlighted that many of the technology businesses are cyclical. Previously, investor expectations for these companies reflected a belief in the New Paradigm under which the absence of a traditional business cycle justified levels of valuation unmatched in recent history. Further, the existence of excess liquidity, as monetary authorities globally ensured sufficient funds in the run up to the Millennium, provided the fuel for speculation. Subsequently, as companies failed to meet the prevailing level of expectations and liquidity was drained from the financial system, both the justification and the fuel were removed: a collapse in share prices ensued. These forces weighed heavily on US equities in general and more specifically on the NASDAQ index which has declined by some 45% in local currency over the twelve month period to 30 June 2001.

  These US influences have naturally washed on to UK shores reflecting both the global nature of the technology industry and the highly integrated nature of world financial markets. For the six months post August 1999, the environment was characterised by a veritable procession of new issues, supported by inflated claims of future profit potential and increasingly esoteric methods of equity valuation, ultimately giving way to disappointment and falling share prices. Therefore, the TMT downturn has contributed negatively to overall stockmarket returns in the UK. Indeed, those sectors within the investment benchmark showed in aggregate a negative return of 50% over the twelve months to June 2001. Further, the heavier weighting of TMT within the FTSE All-Share Index, compared with the small company benchmark, reflecting the relative size of the telecommunications sub sector, largely explains the superior performance of the small company index.



MANAGERS' REPORT

Undoubtedly there are sectors and individual companies within TMT which offer attractive long term investment opportunities. However, all investment opportunities may be spoiled by paying the wrong price at purchase. Further, widespread popularity merely lowers the cost of equity capital encouraging greater competition which in turn shortens product cycles and is therefore inconsistent with ever increasing levels of valuation.

- The UK economy has demonstrated a slowdown over recent months consistent with global conditions. However, the pace of deceleration has been rather more gentle than that experienced across the Atlantic. Within this overall slowdown, UK based manufacturing has faced a continued appreciation of Sterling against the Euro and a reduction in demand for products from the electronics industry which has, until recently, been a significant contributor to growth in manufacturing output. Further, the direct impact of Foot and Mouth, although harrowing for those affected, has been modest in economic terms although the knock-on effects in areas such as tourism may prove more substantial.

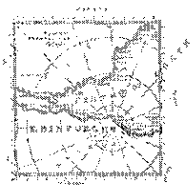
  These contractionary forces have been partially mitigated by an acceleration in government spending consistent with a commitment to strengthen public services as a General Election loomed. Moreover, consumption has been robust reflecting a growing employed population, real wage growth and rising house prices. Consumer prosperity has been supported by falling interest rates reflecting increased concern as to the state of the global economy. This environment has naturally been supportive for companies exposed to the consumer. The share prices of such companies offered attractive value given the fact that they were previously shunned by investors when interest in TMT was at its highest.

- As the global economic background has deteriorated, and with it visibility as to the future, investors have logically changed their appetite for risk. Previously, when liquidity was abundant and the business cycle was banished to the annals of history, it was a modest leap to buy shares in companies with little or no current profit but with great hopes for the future. However, in an environment where economies are slowing and visibility is poor, buying shares in companies with a high level of cash flow in relation to Enterprise Value and with a stream of profit less sensitive to economic activity becomes rather more appealing and brings with it a substantially lower level of risk. Companies exposed to the defence and parts of the transport industries are illustrative of this general trend and have performed well over the last twelve months.

INVESTMENT PERFORMANCE

As already stated, for the year under review ASLeT's assets outperformed the benchmark index by a significant margin with the following being the salient points. Shareholders are encouraged to look at the table entitled Performance Attribution Analysis which displays in numerical form the considerations described below.

- Relative to the benchmark the portfolio was correctly positioned at a sectoral level with an underexposure to TMT which declined sharply in share price terms over the period. Conversely, there was an overexposure to sectors of the index which performed relatively well including: Oil & Gas, Transport and Building & Construction. This element of relative contribution is known as sector selection.



MANAGERS' REPORT

- Within the vast majority of individual sectors, the shares of companies owned by ASLeT performed better than the relevant sector index. This contribution is known as stock selection and accounted for some 70% of ASLeT's total return in excess of the investment benchmark. The flow of money into the New Economy in 1999 and early 2000 led to the shares of many high quality businesses without the requisite New Economy label being seen as a source of cash so driving prices down below their intrinsic worth. The value style of your Managers encouraged purchases of these high quality businesses with good financial characteristics, unit growth potential and strong market positions available at historically depressed prices.

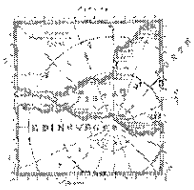
  Subsequently, value has been recognised by one of two methods. First, as the stockmarket returned to a more fundamental appraisal of equity valuation, these shares have enjoyed a rerating. Secondly, the modest valuation levels encouraged a rise in the level of corporate activity with some 12 investments being the subject of a takeover offer of which 2 were from the incumbent management. Since the turn of the calendar year corporate activity has declined with only 3 transactions completed. This decline in activity is consistent with a deteriorating economic environment which has reduced confidence from both the corporate and venture capital sectors.

- Any analysis of a level of return which makes no mention of risk is essentially one dimensional. In that regard your Managers would make two points. First, although the excess return is very high relative to the benchmark, it has not been achieved by managing the portfolio with a different risk profile than in previous periods. Secondly, statistical analysis demonstrates that historic volatility has been modest and risk adjusted returns have been favourable when compared with the peer group.

PERFORMANCE ATTRIBUTION ANALYSIS
12 Months to 30 June 2001

	Basis Points
Stock Selection	2,075
Sector Selection	938
Attributable to the portfolio of investments	3,013
Cash	(95)
Undistributed Revenue	14
Management Fee charged to Capital	(62)
Total Attribution	**2,870**

Note: 100 basis points = 1%. Total Attribution is the difference between the capital only performance of the Unit net asset value and the Benchmark Index (i.e. Unit net asset value = 21.3%; Benchmark Index = -7.4%; difference is 28.7% being 2,870 basis points).



MANAGERS' REPORT

LONGER TERM PERFORMANCE AND INVESTMENT STYLE

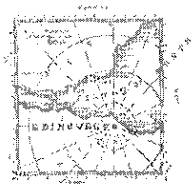
As already noted, the year to 30 June 2001 has been ASLeT's best fiscal year of relative performance. However, in the interests of balance, it has to be mentioned that the previous equivalent period was the worst, containing the six month period from the end of August 1999 when shares touched by the New Economy euphoria performed very well. Accordingly, there is merit in looking at the investment performance over the two year period as this encompasses the upswing in the New Economy and the subsequent fightback by the Old Economy. As the table below shows, the outcome of this analysis is very satisfactory with the excess performance last year more than offsetting the inferior relative return in the previous period.

Total Returns	**Two Years to 30 June 2001**	**Year to 30 June 2001**	**Year to 30 June 2000**
ASLeT	+37.1%	+24.7%	+10.0%
Benchmark Index	+13.8%	-4.4%	+19.0%

The reason for this outperformance is that your Managers possess a clear value investment process to which they consistently adhered through a very turbulent environment. The objective of this process is to isolate shares in companies selling below their intrinsic value, determined through a detailed financial and industrial analysis, combined with a valuation approach that focuses on both stockmarket and corporate worth. The consistent application of this process has ensured that ASLeT's assets were not exposed to shares in companies, which, although very popular for a period, achieved valuation levels that subsequently proved unsustainable. On the contrary, ASLeT's assets have been, and continue to be, exposed to companies whose business fundamentals are believed by your Managers to be incorrectly valued by the stockmarket. Therefore, at purchase, the merits of such companies are unlikely to be widely appreciated.

Shareholders should not expect that the application of your Managers' value discipline will always result in ASLeT's assets being under-represented in technology and other areas perceived to possess higher levels of long term growth. Indeed, your Managers do not believe that the longer term potential of all sectors of the economy is the same and, in a low inflation environment, endorse the logic of paying higher prices for businesses with superior growth potential. Appreciation of this issue led to a significantly higher weighting in technology shares in the mid 1990's, an exposure which subsequently declined as valuations rose.

Your Managers look at all sectors of the small company universe in seeking to find businesses selling below their intrinsic value, believing that financial markets are characterised by major cycles of sentiment. Good trading performance leads to rising optimism, which pushes share prices higher, which attracts more capital at a lower cost, which inevitably places pressure on future returns and disappointment ultimately follows. Working from this thesis, your Managers seek to gain exposure to areas of the market where the potential is not recognised and reduce, or remove completely, exposure to areas where expectations are high and hence future share price returns may be low. Further, this fundamentally based approach, with its regard for real world valuations, provides a margin of safety that should assist in capital preservation in more demanding market environments.



MANAGERS' REPORT

INVESTMENT OUTLOOK

The macro economic outlook is less favourable with the major regions of the globe continuing to slow despite a significant number of interest rate reductions. Whilst your Managers believe in the efficacy of monetary easing, the level of inventory and debt, particularly in the USA, may lend some support to the well known analogy of "pushing on a string" and therefore extend the period of anaemic economic performance.

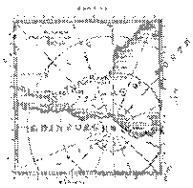
With regard to the UK, the current position is somewhat less benign than has been the case in the recent past. The strong growth in both consumer and government spending is demonstrating its counterpart in a deteriorating external account, and recent evidence that inflation may not be as quiescent as previously anticipated removes some of the policy flexibility which the Monetary Policy Committee has hitherto enjoyed.

The data available to your Managers detailed below demonstrate that small companies still appear to offer relatively good value. Further, they give exposure to a recovery in the global economy and to corporate consolidation which is likely to move hand in hand with the economic cycle.

	30 June 2001		30 June 2000	
Characteristics	**ASLeT**	**Benchmark**	ASLeT	Benchmark
Number of Companies	**95**	**980**	95	1,018
Weighted Average Market Capitalisation	**£358.7m**	**£353.4m**	£291.9m	£347.9m
Price Earnings Ratio (Historic)	**13.0x**	**14.1x**	12.2x	13.1x
Net Dividend Yield (Historic)	**3.1%**	**2.6%**	3.5%	2.9%
Dividend Cover (Historic)	**2.5x**	**2.8x**	2.4x	2.7x

Your Managers believe that equity returns will be somewhat more modest than those of the last decade as the adjustment to lower real yields has taken place. Hence future gains will be harder won but your Managers' investment style, which concentrates on fundamental value measures, should be relatively well placed in the anticipated environment and should add value to more modest benchmark returns. However, the margin of future outperformance is unlikely to match the exceptional level of relative returns which Shareholders have enjoyed over the last fiscal year.

John M Fraser for. Aberforth Partners
Managers
18 July 2001



■ PORTFOLIO INFORMATION

Summary of Material Portfolio Changes
12 Months to 30 June 2001

Purchases		Cost £'000	Sales		Proceeds £'000
Shanks Group	+	2,719	Ascot	ϕ	4,637
Mersey Docks & Harbour	+	2,677	FirstGroup	ϕ	3,481
Maiden Group	+	2,596	Ellis & Everard	ϕ	3,232
Davis Service Group		2,449	Bryant Group	ϕ	3,048
Balfour Beatty	+	2,298	Hewden Stuart	ϕ	2,789
Marshalls		1,994	Hepworth	ϕ	2,622
Beilway		1,853	Homestyle Group		2,613
SIG	+	1,783	MFI Furniture Group		2,582
Ascot		1,769	Acal	ϕ	2,374
SMG	+	1,674	Perkins Foods	ϕ	2,284
Wilson (Connolly) Holdings	+	1,606	Glynwed International	ϕ	2,254
Robert Walters	+	1,605	Persimmon		2,209
Medisys		1,572	Atkins (WS)	ϕ	2,072
ITE Group	+	1,553	Iceland Group	ϕ	2,064
Persimmon		1,546	Community Hospitals Group	ϕ	2,055
Uniq		1,522	Marshalls		1,731
T & S Stores		1,515	Prism Rail	ϕ	1,666
Lex Service		1,500	National Express Group	ϕ	1,609
Novar	+	1,371	Novar	ϕ	1,560
Brammer		1,215	Pendragon	ϕ	1,538
Other Purchases		*32,467*	*Other Sales*		*28,122*
Total for the period		69,284	Total for the period		76,542

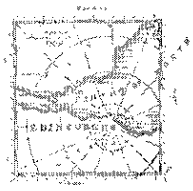
The summary of material portfolio changes shows the 20 largest aggregate purchases and sales. Portfolio turnover for the year was 47.0% (2000 – 58.3%)

\+ Indicates a company which is a new holding.

ϕ Indicates a company which has been disposed of completely.

FTSE Industry Classification Exposure Analysis

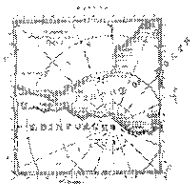
	← 30 June 2000 →					← 30 June 2001 →		
	Benchmark Weight %	ASLeT Weight %	ASLeT Valuation £'000	Net Purchases/ (Sales) £'000	Net Appreciation/ (Depreciation) £'000	**ASLeT Valuation £'000**	**ASLeT Weight %**	***Benchmark Weight %***
Resources	*1*	3	3,994	565	4,423	**8,982**	**5**	***2***
Basic Industries	*12*	14	20,626	(8,753)	10,116	**21,989**	**12**	***13***
General Industrials	*10*	13	19,452	2,182	1,410	**23,044**	**13**	***11***
Cyclical Consumer Goods	*3*	3	3,641	(2,871)	(606)	**164**	**—**	***2***
Non-cyclical Consumer Goods	*11*	8	12,131	(2,747)	1,623	**11,007**	**6**	***9***
Cyclical Services	*35*	37	54,945	4,861	15,721	**75,527**	**43**	***36***
Non-cyclical Services	*2*	2	3,352	921	(486)	**3,787**	**2**	***2***
Utilities	*2*	—	—	—	—	**—**	**—**	***1***
Information Technology	*8*	5	7,107	(1,392)	(1,872)	**3,843**	**2**	***9***
Financials	*16*	12	17,518	(24)	1,740	**19,234**	**11**	***15***
Net current assets	—	3	4,226	na	na	**10,777**	**6**	**—**
	100	100	146,992	(7,258)	32,069	**178,354**	**100**	***100***



PORTFOLIO INFORMATION

FIFTY LARGEST INVESTMENTS

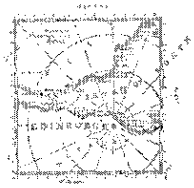
No.	Company	Valuation £'000	% of Total	Business Activity
1	Johnson Service Group	5,958	3.3	Textile rental and drycleaning
2	Go-Ahead Group	5,598	3.1	Bus and train operator
3	Bellway	4,298	2.4	Housebuilding
4	Cairn Energy	4,256	2.4	Oil and gas exploration and production
5	Balfour Beatty	4,043	2.3	Construction
6	Holidaybreak	4,000	2.2	Holiday company
7	Mowlem (John) & Co	3,936	2.2	Construction and other services
8	Meggitt	3,868	2.2	Aerospace
9	Dairy Crest Group	3,736	2.1	Dairy products
10	Lex Service	3,310	1.9	Automotive and business services
11	Mersey Docks and Harbour Company	3,306	1.9	Port operator
12	De La Rue	3,277	1.8	Bank note and paper manufacture and cash management systems
13	MFI Furniture Group	3,246	1.8	Manufacture and sale of furniture
14	Bodycote International	3,188	1.8	Engineering
15	communisis	3,133	1.8	Direct marketing and related printing services
16	Roxboro Group	3,045	1.7	Manufacture of electronic products
17	Brammer	3,006	1.7	Distribution of bearings and electronic equipment rental
18	Davis Service Group	2,981	1.7	Textile rental, tool hire and site services
19	TDG	2,942	1.6	Logistics
20	T&S Stores	2,933	1.6	Convenience store retailer
21	Shanks Group	2,820	1.6	Waste management
22	Luminar	2,810	1.6	Nightclub operator
23	Countrywide Assured Group	2,630	1.5	Insurance and estate agent
24	Maiden Group	2,398	1.3	Media
25	Paladin Resources	2,326	1.3	Oil and gas exploration and production
26	Oxford Instruments	2,301	1.3	Manufacture of advanced instrumentation
27	Fenner	2,278	1.3	Engineering
28	Marshalls	2,245	1.3	Manufacture of concrete and natural stone products
29	Scapa Group	2,163	1.2	Technical adhesive tapes
30	Friends Ivory & Sime	2,121	1.2	Investment management
31	Grainger Trust	2,106	1.2	Property
32	Ultra Electronics Holdings	2,099	1.2	Defence electronics and aerospace
33	Spectris	2,036	1.1	Manufacture of process control equipment



PORTFOLIO INFORMATION

FIFTY LARGEST INVESTMENTS

No.	Company	Valuation £'000	% of Total	Business Activity
34	Tops Estates	1,918	1.1	Property
35	Persimmon	1,892	1.1	Housebuilding
36	Johnston Press	1,881	1.0	Media
37	Enterprise Inns	1,859	1.0	Tenanted pub operator
38	Uniq	1,850	1.0	Manufacturer of convenience foods
39	Azlan Group	1,837	1.0	Computer networking: distribution, training and services
40	De Vere Group	1,822	1.0	Hotels
41	Greene King	1,710	1.0	Regional brewer and pub manager
42	Abbot Group	1,710	1.0	Oil services and wind power generation
43	London Merchant Securities	1,657	0.9	Property
44	Quintain Estates & Development	1,655	0.9	Property
45	Domestic & General Group	1,622	0.9	Insurance
46	SIG	1,561	0.9	Distribution of insulation products
47	Macro 4	1,537	0.9	Computer software and services
48	Grantchester Holdings	1,523	0.9	Property
49	RPC Group	1,456	0.8	Rigid plastic containers
50	Medisys	1,455	0.8	Healthcare products and services
	Top Fifty Investments	**133,338**	**74.8**	
	Other Investments (45)	34,239	19.2	
	Net Current Assets	10,777	6.0	
	Total Assets less Liabilities	**178,354**	**100.0**	



■ LONG-TERM RECORD

Historic Total Returns

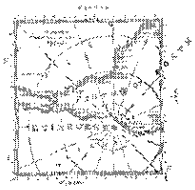
	Discrete Annual Returns (%)		
Period	**Unit NAV***	**Benchmark†**	**Unit Price ϕ**
1 year to 30 June 2001	24.7	-4.4	35.4
1 year to 30 June 2000	10.0	19.0	6.4
1 year to 30 June 1999	13.1	6.8	8.4
1 year to 30 June 1998	16.1	22.9	11.2
1 year to 30 June 1997	2.4	4.5	7.0
1 year to 30 June 1996	32.3	27.2	27.5
1 year to 30 June 1995	10.1	4.4	6.0
1 year to 30 June 1994	12.5	11.9	11.7
1 year to 30 June 1993	27.3	25.8	20.8
1 year to 30 June 1992	18.3	9.4	12.8

	Compound Annual Returns (%)			Cumulative Returns (%)		
Periods to 30 June 2001	**Unit NAV***	**Benchmark†**	**Unit Price ϕ**	**Unit NAV***	**Benchmark†**	**Unit Price ϕ**
2 years from 30 June 1999	17.1	6.7	20.1	37.1	13.8	44.1
3 years from 30 June 1998	15.8	6.7	16.1	55.2	21.6	56.3
4 years from 30 June 1997	15.9	10.6	14.8	80.2	49.4	73.8
5 years from 30 June 1996	13.0	9.3	13.2	84.4	56.1	86.0
6 years from 30 June 1995	16.0	12.1	15.5	144.1	98.5	137.2
7 years from 30 June 1994	15.2	11.0	14.1	168.8	107.2	151.3
8 years from 30 June 1993	14.8	11.1	13.8	202.2	131.9	180.8
9 years from 30 June 1992	16.2	12.6	14.5	284.8	191.7	239.2
10 years from 30 June 1991	16.4	12.3	14.4	355.2	219.1	282.5
10.1 years from inception on 14 May 1991	15.7	11.5	14.3	338.1	201.5	286.4

* Represents Unit Net Asset Value with net dividends reinvested since 2.7.97 prior to which gross dividends were reinvested.

† Represents capital appreciation on the Hoare Govett Smaller Companies Index (excluding investment trusts) with net dividends reinvested (prior to 1.1.97 in its "Extended" version and prior to 2.7.97 with gross dividends reinvested).

ϕ Represents Unit price with net dividends reinvested since 2.7.97, prior to which gross dividends were reinvested.



LONG-TERM RECORD

CAPITAL SUMMARY

As at 30 June	Shareholders' Funds £m	Unit NAV# p	Unit Price p	Unit Discount/ (Premium)† %	Capital Share NAV p	Capital Share Price p	Income Share NAV p	Income Share Price p
1991	28.1	187.5	202.0	(7.7)	175.6	98.0	11.9	104.0
1992	31.1	207.3	220.0	(6.1)	196.7	126.0	10.6	96.0
1993	37.5	250.3	251.0	(0.3)	239.7	159.0	10.6	89.0
1994*	84.1	271.2	270.0	0.4	260.6	175.0	10.6	92.0
1995	88.5	285.3	275.0	3.6	274.7	193.0	10.6	79.0
1996	113.3	365.2	336.0	8.0	354.4	265.0	10.8	72.5
1997	111.8	360.5	347.5	3.6	348.8	285.5	11.7	66.0
1998	125.8	405.8	373.0	8.1	393.5	300.5	12.3	74.0
1999	137.8	444.3	389.0	12.4	431.4	312.5	12.9	77.0
2000	147.0	474.1	400.0	15.6	461.1	346.5	13.0	58.0
2001	**178.4**	**575.2**	**524.0**	**8.9**	**561.5**	**475.0**	**13.7**	**54.5**

\# The calculation of Unit NAV (Net Asset Value) is based on the net assets attributable to the Units and on the number of Units in issue. A Unit comprises 1 Income Share and 1 Capital Share.

† The Discount/(Premium) calculation is the difference between the Company's Unit price and the underlying Unit Net Asset Value.

* In December 1993 the Company raised £47,375,000 (net of expenses) through a "C" Share issue.

REVENUE SUMMARY

GEARING RATIOS

Year to 30 June	Available for Income Shareholders £'000	Earnings per Income Share† p	Dividends per Income Share p	Expenses ratio¶ %	Actual gearing‡ %
1992+	1,434	9.56	9.00	1.26	101.0
1993	1,265	8.43	8.40	1.28	99.0
1994*	1,912	8.47	8.45	1.08	97.7
1995Ø	2,721	8.78	8.60	1.07	97.5
1996	2,919	9.41	9.20	1.04	98.1
1997	3,618	11.67	10.75	1.07	99.0
1998	3,982	12.84	12.25	1.06	97.9
1999	4,194	13.53	13.00	1.06	97.8
2000	4,375	14.11	14.00	1.06	97.1
2001	**4,984**	**16.07**	**15.40**	**1.01**	**94.0**

† The calculation of earnings per Income Share is based on the revenue from ordinary activities after taxation and the weighted average number of Income Shares in issue.

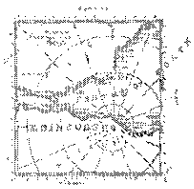
¶ Ratio of operating costs against average Shareholders' funds (calculated per AITC guidelines).

‡ Total investments divided by Shareholders' funds.

\+ This period is from 14 May 1991 (the Company's date of inception) to 30 June 1992.

* In December 1993 the Company raised £47,375,000 (net of expenses) through a "C" Share issue.

Ø In relation to the year to 30 June 1995 and due to an accounting policy change to record dividends on an "ex-dividend" basis, the Company also paid a Special Dividend of 1.50p per Income Share.



DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the net revenue for that period.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts have been prepared on a going concern basis and appropriate accounting policies have been used and consistently applied. Reasonable and prudent judgements and estimates have been used in the preparation of the accounts and applicable UK accounting standards have been followed.

REPORT BY THE AUDITORS

TO THE SHAREHOLDERS OF ABERFORTH SPLIT LEVEL TRUST PLC

We have audited the accounts on pages 25 to 35 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 28 and 29.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report. As described above this includes responsibility for preparing the accounts in accordance with applicable UK law and accounting standards. Our responsibilities, as independent auditors, are established in the UK by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Company is not disclosed.

We review whether the corporate governance statement on pages 22 to 24 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of either the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

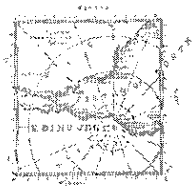
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 30 June 2001 and of its net revenue for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor

Edinburgh
18 July 2001



REPORT OF THE DIRECTORS

The Directors have pleasure in submitting the Tenth Annual Report and Accounts of the Company for the year to 30 June 2001.

PRINCIPAL ACTIVITY AND STATUS

The Company is an investment company as defined in Section 266 of the Companies Act 1985 and has been approved by the Inland Revenue as an Investment Trust, within the meaning of the Income and Corporation Taxes Act 1988, up to 30 June 1999. It is the opinion of the Directors that the Company has subsequently conducted its affairs so as to enable it to continue to obtain such approval. The Company will continue to seek approval under section 842 of the Income and Corporation Taxes Act 1988 each year. However, under Corporation Tax Self Assessment, which applies to accounting periods ended after 30 June 1999, the Inland Revenue will no longer be obliged to give written approval. Instead the Inland Revenue have twelve months after the return filing date in which to give notice that they intend to enquire into the return but if no such notice is given then approval may be assumed to have been obtained.

A review of the Company's business during the year is contained in the Chairman's Statement and the Managers' Report.

DURATION OF THE COMPANY AND GOING CONCERN BASIS

Under the Articles of Association the Directors are obliged to convene an Extraordinary General Meeting of the Company between 1 July 2001 and 30 June 2004 at which a Special Resolution will be proposed to wind up the Company voluntarily. In common with other investment trust companies whose capital structure is similar, it is the Directors' intention (barring unforeseen circumstances) to convene such a meeting towards the end of the required period.

The Directors shall not, however, be required to convene such an Extraordinary General Meeting if a resolution shall previously have been passed to reconstruct or reorganise the Company (whether by way of unitisation or otherwise).

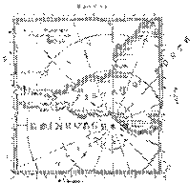
After making enquiries and notwithstanding the above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

RESULTS AND DIVIDENDS

	£'000	£'000
Revenue available for dividends		4,984
First interim dividend of 2.80p per Income Share paid 1 December 2000	868	
Second interim dividend of 2.80p per Income Share paid 2 March 2001	868	
Third interim dividend of 2.80p per Income Share paid 1 June 2001	868	
Fourth interim dividend of 7.00p per Income Share payable 7 September 2001	2,171	(4,775)
Transferred to revenue reserve		209

The fourth interim dividend will be paid on 7 September 2001 to Income Shareholders on the Register at close of business on 10 August 2001.

No final dividend will be declared in respect of the year ended 30 June 2001.



REPORT OF THE DIRECTORS

DIRECTORS

The Directors who held office at 30 June 2001 and their interests in the Shares of the Company as at that date were as follows:

		Income Shares		Capital Shares	
		2001	2000	**2001**	2000
M J Walker	Beneficial	**10,126**	10,126	**49,926**	49,926
H N Buchan	Beneficial	**10,000**	—*	**10,000**	—*
A C Dempster	Beneficial	**2,500**	2,500	**12,764**	12,764
D J Macdonald	Beneficial	**—**	—	**—**	—
Sir Fraser Morrison	Beneficial	***2,500***	*2,500*	***2,500***	*2,500*

*Holding as at date of appointment being 23 August 2000.

There has been no change in the holdings of the Directors between 30 June 2001 and 18 July 2001.

Mr M J Walker, who retires by rotation, and Mr H N Buchan, who retires following his appointment during the year, both being eligible, offer themselves for re-election and election respectively, at the Annual General Meeting. Biographical details are shown on page 6.

Sir Fraser Morrison is a non-executive Director of Clydesdale Bank plc which acts as custodian banker to the Company.

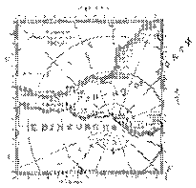
CORPORATE GOVERNANCE—THE COMBINED CODE OF BEST PRACTICE

The Board has considered the principles set out in the Combined Code and believes that the Company's current practice, given the special circumstances of an investment trust company is, in all material respects, consistent with the principles of the Combined Code. The Directors are also aware that there are many other published guidelines relating to corporate governance and, whilst these receive diligent review and consideration, the Board does not believe it appropriate to address them individually in the Annual Report. The Board is always available to discuss corporate governance issues with Shareholders.

Directors

The Board of Directors comprises five wholly independent non-executive Directors. Mr Walker acts as Chairman on all matters considered by the Board. The Company has no executive Directors nor any employees, however the Board has engaged external firms to undertake the investment management, secretarial and custodial activities of the Company. Clear documented contractual arrangements are in place between the Company and these firms which set out the areas where the Board has delegated authority to them. The Board as a whole constitutes and performs the functions of a Management Engagement Committee and at least once a year formally reviews the terms of the agreements with the Managers and Secretaries. The Board meets quarterly to review the overall business of the Company and to consider the matters specifically reserved. Detailed information is provided by the Managers and Secretaries for these meetings which enables the Directors to monitor the investment performance of the Company compared to its benchmark index and in relation to comparable investment trusts. The Directors also review the Company's activity over the quarter to ensure it adheres to its investment policy or, if it is considered appropriate, to authorise any change to that policy.

As the Board comprises only five non-executive Directors there is no formal Nomination Committee and appointments of new Directors are considered by the Board as a whole. New Directors are subject to election by Shareholders at the first Annual General Meeting after their appointment and thereafter at least at every third subsequent Annual General Meeting. This policy has been adopted by Board Resolution. In light of the Company's limited duration, the Board does not consider it appropriate that Directors be appointed for a specified term. Directors may seek independent professional advice at the expense of the Company.



REPORT OF THE DIRECTORS

Directors' Remuneration

Directors' remuneration comprises solely of Directors' fees, details of which are shown in note 5 of the Accounts. No Director has a contract of service with the Company.

Relations with Shareholders

The Company was formed to, and continues to, invest in a portfolio of small UK quoted companies. The Board believes that regular contact with Shareholders, the majority of whom are institutions, is essential. The Managers meet most of the institutional Shareholders twice a year and provide them with a detailed report on the progress of the Company. Directors of the Company have also met the institutional Shareholders and are always available for discussion with any Shareholder. Consequently the company does not consider it necessary to designate one person as the senior independent director. The Directors may be contacted through the Secretaries whose details are shown on page 6. All Shareholders have the opportunity to attend and vote at the Annual General Meeting during which the Directors and Managers are available to discuss key issues affecting the Company.

Accountability and Audit

The Company reports formally to Shareholders twice a year by way of the Annual Report and Accounts and the Interim Report. As mentioned above, the Managers meet major Shareholders regularly to update them and in addition Company performance and other relevant information is available on the Aberforth Partners' website at **www.aberforth.co.uk**.

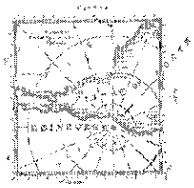
With effect from July 2000 the Company has applied the guidance published by The Institute of Chartered Accountants in England and Wales in respect of the Combined Code's sections on Internal Control (commonly known as the Turnbull Guidance on Internal Control).

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. Internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Directors have established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This was implemented in July 2000 and continues in place up to the date of this report. At least once a year the Directors formally review the effectiveness of the Company's system of internal control and this process principally comprises receiving and examining reports from the firms to which services are subcontracted detailing the internal control objectives and procedures adopted by each firm. Each report has been reviewed by the respective firm's auditors. The Directors have not identified any significant problems in respect of the Company's system of internal control.

The Board as a whole constitutes and performs the functions of an Audit Committee and specifically considers the financial reporting by the Company, the internal control principles adopted and the relationship with the Company's auditors. In addition it reviews the scope and results of the audit and its cost effectiveness and the independence and objectivity of the auditors.

Voting Policy and the Environment

The Company is a significant shareholder in approximately 100 small companies officially listed on the London Stock Exchange. The Company has given discretionary voting powers to the Investment Managers, Aberforth Partners. Aberforth Partners exercise these voting rights on every resolution which is put to shareholders of the investments owned by the Company. Aberforth Partners vote against resolutions which they believe may damage Shareholders' rights or economic interests and under normal circumstances these concerns would have been raised with the management of the company concerned. In all other cases votes are cast in favour. Day to day management of the Company's portfolio of investments is carried out by Aberforth Partners. The Directors are aware that the Managers give consideration to environmental issues, among many other factors, when investment decisions are taken.



REPORT OF THE DIRECTORS

Compliance with the Provisions of The Combined Code

Subject to the special circumstances of the Company as an investment trust, the Company has complied with the provisions of The Combined Code during the financial year with the following exceptions. Directors are not appointed for a specified term, there is no designated senior independent director and the Turnbull Guidance on Internal Control was not applied from 1 July 2000 until 19 July 2000. These issues are explained above.

MANAGEMENT

Aberforth Partners are Managers and Secretaries to the Company. These services can be terminated by either party at any time by giving six months' notice of termination. Aberforth Partners receive a quarterly management fee, payable in advance, equal to one-fifth of one per cent of the value of the total net assets of the Company. The Directors consider that, given the Managers' partnership structure, this fee basis provides an adequate performance-related incentive. Aberforth Partners also receive a quarterly secretarial fee, payable in advance, amounting to £12,787 (excluding VAT) per quarter during the year to 30 June 2001. The secretarial fee is adjusted annually in line with the Retail Prices Index. The Directors have decided to allocate part of the management fee to the Capital Reserve. The allocation is based upon an assessment of the activities undertaken by the Managers in pursuit of the investment objectives of the Company. The Directors believe that this accounting treatment enables the accounts to present a fair view of the Company's results in terms of both Capital and Revenue.

SUBSTANTIAL INTERESTS IN SHARE CAPITAL

The Board has been advised or is aware that the following persons had a notifiable interest in the issued share capital of the Company at 18 July 2001.

Income Shares of 10p	**% Held**	**Capital Shares of 10p**	**% Held**
Investec Holdings (UK)	*10.4*	*Royal & Sun Alliance Insurance Group*	6.9
Exeter Asset Management	6.6	Exeter Asset Management	6.0
Legal & General	4.3	Legal & General	4.3
Britannic Investment Managers	4.2	Royal London Asset Management	4.2
Royal & Sun Alliance Insurance Group	3.9	Newton Exempt Fund	3.1
Newton Exempt Fund	3.1		

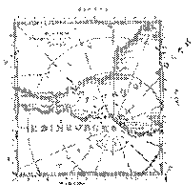
CREDITORS PAYMENT POLICY

The Company's creditors payment policy is to agree terms of payment before business is transacted, to ensure suppliers are aware of these terms and to settle bills in accordance with them. The Company did not have any trade creditors at the year end.

AUDITORS

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By Order of the Board
Aberforth Partners, *Secretaries*
14 Melville Street, Edinburgh EH3 7NS
18 July 2001



STATEMENT OF TOTAL RETURN
(INCORPORATING THE REVENUE ACCOUNT*) FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 Revenue £'000	2001 Capital £'000	2001 Total £'000	2000 Revenue £'000	2000 Capital £'000	2000 Total £'000
Gains/(losses) on investments	9	**—**	**32,069**	**32,069**	—	10,011	10,011
Income	2	**5,716**	**—**	**5,716**	5,035	—	5,035
Investment management fee	3	**(550)**	**(916)**	**(1,466)**	(494)	(822)	(1,316)
Other expenses	4	**(182)**	**—**	**(182)**	(166)	—	(166)
Return on ordinary activities before tax		**4,984**	**31,153**	**36,137**	4,375	9,189	13,564
Tax on ordinary activities	6	**—**	**—**	**—**	—	—	—
Return attributable to non-equity shareholders		**4,984**	**31,153**	**36,137**	4,375	9,189	13,564
Dividends in respect of non-equity shares	7	**(4,775)**	**—**	**(4,775)**	(4,341)	—	(4,341)
Transfer to reserves		**209**	**31,153**	**31,362**	34	9,189	9,223
Returns per non-equity interest							
Income Share	8	**16.07p**	**—**	**16.07p**	14.11p	—	14.11p
Capital Share	8	**—**	**100.47p**	**100.47p**	—	29.64p	29.64p
Unit							
(One Income Share plus one Capital Share)	8	**16.07p**	**100.47p**	**116.54p**	14.11p	29.64p	43.75p

*The revenue column of this statement is the profit and loss 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 year.

The accompanying notes are an integral part of this statement.



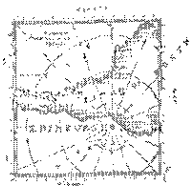
BALANCE SHEET
AS AT 30 JUNE 2001

	Note	2001 £'000	2000 £'000
FIXED ASSETS: INVESTMENTS			
Securities officially listed on the London Stock Exchange:			
UK ordinary shares		**167,040**	142,324
UK convertible securities		**537**	442
Total investments	9	**167,577**	142,766
Current assets			
Debtors	10	**1,303**	3,666
Cash at bank		**12,198**	3,457
		13,501	7,123
Creditors (amounts falling due within one year)	11	**(2,724)**	(2,897)
Net current assets		**10,777**	4,226
TOTAL ASSETS LESS LIABILITIES		**178,354**	146,992
CAPITAL AND RESERVES: NON-EQUITY INTERESTS			
Called up share capital:	12	**6,201**	6,201
Reserves:			
Share premium account	13	**24,543**	24,543
Capital redemption reserve	13	**45,549**	45,549
Capital reserve—realised	13	**77,319**	64,278
Capital reserve—unrealised	13	**23,610**	5,498
Revenue reserve	13	**1,132**	923
	14	**178,354**	146,992
NET ASSET VALUES	15		
PER INCOME SHARE		**13.7p**	13.0p
PER CAPITAL SHARE		**561.5p**	461.1p
PER UNIT (being one Income Share plus one Capital Share)		**575.2p**	474.1p

Michael Walker.

Approved by the Board of Directors on 18 July 2001 and signed on its behalf by M J Walker, *Chairman*

The accompanying notes are an integral part of this balance sheet.



CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2001

Reconciliation of revenue before taxation to net cash inflow from operating activities

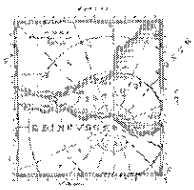
	2001	2000
	£'000	£'000
Revenue before taxation	**4,984**	4,375
Scrip dividends	**(47)**	(54)
Tax withheld from income on investment	**(6)**	(9)
Tax recovered	**9**	9
Investment management fee charged to capital	**(916)**	(822)
Increase in other debtors	**(194)**	(2)
Increase in other creditors	**1**	2
Net cash inflow from operating activities	**3,831**	3,499

CASH FLOW STATEMENT

	Note		
Net cash inflow from operating activities		**3,831**	3,499
Returns on investments and servicing of finance	16	**(4,526)**	(4,125)
Capital expenditure and financial investment	16	**9,436**	566
Increase/(decrease) in cash		**8,741**	(60)

Reconciliation of net cash flow to movement in net funds	17		
Increase/(decrease) in cash in the year		**8,741**	(60)
Change in Net Funds		**8,741**	(60)
Net Funds at 1 July 2000		**3,457**	3,517
Net Funds at 30 June 2001		**12,198**	3,457

The accompanying notes are an integral part of this statement.



NOTES ON THE ACCOUNTS

1 ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

(a) Basis of accounting

The accounts are prepared under the historical cost convention, modified to include the revaluation of investments. The accounts have been prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice "Financial statements of investment trust companies", ("SORP") except for the basis of the allocation of the investment management fee and the tax effect thereon between capital and revenue. This exception is in accordance with the recommendation of the SORP that certain split capital investment trusts should not comply with those recommendations which, if implemented, could affect the financial benefits or rights attaching to different classes of security.

(b) Valuation of investments

Quoted investments are valued at middle market prices. Where trading in the securities of an investee company is suspended, the investment is valued at the Board's estimate of its net realisable value.

Realised surpluses or deficits on the disposal of investments are taken to capital reserve—realised and unrealised surpluses and deficits on the revaluation of investments are taken to capital reserve—unrealised as explained in note 1(f) below.

(c) Income

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date. In accordance with FRS 16 dividend income is shown excluding any related tax credit. Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital reserves.

Other income is accounted for on an accruals basis.

(d) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except as follows:

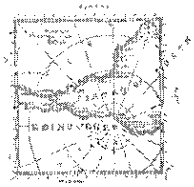
— expenses which are incidental to the acquisition of an investment are included within the cost of the investment;

— expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment;

— 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 this respect the investment management fee has been allocated 62.5% to capital reserve-realised and 37.5% to revenue account.

(e) Taxation

The tax effect of different items of income/gain and expenditure/loss is allocated between revenue and capital on the same basis as the particular item to which it relates, using the Company's effective rate of tax for the accounting period.



NOTES ON THE ACCOUNTS

1 ACCOUNTING POLICIES *(continued)*

(f) Capital reserves

Capital reserve—realised.

The following are accounted for in this reserve:

— gains and losses on the realisation of investments;

— gains on the return of capital by way of investee companies paying special dividends;

— expenses, together with the related taxation effect, charged to this reserve in accordance with the above policies.

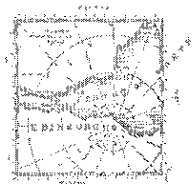
Capital reserve—unrealised.

The following are accounted for in this reserve:

— increases and decreases in the valuation of investments held at the year end.

2 INCOME

	2001 £'000	2000 £'000
Income from investments		
Franked investment income (net)	**5,224**	4,784
UK unfranked investment income	**31**	46
Scrip dividends	**47**	54
	5,302	4,884
Other income		
Deposit interest	**403**	147
Underwriting commission	**11**	4
	414	151
Total income	**5,716**	5,035
Total income comprises:		
Dividends	**5,271**	4,838
Interest	**434**	193
Other income	**11**	4
	5,716	5,035
Income from investments:		
Listed UK	**5,302**	4,884



NOTES ON THE ACCOUNTS

3 INVESTMENT MANAGEMENT FEE

	2001			2000		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Investment management fee	**550**	**916**	**1,466**	494	822	1,316

The Company's investment managers are Aberforth Partners. The contract between the Company and Aberforth Partners may be terminated by either party at any time by giving six months' notice of termination. Aberforth Partners receive a quarterly management fee, payable in advance, equal to one-fifth of one per cent of the value of the total net assets of the Company. In addition to the investment management fee, above, the Company also obtains secretarial services from Aberforth Partners. The fee for these services is recorded with other expenses (Note 4).

4 OTHER EXPENSES

	2001	2000
	£'000	£'000
Secretarial services	**60**	58
Directors' fees (Note 5)	**46**	32
Auditors' fee—for audit services	**8**	8
—for non-audit services	**1**	1
Other	**67**	67
	182	166

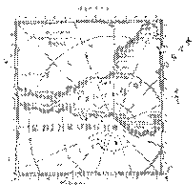
5 DIRECTORS' FEES

The emoluments of the Directors were as follows:

	2001	2000
	£'000	£'000
M W Walker, *Chairman*	**11,350**	11,000
H N Buchan	**7,780**	—
A C Dempster	**9,080**	8,800
D J Macdonald	**9,080**	1,302
D M C Michels	**—**	2,513
Sir Fraser Morrison	**9,080**	8,800
	46,370	32,415

6 TAXATION

As a result of the Company's expenses exceeding unfranked income there is no liability to corporation tax.



NOTES ON THE ACCOUNTS

7 DIVIDENDS ON INCOME SHARES

	2001 £'000	2000 £'000
First interim paid — 2.80p (2000: 2.60p)	**868**	806
Second interim paid — 2.80p (2000: 2.60p)	**868**	806
Third interim paid — 2.80p (2000: 2.60p)	**868**	807
Fourth interim payable — 7.00p (2000: 6.20p)	**2,171**	1,922
	4,775	4,341

8 RETURNS PER NON-EQUITY SHARES

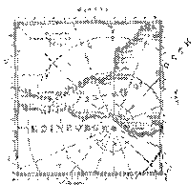
	2001			2000		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Income share	**16.07p**	**—**	**16.07p**	14.11p	—	14.11p
Capital share	**—**	**100.47p**	**100.47p**	—	29.64p	29.64p

The revenue return per Income Share is based on the net revenue on ordinary activities after taxation of £4,984,000 (2000: £4,375,000) and on 31,006,286 Income Shares being the weighted average number of Income Shares in issue during both years.

The capital return per Capital Share is based on net capital gains for the financial year of £31,153,000 (2000: £9,189,000) and on 31,006,286 Capital Shares being the weighted average number of Capital Shares in issue during both years.

9 INVESTMENTS

	Listed in UK £'000
Opening book cost	137,268
Opening unrealised appreciation	5,498
Opening valuation	**142,766**
Movements in the year:	
Purchases at cost	69,284
Sales—proceeds	(76,542)
—realised gains on sales	13,957
Increase in unrealised appreciation	18,112
Closing valuation	**167,577**
Closing book cost	143,967
Closing unrealised appreciation	23,610
Closing valuation	**167,577**



NOTES ON THE ACCOUNTS

9 INVESTMENTS (continued)

	2001 £'000	2000 £'000
Realised gains on sales	**13,957**	19,478
Increase/(decrease) in unrealised appreciation	**18,112**	(9,467)
Gains/(losses) on investments	**32,069**	10,011

10 DEBTORS

	2001 £'000	2000 £'000
Amounts due from brokers	**175**	2,729
Investment income receivable	**1,111**	915
Tax recoverable	**6**	9
Other debtors	**11**	13
	1,303	3,666

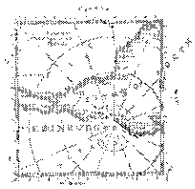
11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £'000	2000 £'000
Amounts due to brokers	**529**	952
Fourth interim dividend	**2,171**	1,922
Other creditors	**24**	23
	2,724	2,897

12 SHARE CAPITAL

	At 30 June 2001		At 30 June 2000	
Authorised:	**No. of Shares**	**£'000**	No. of Shares	£'000
Income Shares of 10p	**258,750,000**	**25,875**	258,750,000	25,875
Capital Shares of 10p	**258,750,000**	**25,875**	258,750,000	25,875
		51,750		51,750
Allotted, issued and fully paid:				
Income Shares of 10p	**31,006,286**	**3,100.6**	31,006,286	3,100.6
Capital Shares of 10p	**31,006,286**	**3,100.6**	31,006,286	3,100.6
		6,201.2		6,201.2

In accordance with the requirements of Financial Reporting Standard No. 4, all classes of the Company's shares are defined as "non-equity". However, in the opinion of the Directors, the income and capital shares are in aggregate the true equity of the Company.



NOTES ON THE ACCOUNTS

13 RESERVES

	Share premium account £'000	Capital redemption reserve £'000	Capital reserve-realised £'000	Capital reserve-unrealised £'000	Revenue reserve £'000
Beginning of year	**24,543**	**45,549**	**64,278**	**5,498**	**923**
Net gain on realisation of investments	—	—	13,957	—	—
Increase in unrealised appreciation	—	—	—	18,112	—
Management fee charged to capital	—	—	(916)	—	—
Retained net revenue for the year	—	—	—	—	209
End of year	**24,543**	**45,549**	**77,319**	**23,610**	**1,132**

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £'000	2000 £'000
Opening shareholders' funds	**146,992**	137,769
Total recognised gains and losses before dividends	**36,137**	13,564
Dividends in respect of Income Shares	**(4,775)**	(4,341)
Closing shareholders' funds	**178,354**	146,992
Attributable to Income Shareholders	**4,233**	4,024
Attributable to Capital Shareholders	**174,121**	142,968
	178,354	146,992

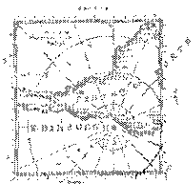
15 NET ASSET VALUE PER SHARE

Net asset value per Income Share is based on net assets attributable to Income Shares of £4,233,000 (2000: £4,024,000) and on 31,006,286 Income Shares in issue at 30 June 2001 (2000: 31,006,286).

Net asset value per Capital Share is based on net assets attributable to Capital Shares of £174,121,000 (2000: £142,968,000) and on 31,006,286 Capital Shares in issue at 30 June 2001 (2000: 31,006,286).

The movements during the year of the assets attributable to each class of share were as follows:

	Income Shares £'000	Capital Shares £'000	Total £'000
Total net assets attributable at beginning of year	4,024	142,968	146,992
Return on ordinary activities after taxation	4,984	31,153	36,137
Dividends	(4,775)	—	(4,775)
Total net assets attributable at end of year	4,233	174,121	178,354



NOTES ON THE ACCOUNTS

16 GROSS CASH FLOWS

	2001 £'000	2000 £'000
Returns on investments and servicing of finance		
Non-equity dividends paid	**(4,526)**	(4,125)
Capital expenditure and financial investment		
Payments to acquire investments	**(69,660)**	(81,674)
Receipts from sales of investments	**79,096**	82,240
	9,436	566

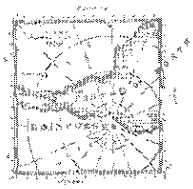
17 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 July 2000 £'000	Cash flows £'000	At 30 June 2001 £'000
Cash at bank	**3,457**	**8,741**	**12,198**

18 CONTINGENCIES, GUARANTEES AND FINANCIAL COMMITMENTS

Contingencies, guarantees and financial commitments of the Company at the year-end, which had not been accrued, are as follows:

	2001 £'000	2000 £'000
Underwriting commitments	**429**	—



NOTES ON THE ACCOUNTS

19 FINANCIAL INSTRUMENTS—FRS 13 DISCLOSURES

The Company's financial instruments comprise its investment portfolio (see note 9 and pages 16 and 17), cash balances, debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income.The disclosures below exclude short-term debtors and creditors.

The main risks that the Company faces arising from its financial instruments are i) interest rate risk; and ii) market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency rate movement. Since the Company invests in UK equities traded on the London Stock Exchange currency risk and liquidity risk are not significant.

(i) Interest rate risk

When the Company decides to hold cash balances, all balances are held on variable rate bank accounts yielding rates of interest linked to bank base rate which was 5.25% as at 30 June 2001 (2000: 6.0%). The Company's policy is to hold ordinary securities and not usually to invest in fixed rate securities.

(ii) Market risk

The Company's investment portfolio is exposed to market price fluctuations which are monitored by the investment managers in pursuance of the investment objective. Further information on the investment portfolio is set out in the Managers' Report on pages 10 to 14, which is not subject to audit. It is not the Managers' policy to use derivatives to manage portfolio risk.

The Company held the following categories of financial instruments at 30 June 2001:

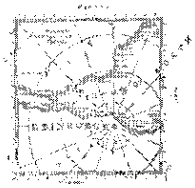
	2001		2000	
	Book Value	**Fair Value**	**Book Value**	**Fair Value**
	£'000	*£'000*	*£'000*	*£'000*
Financial Assets				
Investment Portfolio	**167,577**	**167,577**	142,766	142,766
Cash at bank	**12,198**	**12,198**	3,457	3,457
Financial Liabilities				
Income Shares	**3,101**	**16,898**	3,101	17,984
Capital Shares	**3,101**	**147,280**	3,101	107,437

The investment portfolio consists of listed investments, which are valued at mid-market price.

The "fair values" of the income and capital shares are based on quoted market prices at 30 June 2001 and 30 June 2000.

The Company has overdraft facilities with Clydesdale Bank PLC and Bank of Scotland for £5,000,000 in aggregate at interest rates linked to bank base rate. At the balance sheet date neither of these facilities were drawn down and both expire within one year.

The Company is a split capital investment trust. In the Directors' opinion the Income and Capital Shares are in aggregate the true equity of the Company although they must be disclosed as "non-equity" share capital (see note 12). The Shares are sterling denominated and further details of the rights attaching to them are given in the "Capital Structure" section on pages 2 and 3.



SHAREHOLDER INFORMATION

SHAREHOLDER REGISTER ENQUIRIES

All administrative enquiries relating to Shareholders such as queries concerning holdings, dividend payments, notification of change of address, loss of certificate or to be placed on a mailing list should be addressed to the Company's registrars:

Shareholder Services Department
Northern Registrars Limited
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0LA

Tel: 01484 600 900
Fax: 01484 600 911
Email: client.services@northernregistrars.co.uk
Website: **www.northernregistrars.co.uk**

PAYMENT OF DIVIDENDS

The best way to ensure that dividends are received as quickly as possible is to instruct the Company's registrars, whose address is given above, to pay them directly into a bank account; tax vouchers are then mailed to Shareholders separately. This method also avoids the risk of dividend cheques being delayed or lost in the post.

SOURCES OF FURTHER INFORMATION

The prices of the Capital Shares, Income Shares and Units are quoted daily in the *Financial Times*, *The Herald* and *The Scotsman*. These prices, together with the Net Asset Values and other financial data, can be found on the TrustNet website at **www.trustnet.com**. Other websites containing useful information on the Company are **www.FT.com** and **www.aitc.co.uk**. Company performance and other relevant information are available on the Aberforth Partners' website at **www.aberforth.co.uk** and are updated monthly.

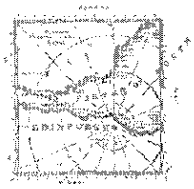
HOW TO INVEST

The Company's Capital Shares, Income Shares and Units are traded on the London Stock Exchange. They can be bought or sold by placing an order with a stockbroker, by asking a professional adviser to do so, or through most banks. The Company's Managers, Aberforth Partners, do not offer any packaged products such as ISAs, PEPs, Savings Schemes or Pension Plans.

Stock Exchange Codes	Capital Shares of 10p	0-007-960
	Income Shares of 10p	0-007-959
	Units (comprising 1 Capital Share and 1 Income Share)	0-007-971

AITC

The Company is a member of the Association of Investment Trust Companies which produces a detailed Monthly Information Service on the majority of investment trusts. This can be obtained by contacting the Association of Investment Trust Companies, Durrant House, 8–13 Chiswell Street, London EC1Y 4YY (Tel: 020 7282 5555).



SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

Results	For the half year to 31 December announced	January
	For the full year to 30 June announced	July
Income Share Dividends	*First interim*	
	Ex-dividend	October/November
	Payable	December
	Second interim	
	Ex-dividend	January/February
	Payable	March
	Third interim	
	Ex-dividend	April/May
	Payable	June
	Fourth interim	
	Ex-dividend	July/August
	Payable	September
Interim Report		January
Annual Report and Accounts		July
Annual General Meeting		August
Publication of Net Asset Values		Weekly (via Aberforth Partners' website and London Stock Exchange) Monthly (as weekly and also via AITC)
Website Content Update		Weekly/Monthly

GLOSSARY OF TECHNICAL TERMS

Discount

The amount by which the stockmarket price per share is lower than the Net Asset Value per share. The discount is normally expressed as a percentage of the Net Asset Value per share.

Expense Ratio

Total annual operating costs (net of tax relief), excluding interest costs, divided by the average Shareholders' funds (calculated per AITC guidelines).

Market Capitalisation

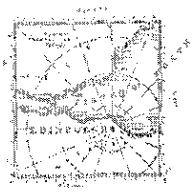
The market capitalisation of the Company is calculated by multiplying the stockmarket price per share by the total number of shares in issue.

Net Asset Value

Also described as Shareholders' funds, Net Asset Value is the value of total assets less liabilities. Liabilities for this purpose include borrowings as well as current liabilities. The Net Asset Value per share is calculated by dividing this amount by the total number of shares in issue.

Premium

The amount by which the stockmarket price per share exceeds the Net Asset Value per share. The premium is normally expressed as a percentage of the Net Asset Value per share.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Tenth Annual General Meeting of Aberforth Split Level Trust plc will be held at 14 Melville Street, Edinburgh on Wednesday, 29 August 2001 at 6.00 p.m. for the following purposes:

To consider and, if thought fit, pass the following Ordinary Resolutions:

1. That the Report and Accounts for the year to 30 June 2001 be adopted.
2. That Mr M J Walker be re-elected as a Director.
3. That Mr H N Buchan be elected as a Director.
4. That Ernst & Young LLP be re-appointed as Auditors and that the Directors be authorised to determine their remuneration.

By Order of the Board

for Aberforth Partners, *Secretaries*
14 Melville Street, Edinburgh EH3 7NS

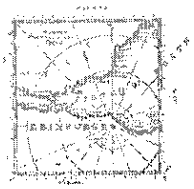
18 July 2001

A member who is entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on their behalf. Such a proxy need not also be a member of the Company.

A Form of Proxy for use by Shareholders is enclosed. Completion of the Form of Proxy will not prevent a Shareholder from attending the meeting and voting in person.

No Director has a contract of service with the Company.

Hyway Financial London & Edinburgh 65146
HTTP://www.hyway.co.uk



FORM OF PROXY

I/We..... BLOCK CAPITALS

of..... PLEASE

being (a) member(s) of Aberforth Split Level Trust plc ("the Company") hereby appoint the Chairman of the Meeting or (see Note 1) .....

of.....

as my/our proxy generally to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 14 Melville Street, Edinburgh on Wednesday, 29 August 2001 and at any adjournment thereof.

My/our proxy is to vote as indicated by an 'X' below in respect of the Resolutions set out in the Notice of Meeting (see Note 2).

Resolutions	*For*	*Against*
Ordinary Business		
1. That the Report and Accounts for the year to 30 June 2001 be adopted.		
2. That Mr M J Walker be re-elected as a Director.		
3. That Mr H N Buchan be elected as a Director.		
4. That Ernst & Young, LLP be re-appointed as Auditors and that the Directors be authorised to determine their remuneration.		

Signed or sealed (see Note 3)..... Date .....

Notes:

1. If it is desired to appoint any other person(s) as proxy, the words 'the Chairman of the Meeting or' should be struck out and the name(s) and address(es) of the other person(s) inserted in block letters in the space provided. A proxy need not be a holder of Income Shares or Capital Shares. Any alteration or deletion must be signed or initialled.
2. The manner in which the proxy is to vote should be indicated by inserting an 'X' in the relevant box marked 'For' or 'Against'. If no such indication is given, the proxy will vote or abstain at his discretion. The proxy will act at his discretion in relation to any other business arising at the Meeting (including any resolution to adjourn the Meeting).
3. In the case of a corporation, this form of proxy should either be given under its seal or signed on its behalf by an attorney or duly authorised officer. In the case of joint holders, the signature of any one of them will suffice, but the names of all joint holders should be shown.
4. Use of this form of proxy does not preclude a holder of Income Shares or Capital Shares from attending the Meeting and voting in person.
5. To be valid, this form of proxy must be lodged with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power or authority, at the offices of the Company's Registrars, Northern Registrars Limited, Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0LA, no later than 6 pm on 27 August 2001.

SECOND FOLD

BUSINESS REPLY SERVICE
Licence No. HF106

2

NORTHERN REGISTRARS LIMITED
NORTHERN HOUSE
WOODSOME PARK
FENAY BRIDGE
HUDDERSFIELD HD8 0JQ

FIRSTs FOLD

THIRD FOLD AND TUCK IN