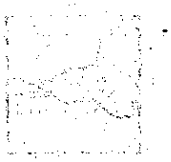
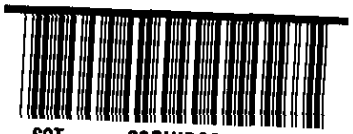
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Aberforth Split Level Trust plc

Annual Report and Accounts

30 June 2002



Company Number: 130668

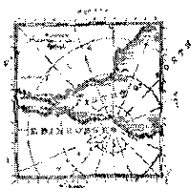


■ INVESTMENT OBJECTIVE

"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 companies) over the long term by investing in a diversified portfolio of small UK quoted companies."

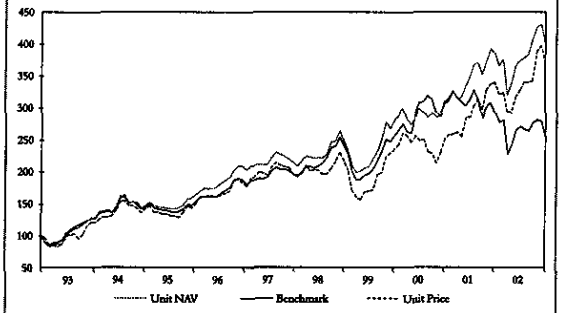
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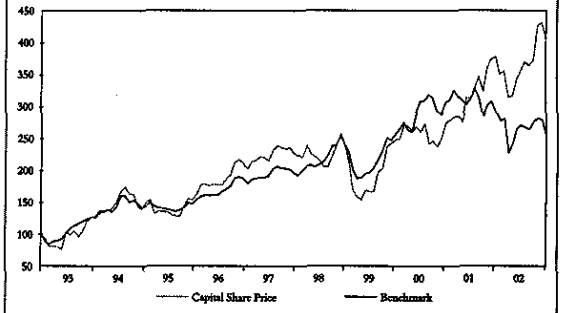


TEN YEAR INVESTMENT RECORD

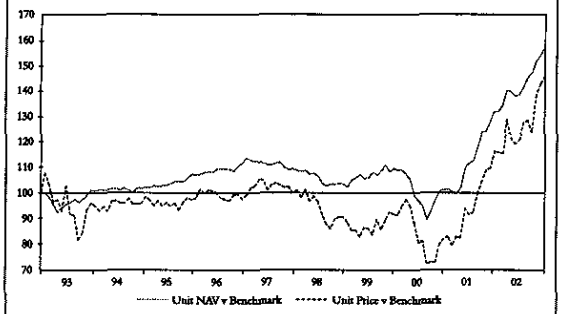
Unit Absolute Performance
(figures are total returns and have been rebased to 100 at 1 July 1992)



Capital Share Absolute Performance
(figures are total returns and have been rebased to 100 at 1 July 1992)



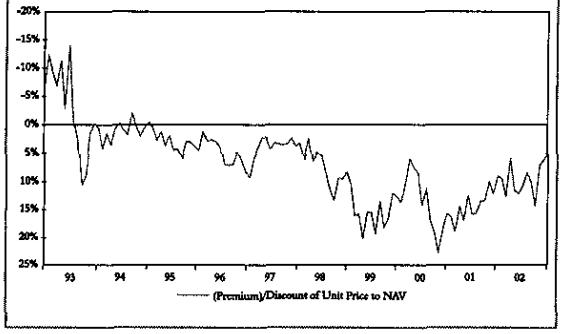
Unit Relative Performance
(figures are total returns and have been rebased to 100 at 1 July 1992)



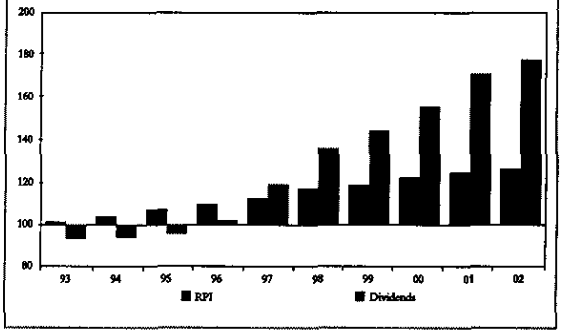
Income Share Absolute Performance
(figures are total returns and have been rebased to 100 at 1 July 1992)

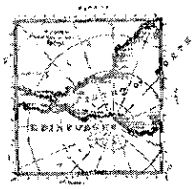


(Premium)/Discount
(being the % difference between Unit Price and NAV)



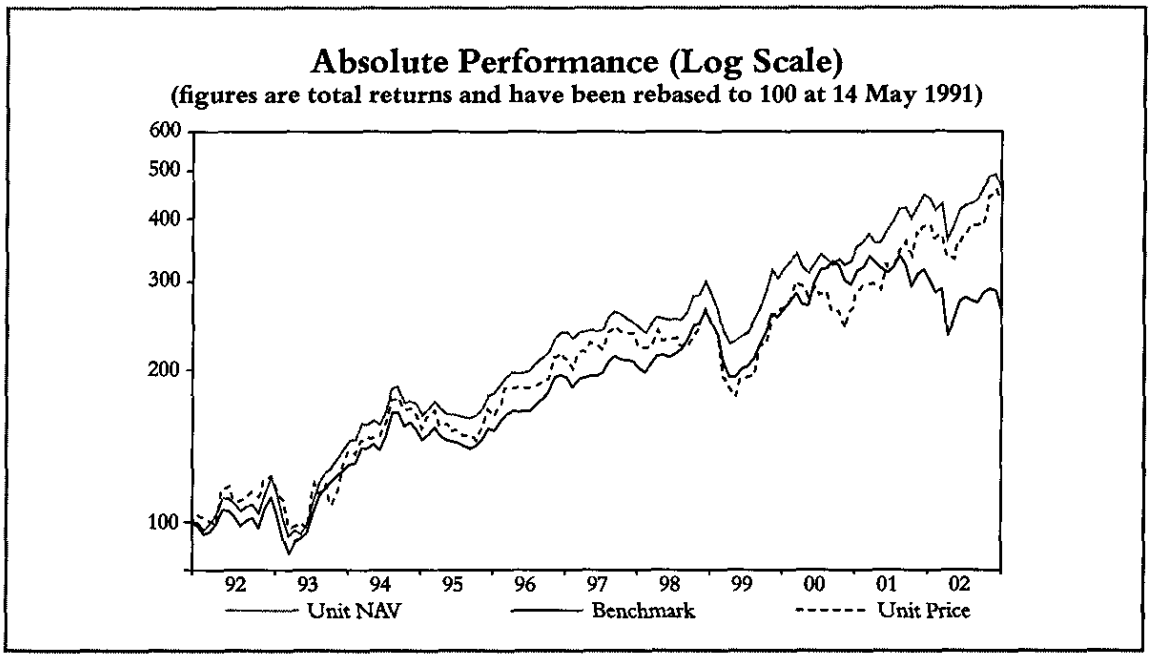
Dividends and RPI growth
(figures have been rebased to 100 at 30 June 1992)





COMPANY SUMMARY

PERFORMANCE SINCE INCEPTION ON 14 MAY 1991

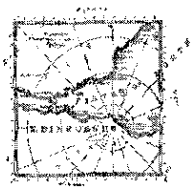


BENCHMARK INDEX

The Company's performance is measured against the total return on the Hoare Govett Smaller Companies Index (excluding investment companies). This comprises the bottom 10% of all UK quoted companies by market value which at 1.1.02 included some 945 companies, the largest market capitalisation of which was £836m and the aggregate market capitalisation of which was £119bn.

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.



COMPANY SUMMARY

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 manage over £870m invested in small UK quoted companies and further information on the firm is set out on page 20.

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 2002 was £1,364,000, equal to 0.76% of the Company's total net assets at 30 June 2001 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 £13,049, equal to an annual fee of £52,196. 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 2002	Total	Capital Shares	Income Shares
Shareholders' Funds	£180m	£176m	£4m
Market Capitalisation	£172m	£158m	£14m

CAPITAL STRUCTURE

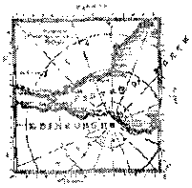
Summary

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.

As at 30 June 2002 ASLeT had in issue 31,006,286 Income Shares and 31,006,286 Capital Shares, of which approximately 15,977,000 of each class are dealt in separately on the London Stock Exchange. Approximately 15,029,000 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.



■ COMPANY SUMMARY

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

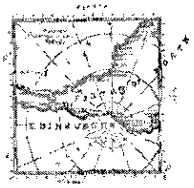
Each of the Company's listed securities are eligible for inclusion in the "Stocks and Shares" component of an Individual Savings Account.

■ 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.



DIRECTORS AND ADVISERS

DIRECTORS

Michael J Walker (66) (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 (57) (Appointed August 2000)

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

Alastair C Dempster (62) (Appointed April 1991)

Alastair Dempster is Chairman of Sportscotland, the Scottish Community Foundation and Aberforth Geared Capital & Income Trust plc. He was Chief Executive of Lloyds TSB Scotland plc.

Donald J Macdonald (55) (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 14 years as a managing director and 10 years as main board director of a plc.

Sir Fraser Morrison, CBE (54) (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

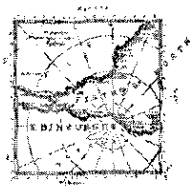
REGISTRARS
Northern Registrars Limited
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0LA
Tel No 01484 600901

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

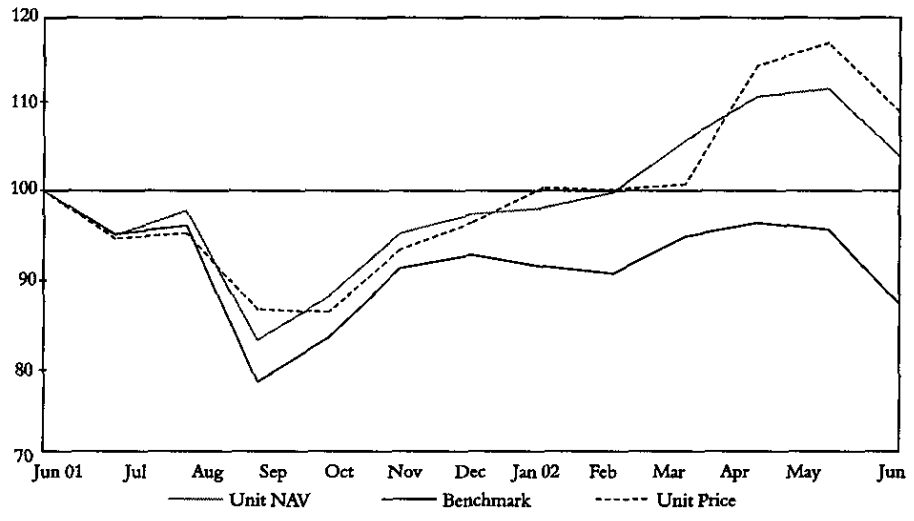
SOLICITORS AND SPONSORS
Dickson Minto W.S.
11 Walker Street
Edinburgh EH3 7NE



■ YEAR'S SUMMARY

Year to 30 June 2002 Total Returns

ASLeT Unit* Net Asset Value	**3.9%**
Benchmark Index	**-13.0%**
ASLeT Unit Price	**9.1%**
ASLeT Capital Share Price	**7.5%**
ASLeT Income Share Price	**9.9%**



(figures are total returns and have been rebased to 100 at 30 June 2001)

*A unit comprises 1 Income Share and 1 Capital Share.



YEAR'S SUMMARY

	As at 30 June 2002	As at 30 June 2001	**% Change**
Total assets (before deduction of borrowings)	**£180.1m**	£178.4m	1.0
Loans and other borrowings	**—**	—	
Shareholders' funds	**£180.1m**	£178.4m	1.0
Market capitalisation	**£171.9m**	£164.2m	4.7
Unit net asset value	**580.9p**	575.2p	1.0
Capital Share net asset value	**567.8p**	561.5p	1.1
Income Share net asset value	**13.1p**	13.7p	-4.4
Benchmark Index (capital only)	**2,205.08**	2,611.13	-15.6
Unit price	**554.0p**	524.0p	5.7
Capital Share price	**510.5p**	475.0p	7.5
Income Share price	**44.0p**	54.5p	-19.3
Earnings per Income Share	**15.5p**	16.1p	-3.7
Dividends per Income Share	**16.0p**	15.4p	3.9
Expense ratio (Unit)	**1.04%**	1.01%	
Portfolio turnover	**28.1%**	47.0%	
Unit discount	**4.6%**	8.9%	
Capital Share discount	**10.1%**	15.4%	

	Year to 30 June 2002		Year to 30 June 2001	
Year's high and low (on month end values)	**High**	**Low**	High	Low
Unit net asset value	**633.0p**	**473.1p**	592.0p	474.1p
Capital Share net asset value	**614.9p**	**459.2p**	573.5p	461.1p
Income Share net asset value	**18.1p**	**13.1p**	18.4p	13.0p
Unit price	**595.0p**	**445.0p**	524.0p	400.0p
Capital Share price	**542.0p**	**395.5p**	475.0p	346.0p
Income Share price	**55.5p**	**44.0p**	58.0p	51.5p
Unit discount	**4.6%**	**14.0%**	8.9%	18.5%
Capital Share discount	**10.1%**	**20.1%**	15.4%	26.4%

	Year to 30 June 2002	Year to 30 June 2001
Total return per Unit		
Revenue	**15.47p**	16.07p
Capital	**6.18p**	100.47p
Total	**21.65p**	116.54p



CHAIRMAN'S STATEMENT

PERFORMANCE

For the year to 30 June 2002 the performance of Aberforth Split Level Trust plc (ASLeT) has bettered that of its investment benchmark by achieving a positive total return of 3.9% compared with a negative return of 13.0% from the Hoare Govett Smaller Companies Index (excluding investment companies) as well as a return of minus 14.8% recorded by larger companies, represented by the FTSE All-Share Index.

It is pleasing to be able to report not only strong relative performance but also a positive absolute return in a period in which stockmarket indices displayed negative returns. Of the eleven complete years of ASLeT's existence, the last two have produced the best and second best relative performances. It is worth emphasising that the investment style adopted by your Managers and the discipline that they apply to the construction of the portfolio have remained unwavering throughout the period of ASLeT's life, this style having been applied consistently during periods of major climate change in the UK stockmarket. Having witnessed a sustained decline in the share prices of many of the companies responsible for creating the so called "TMT bubble" in late 1999 and early 2000, the period has been a fruitful one for ASLeT, the effect having been compounded by good relative stockmarket performance from companies that might traditionally be described as "value investments". This major trend within stockmarkets – which has not been confined to the UK – has been of benefit to ASLeT.

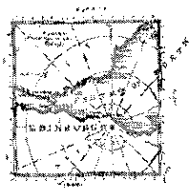
Even after taking into account this favourable trend, the sector and stock selection exercised by your Managers has made the most of the conditions, adding significant value with accompanying benefit to ASLeT.

While cheerfully observing the strength of this recent performance against the benchmark index and looking to the future, Shareholders should be cautious about extrapolating from an unusually rewarding combination of circumstances. The objective of your Managers is to better the index performance over time. The diversified nature of the portfolio and the consistency of the investment process should be expected to achieve this objective but to a more modest extent than that witnessed over the last two years.

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 that are out of favour but whose constituents retain attractive characteristics. In any circumstances there will be sectors and companies that offer value and it is your Managers' task to locate and, as appropriate, take advantage of these opportunities. It is the nature of stockmarkets that there is a cycle of sectors that suffer unpopularity and your Managers constantly scrutinise these, and all others, for signs of attractive value.

DIVIDENDS

Your Board is pleased to announce an increase in this year's dividends to a total for the year of 16.0p per Income Share, up from 15.4p last year, representing an increase of 3.9%. This means that the fourth interim dividend will be 7.3p per Income Share, up from 7.0p paid last year. The fourth interim dividend will be paid on 6 September 2002 to holders of Income Shares on the register on 9 August 2002.



■ CHAIRMAN'S STATEMENT

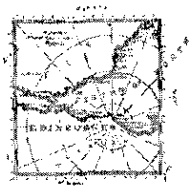
I mentioned in my Statement last year that it would be prudent to expect a lower rate of increase in dividends this year consistent with a slowing economic background. While this has proved to be the case, it is hardly something to celebrate. Economic conditions remain difficult, though Income Shareholders may derive comfort from ASLeT's revenue reserves (equivalent to 3.1p per Income Share) which should allow the continuing payment of modestly rising dividends to Income Shareholders. This is, in any event, appropriate as the Company enters the likely twilight of its life, in its present form.

■ OUTLOOK

Stockmarkets have endured a difficult year as the twin facets of a high level of valuation and a low level of economic growth, throughout the world, have weighed heavily.

There are, however, always opportunities in the stockmarket and Shareholders may be assured that your Managers seek continously and diligently to identify these. While Shareholders should not expect the strength of relative performance achieved over the last two years to form a recurring pattern, your Board believes that your Managers will continue to make the most of the circumstances that prevail.

Michael J Walker
Chairman
17 July 2002



■ MANAGERS' REPORT

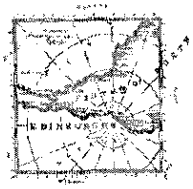
■ INTRODUCTION

ASLeT produced a positive total return of 3.9% in the year to 30 June 2002, a period in which the benchmark HGSC Index (excluding investment companies) declined by 13.0% in total return terms. This was a difficult time for equity investors in general, reflected in the performance of larger companies: the FTSE All-Share Index fell by 14.8%.

The defining events of the year were undoubtedly the attacks on the World Trade Centre and the Pentagon in September. Their repercussions, though incalculable in human terms, were starkly obvious on stockmarkets. In the first quarter of ASLeT's financial year, the FTSE All-Share fell by 13.5%, while the benchmark dropped by 22.0% as investors sought the apparent safety of larger companies. However, confidence returned to the extent that small UK quoted companies outperformed their larger peers for a third consecutive year.

Nevertheless, equity returns were negative and indices around the world continue to languish a considerable distance from their peaks in early 2000. In many respects, the causes of this weakness are a continuation of those that precipitated the initial peaking of valuations in early 2000 and, again, we must look to the US to understand them.

- Equities – despite their weakness – remain highly valued in a historical context. Standard & Poor's own analysis of the S&P 500 Index suggests that its PE ratio on 2001 operating earnings (i.e. excluding exceptionals) is 26x. With the effect of exceptionals included the multiple rises to 41x and, with share options expensed in the profit and loss accounts of the underlying companies, it rises further to 50x. Even if account is taken of cyclically depressed corporate profitability, these appear high valuations for an index whose average PE multiple since 1945 has been 15x.
- Surprisingly, such valuations prevail at a time when investors' confidence in the quality of company earnings and in the executives who report them has been undermined. The downfall of Enron is astonishing but, with close to 1,000 US companies having restated earnings since 1997, appears merely symptomatic of a wider malaise that threatens to increase the perceived risk of equity investment.
- An alternative gauge of corporate profitability is the aggregate profits series within national accounts data. In both the US and UK, these reveal that corporate profits' share of GDP has been declining since the mid 1990s. Companies appear to have handed productivity benefits on to their employees and, in an environment of low inflation, have found it difficult to pass through increases in their costs to consumers. On top of this, the TMT bubble encouraged investment in what proved, with the benefit of hindsight, unnecessary capacity and technologies. Companies were thus left with excessive levels of debt and diminished pricing power, an unfortunate combination in increasingly risk averse capital markets.
- Compounding their woes has been the slowdown in the US economy. The US is crucial to the health of the rest of the world: it accounted for 40% of the growth in global demand between 1996 and 2000. Recession officially commenced in March 2001, though the Federal Reserve acknowledged the risk in January of that year with the first in a series of cuts that have taken interest rates to their lowest level in 40 years. This pre-emptive and aggressive loosening of monetary policy undoubtedly mitigated the worst effects of the downturn: inspired by the opportunity to refinance mortgages and supported by greater government spending, the responsive American consumer has continued to spend.



■ MANAGERS' REPORT

An important element to a revival in the fortunes of stockmarkets is a robust recovery in corporate profitability and, by extension, in the American economy. The balance of recent economic statistics and survey evidence suggests that a recovery is indeed under way. Economic commentators, however, still hotly dispute its speed and duration. Perhaps the principal risk to a quick and sustained upturn remains the potentially deflationary impact of the still high level of debt held by both companies and consumers. Intriguingly, however, some commentators argue that the foundations of the recovery – a mounting budget deficit, much of it committed to non-productive defence spending, and historically low interest rates – threaten to re-ignite inflation.

Adding to the uncertainty is the recent weakness of the US Dollar, which reflects a continuing deterioration in the current account and a reduced enthusiasm for US assets: not only does it inhibit the ability of the American consumer to buy overseas goods, but it also threatens to foster a recovery in corporate America that comes *at the expense of* the rest of the world. Hints of such a unilateral upturn have already been seen in the Bush Administration's steel tariffs. A breakdown in the "globalisation" consensus would be unfortunate given the importance of trade to global growth through the last decade: trade accounted for 25% of the world's GDP in 2000 against 18% in 1990.

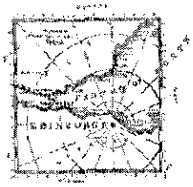
US Dollar weakness has not, to date, proved too troublesome for the UK, with Sterling also having fallen against the Euro. Sustained currency weakness would provide a welcome fillip to the beleaguered British manufacturing sector, which has seen its competitiveness radically undermined in recent years. The Monetary Policy Committee may also be pleased to the extent that it affords greater scope to raise interest rates in response to an increasingly bullish consumer. Low unemployment and a housing market whose resemblance to that of the late 1980s grows by the month have combined to produce an annualised growth rate in consumer spending of 4%. As in the US, this is showing up in a potentially troublesome deterioration in the trade account.

■ INVESTMENT PERFORMANCE

In this difficult period for equities, it is pleasing that ASLeT is able to report both a good performance relative to the benchmark and a positive absolute return. The Managers undeniably benefited from what following winds there were in an otherwise stormy stockmarket. Reflecting their cheaper valuations and lower exposure to problematic industries such as telecoms, smaller companies performed well against their larger peers. Moreover, the value investment style, to which the Managers have always adhered, proved helpful as, for a second year, dozens of growth companies, particularly in the TMT sectors, failed to live up to investors' expectations.

These two broad stockmarket trends made important contributions to ASLeT's performance but were essentially beyond the influence of the Managers. Factors over which they have greater control are sector and stock selection. Clearly, adherence to value investment would have had a positive influence on the choice of sectors and stocks. Reassuringly, though, third-party data available to the Managers suggest that the portfolio would also have outstripped an index of small UK quoted "value" companies.

Stock and sector selection are examined in more depth in the following numerical Performance Attribution Analysis and the subsequent paragraphs.



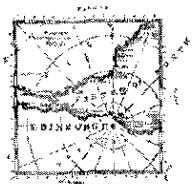
MANAGERS' REPORT

PERFORMANCE ATTRIBUTION ANALYSIS
12 Months to 30 June 2002

	Basis Points
Stock Selection	1,397
Sector Selection	347
Attributable to the portfolio of investments	1,744
Cash	(27)
Revenue deficit	(9)
Special dividends credited to capital	8
Management Fee charged to Capital	(56)
Total Attribution	**1,660**

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 = 1.0%; Benchmark Index = -15.6%; difference is 16.6% being 1,660 basis points).

- As the table shows, sector selection made a positive contribution to performance, although accounted for only 20% of portfolio added value. Overall, the portfolio was correctly positioned (i.e. a greater exposure than the benchmark in those sectors that performed well or a lower exposure in those that performed poorly) in the majority of sectors. July 2001's largest over-weight positions – Support Services and Transport – were driven by the aggregation of stock decisions rather than by a positive view on the sectors *per se*. On the other hand, the largest under-weight position – in Information Technology – reflected continued suspicion, at that stage, of the special status that technology appeared still to hold in some investors' minds. Such scepticism proved well founded, with the IT component of the benchmark falling by 52% over the 12 months. It is, however, important to note that this under-weight stance, though helpful, accounted for around just 11% of portfolio valued added.
- Stock selection, which measures the performance of the portfolio's investments in each sector against that sector's benchmark return, accounted for the remaining 80% of out-performance. Encouragingly, this added value was well spread across the portfolio, with positive stock selection in 18 of the 24 sectors in which ASLeT was represented.
- Following the pattern indicated in the interim report, continuing economic uncertainty and difficult credit markets limited corporate activity over the last 12 months. However, as a degree of confidence returned after September 11th, there was a pick-up in the numbers of transactions. Only one of ASLeT's investments was the subject of a takeover bid, although seven others sought equity financing either to fund their own acquisitions or to facilitate organic growth.
- In the interim report, significant changes to sector weightings were noted: increases in Information Technology and Insurance, and a reduction in certain cyclical areas of the market, such as General Retailers and Building & Construction. In contrast to the first half of the year, there was little



■ MANAGERS' REPORT

adjustment to the profile of sector exposures in the second. Indeed, perhaps the only move of note is a further modest increase in exposure to Information Technology. This, though, is a decision driven by the availability of a handful of companies with reasonable valuations rather than by a general view that an upturn in technology spending is imminent.

- At the end of the year, the portfolio comprised holdings in 96 companies, a level of diversification that has been consistent over ASLeT's history. Perhaps more than has been the case for the past four years, this portfolio represents an accumulation of individually attractive companies, with broader views on industries playing a less important role in its construction. Notwithstanding the macro-economic issues that bedevil equity valuations in general, the Managers can see opportunities in virtually all sectors of the UK smaller companies universe. A useful, if somewhat clichéd, way of describing the current situation is therefore as "a market of stocks rather than a stockmarket".

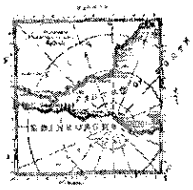
■ INVESTMENT OUTLOOK

Prospects for equities – even for small UK quoted companies – continue to be dominated by events in the US economy and financial markets. The success of the American capitalist model through the 1990s means that its influences are felt to a greater or lesser extent around the world. However, imbalances in the US economy are combining with uncertainty over the true profitability of business to call into question the precise nature of this success. This crisis of confidence finds confirmation in the recent weakening of the previously unassailable US Dollar.

The world needs a recovery in the US economy. Recent data are therefore encouraging, although over-dependence on the consumer, much of whose recent resilience can be attributed to a willingness to take on more debt, means that the upturn may prove a slower and more drawn-out affair than is being discounted in general stockmarket valuations. There are parallels between the US and the UK, in particular the buoyancy of the consumer. The UK did not, however, participate as fully in the excesses of the late 1990s and there would, therefore, appear to be greater flexibility at the disposal of the Monetary Policy Committee.

However, against a background of more modest growth, it would seem reasonable to adjust expectations of annual returns from holding equities. A reversion to the longer-run historical average of 5-7%, in real terms, would appear more likely than the returns of two to three times that level to which investors became accustomed in the late 1990s. In such circumstances, dividend yields become a proportionately more important element of the total return.

In this context, small UK quoted companies would appear relatively well positioned. Excluding loss makers, the FTSE All-Share Index (excluding investment companies) boasts a yield of 3.0% and a PE of 19.0x. As the table overleaf demonstrates, smaller companies continue to enjoy lower PE valuations, despite their outperformance over the past year, and, given the superior dividend cover, would appear to afford better chances of dividend growth. Their industrial exposures also differ markedly from larger companies, offering higher weightings in cyclical sectors such as Engineering, General Retailers and Building & Construction, which ought to benefit from an improvement in the general economic outlook.



MANAGERS' REPORT

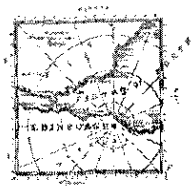
Characteristics	30 June 2002 ASLeT	30 June 2002 Benchmark	30 June 2001 ASLeT	30 June 2001 Benchmark
Number of Companies	**96**	**915**	95	980
Weighted Average Market Capitalisation	**£317.7m**	**£355.4m**	£358.7m	£353.4m
Price Earnings Ratio (Historic)	**12.3x**	**14.3x**	13.0x	14.1x
Net Dividend Yield (Historic)	**3.0%**	**2.8%**	3.1%	2.6%
Dividend Cover (Historic)	**2.7x**	**2.5x**	2.5x	2.8x

Within their large universe of potential investments, the Managers continue to identify ample investment opportunities: as the table shows, despite the strong performance over the past 12 months, ASLeT's aggregate portfolio valuation characteristics remain attractive in relation to the benchmark. Crucially, in constructing this portfolio, the Managers have not altered their investment process and the underlying companies continue to offer a combination of strong business fundamentals and attractive valuations.

Nevertheless, it is unlikely that this portfolio can enjoy as large a margin of outperformance moving forward as it has over the last two years. The bursting of the TMT bubble and the subsequent destruction of new economy business models, about which the Managers had long been sceptical, have provided a powerful extraneous boost to ASLeT's performance over the last two years. If only because these sectors now account for a considerably smaller portion of the benchmark, they are very unlikely to exercise such an influence – positive or negative – on the overall returns of the market for some time.

Consequently, while the portfolio characteristics and the consistency of the Managers' investment approach might lead one to expect ASLeT to surpass its benchmark returns over the next year, its degree of outperformance is unlikely to match the exceptional levels enjoyed over the past, and indeed the previous, year.

Aberforth Partners
Managers
17 July 2002



PORTFOLIO INFORMATION

Summary of Material Portfolio Changes
12 Months to 30 June 2002

Purchases		Cost £'000	Sales		Proceeds £'000
SMG		2,293	Balfour Beatty	ϕ	4,904
Laing (John)	+	2,155	Davis Service Group		2,932
Forth Ports	+	2,026	De La Rue	ϕ	2,866
BSS Group		2,005	Enterprise Inns	ϕ	2,393
Bovis Homes Group	+	1,982	MFI Furniture Group		2,385
British Polythene Industries	+	1,861	Brammer	ϕ	2,203
Goshawk Insurance Holdings	+	1,764	TDG	ϕ	2,160
Mothercare	+	1,617	Esporta	ϕ	1,940
Homestyle Group		1,607	Persimmon	ϕ	1,869
Metal Bulletin	+	1,407	Go-Ahead Group		1,864
Paladin Resources		1,361	Scapa Group	ϕ	1,717
National Express Group	+	1,355	Dairy Crest Group		1,557
Johnston Press		1,304	Johnston Press		1,531
Synstar	+	1,273	Stanley Leisure	ϕ	1,308
Abbot Group		1,240	Wilson (Connolly) Holdings	ϕ	1,228
PPL Therapeutics		1,187	Robert Walters	ϕ	1,193
Amlin		1,150	Intermediate Capital Group	ϕ	1,114
Parity Group	+	1,092	Blacks Leisure Group	ϕ	1,113
Wembley	+	1,076	Brit Insurance Holdings	ϕ	998
Headlam Group		1,043	Simon Group	ϕ	997
Other Purchases		30,146	Other Sales		12,089
Total for the period		**60,944**	Total for the period		**50,361**

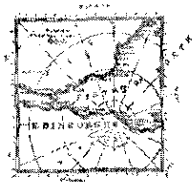
The summary of material portfolio changes shows the 20 largest aggregate purchases and sales. Portfolio turnover for the year was 28.1% (2001 – 47.0%)

\+ 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 2001 →					← 30 June 2002 →		
	Benchmark Weight %	ASLeT Weight %	ASLeT Valuation £'000	Net Purchases/ (Sales) £'000	Net Appreciation/ (Depreciation) £'000	**ASLeT Valuation £'000**	**ASLeT Weight %**	***Benchmark Weight %***
Resources	*2*	5	8,982	1,927	(116)	**10,793**	**6**	***3***
Basic Industries	*13*	12	21,989	(3,089)	2,239	**21,139**	**12**	***12***
General Industrials	*11*	13	23,044	1,005	(1,998)	**22,051**	**12**	***10***
Cyclical Consumer Goods	*2*	—	164	2,608	(99)	**2,673**	**1**	***3***
Non-cyclical Consumer Goods	*9*	6	11,007	807	(2,025)	**9,789**	**5**	***7***
Cyclical Services	*36*	43	75,527	(4,111)	5,267	**76,683**	**43**	***39***
Non-cyclical Services	*2*	2	3,787	(151)	912	**4,548**	**3**	***3***
Utilities	*1*	—	—	—	—	**—**	**—**	***2***
Information Technology	*9*	2	3,843	7,177	(2,062)	**8,958**	**5**	***6***
Financials	*15*	11	19,234	4,410	664	**24,308**	**13**	***15***
Net current assets/ (liabilities)	—	6	10,777	na	na	**(835)**	**—**	**—**
	100	100	178,354	10,583	2,782	**180,107**	**100**	***100***



PORTFOLIO INFORMATION

FIFTY LARGEST INVESTMENTS

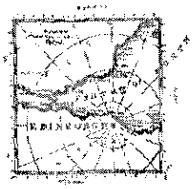
No.	Company	Valuation £'000	% of Total	Business Activity
1	Johnson Service Group	6,256	3.5	Textile rental and drycleaning
2	Bellway	5,218	2.9	Housebuilding
3	Holidaybreak	5,145	2.9	Holiday company
4	T&S Stores	4,548	2.5	Convenience store retailer
5	Paladin Resources	4,405	2.4	Oil and gas exploration and production
6	Countrywide Assured Group	3,761	2.1	Insurance and residential property
7	New Look Group	3,705	2.1	Womenswear retailer
8	communisis	3,472	1.9	Direct marketing and related printing services
9	Mowlem (John) & Co	3,411	1.9	Construction and facilities management
10	Mersey Docks and Harbour Company	3,389	1.9	Port operator
11	BSS Group	3,333	1.9	Distribution of plumbing supplies
12	Lex Service	3,306	1.8	Automotive and business services
13	Marshalls	3,295	1.8	Manufacture of concrete and natural stone products
14	Cairn Energy	3,256	1.8	Oil and gas exploration and production
15	Shanks Group	3,221	1.8	Waste management
16	SMG	3,042	1.7	Media
17	Dairy Crest Group	2,991	1.7	Dairy products
18	Meggitt	2,954	1.6	Aerospace
19	Go-Ahead Group	2,801	1.6	Bus and train operator
20	Grainger Trust	2,796	1.6	Property
21	Johnston Press	2,726	1.5	Regional newspapers
22	Roxboro Group	2,695	1.5	Manufacture of electronic products
23	Maiden Group	2,628	1.5	Outdoor advertising
24	Luminar	2,618	1.5	Nightclub and pub operator
25	Abbot Group	2,503	1.4	Oil services and wind power generation
26	Fenner	2,445	1.4	Engineering
27	Quintain Estates & Development	2,422	1.3	Property
28	Oxford Instruments	2,390	1.3	Manufacture of advanced instrumentation
29	De Vere Group	2,270	1.3	Hotels and leisure
30	Spectris	2,270	1.3	Manufacture of process control equipment
31	Tops Estates	2,219	1.2	Property
32	Azlan Group	2,212	1.2	Computer networking: distribution, training and services
33	Forth Ports	2,199	1.2	Port operator and property developer
34	Laing (John)	2,119	1.2	Housebuilding and infrastructure investment
35	Ultra Electronics Holdings	2,073	1.2	Defence electronics and aerospace
36	RPC Group	2,066	1.1	Rigid plastic containers



PORTFOLIO INFORMATION

FIFTY LARGEST INVESTMENTS

No.	Company	Valuation £'000	% of Total	Business Activity
37	London Merchant Securities	2,033	1.1	Property and venture capital
38	SIG	2,006	1.1	Distribution of insulation products
39	Greene King	1,980	1.1	Regional brewer and pub manager
40	British Polythene Industries	1,889	1.0	Manufacture of polythene sheet and film
41	Headlam Group	1,850	1.0	Distribution of floorcoverings
42	Davis Service Group	1,788	1.0	Textile rental, tool hire and site services
43	Devro	1,784	1.0	Food casing manufacturer
44	Bovis Homes Group	1,758	1.0	Housebuilding
45	Business Post Group	1,750	1.0	Parcel and express mail services
46	Amlin	1,724	1.0	Insurance
47	Fisher (James) & Sons	1,701	0.9	Shipping
48	Bodycote International	1,694	0.9	Engineering
49	Domestic & General Group	1,684	0.9	Insurance
50	Grantchester Holdings	1,666	0.9	Property
	Top Fifty Investments	**137,467**	**76.4**	
	Other Investments (46)	43,475	24.1	
	Net Current Liabilities	(835)	(0.5)	
	Total Assets less Liabilities	**180,107**	**100.0**	



LONG-TERM RECORD

HISTORIC TOTAL RETURNS

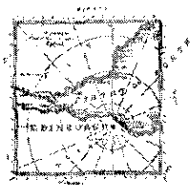
	Discrete Annual Returns (%)		
Period	**Unit NAV[1]**	**Benchmark[2]**	**Unit Price[3]**
1 year to 30 June 2002	3.9	-13.0	9.1
1 year to 30 June 2001	24.7	-4.4	35.4
1 year to 30 June 2000	10.0	19.0	6.4
1 year to 30 June 1999	13.1	6.8	8.4
1 year to 30 June 1998	16.1	22.9	11.2
1 year to 30 June 1997	2.4	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 2002	**Unit NAV[1]**	**Benchmark[2]**	**Unit Price[3]**	**Unit NAV[1]**	**Benchmark[2]**	**Unit Price[3]**
2 years from 30 June 2000	13.8	-8.8	21.5	29.6	-16.8	47.7
3 years from 30 June 1999	12.5	-0.3	16.3	42.5	-0.9	57.2
4 years from 30 June 1998	12.7	1.4	14.3	61.2	5.8	70.5
5 years from 30 June 1997	13.4	5.4	13.6	87.2	30.0	89.6
6 years from 30 June 1996	11.5	5.2	12.5	91.6	35.8	102.9
7 years from 30 June 1995	14.2	8.1	14.5	153.6	72.8	158.7
8 years from 30 June 1994	13.7	7.6	13.4	179.3	80.3	174.1
9 years from 30 June 1993	13.6	8.1	13.2	214.0	101.8	206.3
10 years from 30 June 1992	14.9	9.8	14.0	299.8	153.9	270.0
11 years from 30 June 1991	15.2	9.7	13.9	372.9	177.7	317.3
11.1 years from inception on 14 May 1991	14.6	9.1	13.8	355.2	162.3	321.4

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

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

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



LONG-TERM RECORD

TEN YEAR 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
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
2002	**180.1**	**580.9**	**554.0**	**4.6**	**567.8**	**510.5**	**13.2**	**44.0**

\# 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.

TEN YEAR 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
2002	**4,797**	**15.47**	**16.00**	**1.04**	**100.5**

† 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.

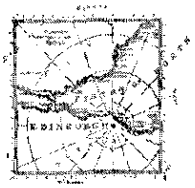
¶ Ratio of operating costs against average Shareholders' funds (calculated per AITC guidelines).

‡ 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 paid a Special Dividend of 1.50p per Income Share in addition to the 8.60p shown in the table.



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 £870 million (as at 30 June 2002). Aberforth Partners are wholly owned by six partners – five founding partners who are investment managers and a sixth partner, Gordon R Young, who is responsible for administration. The firm has 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. The partners each have a substantial personal investment in the Company. The curriculum vitae of the seven investment managers are as follows:

Andrew P Bamford (35) 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 & 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 (44) MA (Hons) – John was a founding partner in May 1990 and is responsible for investment research and stock selection in the following areas – Automobiles & Parts; Construction & Building Materials; Household Goods & Textiles; Telecommunication Services; 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 (32) BA (Hons) – Euan joined Aberforth Partners in May 2001 and is responsible for investment research and stock selection in the following areas – Beverages; Engineering & Machinery; Personal Care & Household Products; and Software & 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.

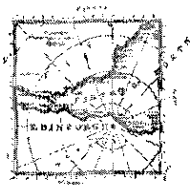
Richard M J Newbery (42) BA (Hons) – Richard was a founding partner in May 1990 and is responsible for investment research and stock selection in the following areas – Electronic & Electrical Equipment; Food & Drug Retailers; Food Producers & Processors; and General Retailers. Previously he was with 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 (53) 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 & 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 (44) 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 & Paper; Health; 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 (39) – Alistair was a founding partner in May 1990 and is responsible for investment research and stock selection in the following areas – Aerospace & Defence; Diversified Industrials; Media & Photography; Mining; Oil & Gas; Pharmaceuticals & Biotechnology; and Steel & 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**



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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ABERFORTH SPLIT LEVEL TRUST PLC

We have audited the Company's financial statements for the year ended 30 June 2002 which comprise the Statement of Total Return, Balance Sheet, Cash Flow Statement, and the related notes 1 to 19. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Directors' Responsibility Statement.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements 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 Report of the Directors is not consistent with the financial statements, 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 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 and consider whether it is consistent with the audited financial statements. This other information comprises the Ten Year Investment Record, Company Summary, Directors and Advisors, Year's Summary, Chairman's Statement, Managers' Report, Portfolio Information, Long-Term Record, Information on Aberforth Partners, Report of the Directors, Shareholder Information and the Notice of Annual General Meeting. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

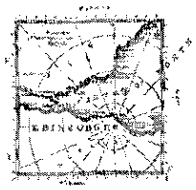
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 30 June 2002 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 Ernst & Young LLP
Registered Auditor

Edinburgh
17 July 2002



REPORT OF THE DIRECTORS

The Directors have pleasure in submitting the Eleventh Annual Report and Accounts of the Company for the year to 30 June 2002.

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 2001. 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.

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).

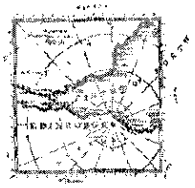
After making enquiries and notwithstanding the above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

RESULTS AND DIVIDENDS

	£'000	£'000
Revenue available for dividends		4,797
First interim dividend of 2.90p per Income Share paid 7 December 2001	899	
Second interim dividend of 2.90p per Income Share paid 1 March 2002	899	
Third interim dividend of 2.90p per Income Share paid 7 June 2002	899	
Fourth interim dividend of 7.30p per Income Share payable 6 September 2002	2,264	(4,961)
Transferred from revenue reserve		(164)

The fourth interim dividend will be paid on 6 September 2002 to Income Shareholders on the Register at close of business on 9 August 2002.

No final dividend will be declared in respect of the year ended 30 June 2002.



REPORT OF THE DIRECTORS

DIRECTORS

The Directors who held office at 30 June 2002 and their interests in the Shares of the Company as at that date were as follows:

		Income Shares		Capital Shares	
		2002	2001	**2002**	2001
M J Walker	Beneficial	**10,126**	10,126	**56,526**	49,926
H N Buchan	Beneficial	**10,000**	10,000	**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

There has been no change in the holdings of the Directors between 30 June 2002 and 17 July 2002.

Sir Fraser Morrison will retire by rotation, and being eligible, offers himself for re-election at the Annual General Meeting. Biographical details are shown on page 5.

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

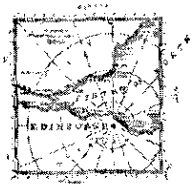
CORPORATE GOVERNANCE—THE COMBINED CODE OF BEST PRACTICE

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 5. 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**.

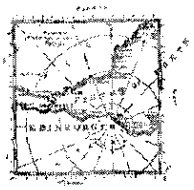
The Company applies the guidance published by The Institute of Chartered Accountants in England and Wales in respect of the Combined Code's sections on Internal Control (commonly known as the Turnbull Guidance on Internal Control).

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 in operation during the year 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 exception that Directors are not appointed for a specified term and there is no designated senior independent director. 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 £13,049 (excluding VAT) per quarter during the year to 30 June 2002. 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 17 July 2002.

Income Shares of 10p	**% Held**	**Capital Shares of 10p**	**% Held**
Investec Holdings (UK)	14.2	Royal & Sun Alliance Insurance Group	6.9
Gartmore Absolute Growth & Income	4.5	Royal London Asset Management	5.2
Abbey National	3.9	Exeter Asset Management	4.9
Royal & Sun Alliance Insurance Group	3.9	East Riding of Yorkshire Council	4.1
Britannic Investment Managers	3.2	Abbey National	3.9
Mr & Mrs N H Lewis	3.2	Newton Exempt Fund	3.1
Newton Exempt Fund	3.1		

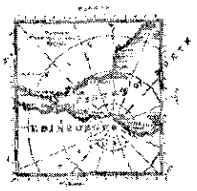
CREDITORS PAYMENT POLICY

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

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By Order of the Board
Aberforth Partners, *Secretaries*
14 Melville Street, Edinburgh EH3 7NS
17 July 2002

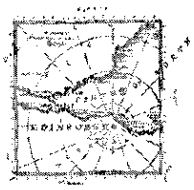


STATEMENT OF TOTAL RETURN
(INCORPORATING THE REVENUE ACCOUNT*)
FOR THE YEAR ENDED 30 JUNE 2002

		2002			2001		
		Revenue	**Capital**	**Total**	Revenue	Capital	Total
	Note	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Gains/(losses) on investments	9	**—**	**2,782**	**2,782**	—	32,069	32,069
Income	2	**5,603**	**137**	**5,740**	5,716	—	5,716
Investment management fee	3	**(601)**	**(1,002)**	**(1,603)**	(550)	(916)	(1,466)
Other expenses	4	**(205)**	**—**	**(205)**	(182)	—	(182)
Return on ordinary activities before tax		**4,797**	**1,917**	**6,714**	4,984	31,153	36,137
Tax on ordinary activities	6	**—**	**—**	**—**	—	—	—
Return attributable to non-equity shareholders		**4,797**	**1,917**	**6,714**	4,984	31,153	36,137
Dividends in respect of non-equity shares	7	**(4,961)**	**—**	**(4,961)**	(4,775)	—	(4,775)
Transfer (from)/to reserves		**(164)**	**1,917**	**1,753**	209	31,153	31,362
Returns per non-equity interest							
Income Share	8	**15.47p**	**—**	**15.47p**	16.07p	—	16.07p
Capital Share	8	**—**	**6.18p**	**6.18p**	—	100.47p	100.47p
Unit							
(One Income Share plus one Capital Share)	8	**15.47p**	**6.18p**	**21.65p**	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 year.

The accompanying notes are an integral part of this statement.



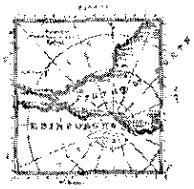
BALANCE SHEET
AS AT 30 JUNE 2002

	Note	2002 £'000	2001 £'000
FIXED ASSETS: INVESTMENTS			
Securities officially listed on the London Stock Exchange:			
UK ordinary shares		**179,547**	167,040
UK convertible securities		**1,395**	537
Total investments	9	**180,942**	167,577
Current assets			
Debtors	10	**1,259**	1,303
Cash at bank		**645**	12,198
		1,904	13,501
Creditors (amounts falling due within one year)	11	**(2,739)**	(2,724)
Net current (liabilities)/assets		**(835)**	10,777
TOTAL ASSETS LESS LIABILITIES		**180,107**	178,354
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	**79,899**	77,319
Capital reserve—unrealised	13	**22,947**	23,610
Revenue reserve	13	**968**	1,132
	14	**180,107**	178,354
NET ASSET VALUES	15		
PER INCOME SHARE		**13.1p**	13.7p
PER CAPITAL SHARE		**567.8p**	561.5p
PER UNIT (being one Income Share plus one Capital Share)		**580.9p**	575.2p

Michael Walker

Approved by the Board of Directors on 17 July 2002 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 2002

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

	2002 £'000	2001 £'000
Revenue before taxation	**4,797**	4,984
Scrip dividends	**(11)**	(47)
Tax withheld from income on investment	**—**	(6)
Tax recovered	**6**	9
Special dividends credited to capital	**137**	—
Investment management fee charged to capital	**(1,002)**	(916)
Increase in other debtors	**(42)**	(194)
(Decrease)/increase in other creditors	**(1)**	1
Net cash inflow from operating activities	**3,884**	3,831

CASH FLOW STATEMENT

	Note		
Net cash inflow from operating activities		**3,884**	3,831
Returns on investments and servicing of finance	16	**(4,868)**	(4,526)
Capital expenditure and financial investment	16	**(10,569)**	9,436
(Decrease)/increase in cash		**(11,553)**	8,741

Reconciliation of net cash flow to movement in net funds	17		
(Decrease)/increase in cash in the year		**(11,553)**	8,741
Change in Net Funds		**(11,553)**	8,741
Net Funds at 1 July 2001		**12,198**	3,457
Net Funds at 30 June 2002		**645**	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 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. 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. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods.



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.

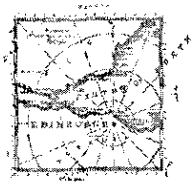
The following are accounted for in this reserve:

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

2 INCOME

	2002 £'000	2001 £'000
Income from investments		
Franked investment income (net)	**5,054**	5,224
UK unfranked investment income	**64**	31
Scrip dividends	**65**	47
	5,183	5,302
Other income		
Deposit interest	**385**	403
Underwriting commission	**35**	11
	420	414
Total income	**5,603**	5,716
Total income comprises:		
Dividends	**5,119**	5,271
Interest	**449**	434
Other income	**35**	11
	5,603	5,716
Income from investments:		
Listed UK	**5,183**	5,302

The Company received a special dividend of £137,000 which has been treated as a return of capital by the investee company and has been credited to capital reserves.



NOTES ON THE ACCOUNTS

3 INVESTMENT MANAGEMENT FEE

	2002			2001		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Investment management fee	**511**	**853**	**1,364**	468	780	1,248
Irrecoverable VAT thereon	**90**	**149**	**239**	82	136	218
Total	**601**	**1,002**	**1,603**	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).

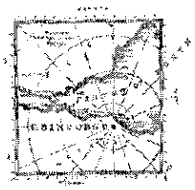
4 OTHER EXPENSES

	2002	2001
	£'000	£'000
Secretarial services	**61**	60
Directors' fees (Note 5)	**54**	46
Auditors' fee—for audit services	**8**	8
—for non-audit services	**1**	1
Other	**81**	67
	205	182

5 DIRECTORS' FEES

The emoluments of the Directors were as follows:

	2002	2001
	£	£
M W Walker, *Chairman*	**13,500**	11,350
H N Buchan	**10,000**	7,780
A C Dempster	**10,000**	9,080
D J Macdonald	**10,000**	9,080
Sir Fraser Morrison	**10,000**	9,080
	53,500	46,370



NOTES ON THE ACCOUNTS

6 TAXATION

(a) Analysis of charge in period:	**2002** £'000	2001 £'000
Total current tax (note 6(b))	–	–
Total deferred tax	–	–
Total tax	–	–

(b) Factors affecting current tax charge for the period:

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for a large company (30%).

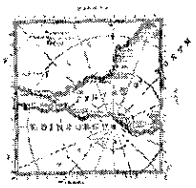
The differences are explained below:

	4,797	4,984
Net income before taxation		
Corporation tax at 30%	**1,439**	1,495
Effects of:		
Non taxable UK dividends	**(1,536)**	(1,581)
Tax deductible expenses in capital	**(301)**	(275)
Tax losses for which no relief has been taken	**398**	361
	(1,439)	(1,495)
Current tax charge for the period (Note 6(a))	–	–

The Company has unutilised management expenses for taxation purposes of £7,102,000 (2001: £5,774,000). It is not anticipated that these will have value in the foreseeable future.

7 DIVIDENDS ON INCOME SHARES

	2002 £'000	2001 £'000
First interim paid — 2.9p (2001: 2.8p)	**899**	868
Second interim paid — 2.9p (2001: 2.8p)	**899**	868
Third interim paid — 2.9p (2001: 2.8p)	**899**	868
Fourth interim payable — 7.3p (2001: 7.0p)	**2,264**	2,171
	4,961	4,775



NOTES ON THE ACCOUNTS

8 RETURNS PER NON-EQUITY SHARES

	2002			2001		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Income share	**15.47p**	**—**	**15.47p**	16.07p	—	16.07p
Capital share	**—**	**6.18p**	**6.18p**	—	100.47p	100.47p

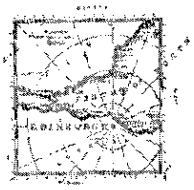
The revenue return per Income Share is based on the net revenue on ordinary activities after taxation of £4,797,000 (2001: £4,984,000) and on 31,006,286 Income Shares being the weighted average number of Income Shares in issue during both years.

The capital return per Capital Share is based on net capital gains for the financial year of £1,917,000 (2001: £31,153,000) 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	143,967
Opening unrealised appreciation	23,610
Opening valuation	**167,577**
Movements in the year:	
Purchases at cost	60,944
Sales—proceeds	(50,361)
—realised gains on sales	3,445
Decrease in unrealised appreciation	(663)
Closing valuation	**180,942**
Closing book cost	157,995
Closing unrealised appreciation	22,947
Closing valuation	**180,942**

	2002	2001
	£'000	£'000
Realised gains on sales	**3,445**	13,957
(Decrease)/increase in unrealised appreciation	**(663)**	18,112
Gains/(losses) on investments	**2,782**	32,069



NOTES ON THE ACCOUNTS

10 DEBTORS

	2002 £'000	2001 £'000
Amounts due from brokers	**95**	175
Investment income receivable	**1,144**	1,111
Tax recoverable	**—**	6
Other debtors	**20**	11
	1,259	1,303

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £'000	2001 £'000
Amounts due to brokers	**452**	529
Fourth interim dividend	**2,264**	2,171
Other creditors	**23**	24
	2,739	2,724

12 SHARE CAPITAL

	At 30 June 2002		At 30 June 2001	
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	**25,543**	**45,549**	**77,319**	**23,610**	**1,132**
Net gain on realisation of investments	—	—	3,445	—	—
Decrease in unrealised appreciation	—	—	—	(663)	—
Special dividends credited to capital	—	—	137	—	—
Management fee charged to capital	—	—	(1,002)	—	—
Net revenue deficit for the year	—	—	—	—	(164)
End of year	**24,543**	**45,549**	**79,899**	**22,947**	**968**

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £'000	2001 £'000
Opening shareholders' funds	**178,354**	146,992
Total recognised gains and losses before dividends	**6,714**	36,137
Dividends in respect of Income Shares	**(4,961)**	(4,775)
Closing shareholders' funds	**180,107**	178,354
Attributable to Income Shareholders	**4,069**	4,233
Attributable to Capital Shareholders	**176,038**	174,121
	180,107	178,354

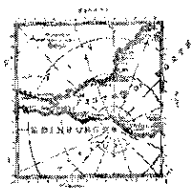
15 NET ASSET VALUE PER SHARE

Net asset value per Income Share is based on net assets attributable to Income Shares of £4,069,000 (2001: £4,233,000) and on 31,006,286 Income Shares in issue at 30 June 2002 (2001: 31,006,286).

Net asset value per Capital Share is based on net assets attributable to Capital Shares of £176,038,000 (2001: £174,121,000) and on 31,006,286 Capital Shares in issue at 30 June 2002 (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 year	4,233	174,121	178,354
Return on ordinary activities after taxation	4,797	1,917	6,714
Dividends	(4,961)	—	(4,961)
Total net assets attributable at end of year	4,069	176,038	180,107



NOTES ON THE ACCOUNTS

16 GROSS CASH FLOWS

	2002 £'000	2001 £'000
Returns on investments and servicing of finance		
Non-equity dividends paid	**(4,868)**	(4,526)
Capital expenditure and financial investment		
Payments to acquire investments	**(61,010)**	(69,660)
Receipts from sales of investments	**50,441**	79,096
	(10,569)	9,436

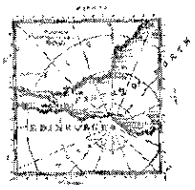
17 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 July 2001 £'000	Cash flows £'000	At 30 June 2002 £'000
Cash at bank	**12,198**	**(11,553)**	**645**

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:

	2002 £'000	2001 £'000
Open offer commitments	**321**	—
Underwriting commitments	**—**	429
	321	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 4.00% as at 30 June 2002 (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. 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 2002:

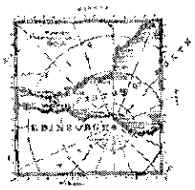
	2002		2001	
	Book Value £'000	**Fair Value** £'000	**Book Value** £'000	**Fair Value** £'000
Financial Assets				
Investment Portfolio	**180,942**	**180,942**	167,577	167,577
Cash at bank	**645**	**645**	12,198	12,198
Non-equity interests				
Income Shares	**3,101**	**13,643**	3,101	16,898
Capital Shares	**3,101**	**158,287**	3,101	147,280

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 2002 and 30 June 2001.

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 3 and 4.



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	Tel:	01484 600 901
Northern Registrars Limited	Fax:	01484 600 911
Northern House	Email:	**client.services@northernregistrars.co.uk**
Woodsome Park	Website:	**www.northernregistrars.co.uk**
Fenay Bridge		
Huddersfield HD8 0LA		

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.

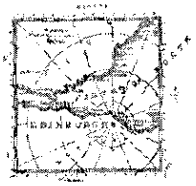
HOW TO INVEST

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 Eleventh Annual General Meeting of Aberforth Split Level Trust plc will be held at 14 Melville Street, Edinburgh on Wednesday, 28 August 2002 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 2002 be adopted.
2. That Sir Fraser Morrison be re-elected as a Director.
3. 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

17 July 2002

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 67054
HTTP://www.hyway.co.uk