ABERFORTH SPLIT LEVEL TRUST plc

Registered in Scotland No. 130668



INTERIM ACCOUNTS

1 July 2001 to 31 December 2001

Prepared and lodged pursuant to s.272 Companies Act 1985

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE INTERIM ACCOUNTS

The law requires that a company shall not make a distribution except out of profits available for the purpose. The accounts which are relevant for determining the profits available for distribution are, in the first instance, the last annual accounts. Where the distribution would be found to contravene the law if reference were made to the Company's last annual accounts, then the Directors may prepare interim accounts. Interim accounts are required to give a true and fair view of the state of affairs of the Company as at the balance sheet date and of the profit or loss of the Company for the period in respect of which the accounts are prepared. In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

STATEMENT OF TOTAL RETURN
(Incorporating the Revenue Account*)

	Notes	6 Months to 31 December 2001			12 Months to 30 June 2001		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	8	-	(6,655)	(6,655)	-	32,069	32,069
Income	2	2,466	-	2,466	5,716	-	5,716
Investment management fee	3	(287)	(477)	(764)	(550)	(916)	(1,466)
Other expenses	4	(99)	-	(99)	(182)	-	(182)
Return on ordinary activities before tax		**2,080**	**(7,132)**	**(5,052)**	**4,984**	**31,153**	**36,137**
Tax on ordinary activities	5	-	-	-	-	-	-
Return attributable to non-equity shareholders		**2,080**	**(7,132)**	**(5,052)**	**4,984**	**31,153**	**36,137**
Dividends in respect of non-equity shares	6	(1,798)	-	(1,798)	(4,775)	-	(4,775)
Transfer to/(from) reserves		**282**	**(7,132)**	**(6,850)**	**209**	**31,153**	**31,362**
Returns per non-equity interest							
Income Share	7	**6.71p**	-	**6.71p**	**16.07p**	-	**16.07p**
Capital Share	7	-	**(23.00p)**	**(23.00p)**	-	**100.47p**	**100.47p**
Unit (One Income Share plus one Capital Share)	7	**6.71p**	**(23.00p)**	**(16.29p)**	**16.07p**	**100.47p**	**116.54p**

* 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 period.

The accompanying notes are an integral part of this statement.

BALANCE SHEET

	Note	As at 31 Dec 2001 £'000	As at 30 Jun 2001 £'000
FIXED ASSETS – INVESTMENTS			
Securities Officially Listed on the London Stock Exchange			
UK Ordinary Shares		163,209	167,040
UK Convertible Securities		1,292	537
Total Investments	8	164,501	167,577
Current Assets			
Debtors	9	592	1,303
Cash at Bank		7,414	12,198
		8,006	13,501
Creditors (amounts falling due within one year)	10	(1,003)	(2,724)
Net Current Assets		7,003	10,777
TOTAL ASSETS LESS CURRENT LIABILITIES		171,504	178,354
CAPITAL AND RESERVES: NON EQUITY INTERESTS			
Called up share capital	11	6,201	6,201
Reserves			
Share premium account	12	24,543	24,543
Capital redemption reserve	12	45,549	45,549
Capital reserve - realised	12	76,240	77,319
Capital reserve - unrealised	12	17,557	23,610
Revenue reserve	12	1,414	1,132
	13	171,504	178,354
NET ASSET VALUES	18		
Per Income Share		14.6p	13.7p
Per Capital Share		538.5p	561.5p
Per Unit (being one Income Share and one Capital Share)		553.1p	575.2p

Approved by the Board of Directors on 23 January 2002 and signed on its behalf by M.J. Walker, Chairman.

Michael Walker

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

CASH FLOW STATEMENT

		6 mths to 31 Dec 2001 £'000	12 mths to 30 Jun 2001 £'000
Reconciliation of revenue before taxation to net cash inflow from operating activities			
Revenue before taxation		2,080	4,984
Scrip dividends		(11)	(47)
Tax withheld from income on investment		-	(6)
Tax recovered		6	9
Investment management fee charged to capital		(477)	(916)
Decrease/(increase) in debtors		530	(194)
(Decrease)/increase in creditors		(5)	1
Net cash inflow from operating activities		2,123	3,831
CASH FLOW STATEMENT	*Note*		
Net cash inflow from operating activities		2,123	3,831
Returns on investments and servicing of finance	14	(3,070)	(4,526)
Capital expenditure and financial investment	14	(3,837)	9,436
(Decrease)/increase in cash		(4,784)	8,741
Reconciliation of net cash flow to movement in net funds	15		
(Decrease)/increase in cash in the period		(4,784)	8,741
Change in Net Funds		(4,784)	8,741
Net Funds at 1 July 2001		12,198	3,457
Net Funds at 31 December 2001		7,414	12,198

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 period and with 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 the different classes of security.

(b) Valuation of investments

Investments in securities officially listed on the London Stock Exchange 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.

(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 period end.

2 INCOME

	6 Mths to 31 Dec 2001	12 Mths to 30 Jun 2001
	£'000	£'000
Income from investments		
Franked investment income (excluding tax credit)	2,172	5,224
UK unfranked investment income	16	31
Scrip dividends	11	47
	2,199	5,302
Other income		
Deposit interest	258	403
Underwriting commission	9	11
	267	414
Total income	2,466	5,716
Total income comprises		
Dividends	2,183	5,271
Interest	274	434
Other income	9	11
	2,466	5,716
Income from investments		
Officially listed on the London Stock Exchange	2,199	5,302

3 INVESTMENT MANAGEMENT FEE

	6 Months to 31 December 2001			12 Months to 30 June 2001		
	Revenue £'000	**Capital £'000**	**Total £'000**	*Revenue £'000*	*Capital £'000*	*Total £'000*
Investment Management Fee	287	477	764	550	916	1,466

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*

	6 Mths to 31 Dec 2001 £'000	12 Mths to 30 Jun 2001 £'000
Secretarial services	31	60
Directors' fees	27	46
Auditors' fees – for audit services	4	8
Auditors' fees – for non-audit services	1	1
Other	36	67
	99	182

5 TAXATION

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

6 DIVIDENDS

	6 Mths to 31 Dec 2001 £'000	12 Mths to 30 Jun 2001 £'000
Income Shares		
First interim - 2.90p (Year to 30 June 2001 - 2.80p)	899	868
Second interim - 2.90p (Year to 30 June 2001 - 2.80p)	899	868
Third interim (Year to 30 June 2001 - 2.80p)		868
Fourth interim (Year to 30 June 2001 – 7.00p)		2,171
	1,798	4,775

The second interim dividend for the year to 30 June 2002 of 2.90p per Income Share will be paid on 1 March 2002 to Shareholders on the register at the close of business on 1 February 2002.

7 RETURNS PER NON-EQUITY SHARES

	6 Months to 31 December 2001			12 Months to 30 June 2001		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income Share	6.71p	-	6.71p	16.07p	-	16.07p
Capital Share	-	(23.00p)	(23.00p)	-	100.47p	100.47p

The revenue return per Income Share for the 6 months to 31 December 2001 is based on the net revenue on ordinary activities after taxation of £2,080,000 (year to 30 June 2001 - £4,984,000) and on 31,006,286 Income Shares being the weighted average number of Income Shares in issue during both periods.

The capital return per Capital Share for the 6 months to 31 December 2001 is based on net capital loss of £7,132,000 (year to 30 June 2001 - net capital gains of £31,153,000) and on 31,006,286 Capital Shares being the weighted average number of Capital Shares in issue during both periods.

8 INVESTMENTS

	Listed in UK £'000
Opening book cost	143,967
Opening unrealised appreciation	23,610
Opening valuation	167,577
Movements in the period:	
Purchases at cost	26,949
Sales – proceeds	(23,370)
- realised gains/(losses) on sales	(602)
Decrease in unrealised appreciation	(6,053)
Closing valuation	164,501
Closing book cost	146,944
Closing unrealised depreciation	17,557
Closing valuation	164,501

	6 Mths to 31 Dec 2001 £'000	12 Mths to 30 Jun 2001 £'000
Realised gains/(losses) on sales	(602)	13,957
(Decrease)/increase in unrealised appreciation	(6,053)	18,112
Gains/(losses) on investments	(6,655)	32,069

9 DEBTORS

	As at 31 Dec 2001 £'000	As at 30 Jun 2001 £'000
Amounts due from brokers	-	175
Investment income receivable	580	1,111
Tax recoverable	-	6
Other debtors	12	11
	592	1,303

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 31 Dec 2001 £'000	As at 30 Jun 2001 £'000
Amounts due to brokers	85	529
Proposed dividend	899	2,171
Other creditors	19	24
	1,003	2,724

11 SHARE CAPITAL

	At 31 December 2001		At 30 June 2001	
	No of Shares	£'000	No of Shares	£'000
Authorised				
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.

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 the Company 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.

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 share plus any undistributed revenue reserve. Capital Shareholders are entitled to one vote per share.

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).

12 RESERVES

	Share premium account £'000	Capital redemption reserve £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000
As at 1 July 2001	**24,543**	**45,549**	**77,319**	**23,610**	**1,132**
Net gain/(loss) on realisation of investments	-	-	(602)	-	-
Decrease in unrealised appreciation	-	-	-	(6,053)	-
Management fees charged to capital	-	-	(477)	-	-
Retained net revenue for the period	-	-	-	-	282
As at 31 December 2001	**24,543**	**45,549**	**76,240**	**17,557**	**1,414**

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	6 Mths to 31 Dec 2001 £'000	12 Mths to 30 Jun 2001 £'000
Opening shareholders' funds	178,354	146,992
Total recognised gains and losses before dividends	(5,052)	36,137
Dividends in respect of Income Shares	(1,798)	(4,775)
Closing shareholders' funds	171,504	178,354
Attributable to Income Shareholders	4,515	4,233
Attributable to Capital Shareholders	166,989	174,121
	171,504	178,354

14 GROSS CASH FLOWS

	6 Mths to 31 Dec 2001 £'000	12 Mths to 30 Jun 2001 £'000
Returns on investment and servicing of finance		
Non-equity dividends paid	(3,070)	(4,526)
Capital expenditure and financial investment		
Payments to acquire investments	(27,382)	(69,660)
Receipts from sales of investments	23,545	79,096
	(3,837)	9,436

15 ANALYSIS OF CHANGE IN NET FUNDS

	At 1 July 2001 £'000	Cash Flows £'000	At 31 December 2001 £'000
Cash at bank	12,198	(4,784)	7,414

16 CONTINGENCIES, GUARANTEES AND FINANCIAL COMMITMENTS

There were no contingencies, guarantees or financial commitments of the Company as at 31 December 2001 which had not been accrued.

17 FINANCIAL INSTRUMENTS – FRS 13 DISCLOSURES

The Company's financial instruments comprise its investment portfolio (see note 8), 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 4% as at 31 December 2001 (30 June 2001 – 5.25%). 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. It is not the Managers' policy to use derivatives to manage portfolio risk.

The Company held the following categories of financial instruments at 31 December 2001:

	31 December 2001		30 June 2001	
	Book Value £'000	**Fair Value £'000**	Book Value £'000	Fair Value £'000
Financial Assets				
Investment portfolio	164,501	164,501	167,577	167,577
Cash at bank	7,414	7,414	12,198	12,198
Financial Liabilities				
Income Shares	3,101	15,581	3,101	16,898
Capital Shares	3,101	138,598	3,101	147,280

The investment portfolio consists of investments in securities officially listed on the London Stock Exchange, which are valued at mid-market price.

The "fair values" of the Income and Capital Shares are based on quoted market prices at 31 December 2001 and 30 June 2001.

The Company has overdraft facilities with Clydesdale Bank PLC and Bank of Scotland for £5,000,000 in aggregate at an interest rate of 0.75% per annum over 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 11). The Shares are Sterling denominated and further details of the rights attaching to them are given in note 11.

18 NET ASSET VALUE PER SHARE

Net asset value per Income Share is based on net assets attributable to Income Shares of £4,515,000 (30 June 2001 - £4,233,000) and on 31,006,286 Income Shares in issue at 31 December 2001 (30 June 2001 - 31,006,286).

Net asset value per Capital Share is based on net assets attributable to Capital Shares of £166,989,000 (30 June 2001 - £174,121,000) and on 31,006,286 Capital Shares in issue at 31 December 2001 (30 June 2001 - 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 period	4,233	174,121	178,354
Return on ordinary activities after taxation	2,080	(7,132)	(5,052)
Dividends	(1,798)	-	(1,798)
Total net assets attributable at end of period	4,515	166,989	171,504