BRITISH SMALLER COMPANIES VCT2 PLC
Annual Financial Report Announcement for the Year to 31 December 2018

British Smaller Companies VCT2 plc (the "Company") today announces its audited results for the year ended 31 December 2018.

HIGHLIGHTS

- Total Shareholder Return increasing by 4.1 pence to 118.4 pence per ordinary share, an increase of 7.0 per cent over opening net asset value.
- The underlying growth in the investment portfolio was £4.5 million, an increase of 11.1 per cent.
- Realisations of investments and loan repayments generated total proceeds of £13.0 million in the year, a gain of £3.1 million over the opening carrying value and £6.3 million over cost.
- Net asset value at 31 December 2018 of 59.9 pence per ordinary share (2017 58.8 pence per ordinary share).
- Total dividends paid in the year of 3.0 pence per ordinary share (2017: 3.0 pence per ordinary share).
- Total cumulative dividends paid since inception of 58.5 pence per ordinary share at 31 December 2018 (2017: 55.5 pence per ordinary share).
- Successful fundraising during the year, raising net proceeds of £4.3 million.
- Proposed final dividend of 1.5 pence per ordinary share in respect of the year ended 31 December 2018.
- Special interim dividend of 5.0 pence per ordinary share for the year ending 31 December 2019 paid on 15 February 2019.
- Successful prospectus offer raising approximately £13.0 million which closed in February 2019.

CHAIRMAN'S STATEMENT

I am pleased to report that your Company has made good progress during the year, with gains on the sale of three portfolio companies in December 2018 and net overall valuation gains across the rest of the portfolio. As a result, Total Shareholder Return in the year was 4.1 pence per ordinary share, which equates to 7.0 per cent of the net asset value at 31 December 2017. Total Shareholder Return is now 118.4 pence per ordinary share.

Your Company's portfolio delivered a strong performance over the year, generating a return of 11.1 per cent over its opening value, while new and follow-on investments totalling £5.65 million have also been completed.

Realisations in Year

Realisations of investments and loan repayments generated total proceeds of £12.99 million, a gain of £3.10 million over the opening carrying value and £6.30 million over cost. There were three successful realisations, all completing in December:

The Company realised its investment in **GTK (Holdco) Limited** generating proceeds of £2.46 million. The total return (including income) from this investment is £3.89 million, a multiple of 3.4x cost.

The Company realised its investment in **Mangar Health Limited** generating proceeds of £3.68 million. The total return (including income) from this investment is £4.39 million, a multiple of 2.7x cost.

The Company realised its investment in **Gill Marine Holdings Limited** generating proceeds of £2.84 million. The total return (including income) from this investment is £3.7 million, a multiple of 2.0x cost.

Following these divestments your Company paid a special dividend for the year ending 31 December 2019 of 5.0 pence per ordinary share on 15 February 2019.

New Investments

During the year your Company has completed investments totalling £5.65 million comprising four new investments and three follow-on investments. These were:

In March 2018 £0.98 million was invested into **Ncam Technologies Limited**. Ncam develops award-winning augmented reality technology which is utilised globally by broadcast, film and episodic broadcast TV productions. The funds will be used to support the development of new products, invest in the team, and help the business extend its reach into new territories.

Also in March 2018 your Company invested £2.00 million into **Eikon Holdco Limited**, a cutting edge, end-to-end, digital post-production service provider for the film and broadcast industry based in London. Clients include Paramount Pictures, Twentieth Century Fox, Sony Pictures Entertainment, Warner Bros, Universal Pictures, CBS and Netflix. Eikon has used the investment to build a new state of the art studio in Los Angeles, which became operational in December 2018, as well as continuing to invest in the development of technology to enhance the service delivery to customers.

In April 2018 your Company made a new investment of £0.88 million into **Hutchinson Networks Limited**, a leading provider of multi-vendor IT and network solutions to clients globally. Hutchinson will utilise the money to fund additional marketing and operational resources to accelerate international growth in a growing market. Due to additional working capital requirements of recent contract wins Hutchinson is seeking additional funding. As a precaution against Hutchinson being unable to raise these funds the original investment has been impaired.

During May 2018 £1.20 million was invested into **Arcus Global Limited**, a provider of cloud-based software solutions to local and national public-sector organisations. The funding will support the continued growth of the business; building resource in technology development, sales and customer services. Your Company is proposing to make a further investment to enable Arcus to continue expanding its range of software solutions to help the public sector to increase its use of digital technologies and transform services.

Follow-on investments were made into three existing portfolio companies, including an additional investment of £0.38 million into **Matillion Limited** which was part of a large secondary funding round supported by two well-known US investors.

Financial Results

The movement in **Total Shareholder Return**[1] is set out in the table below:

Total Shareholder Return[1]	Pence per ordinary share	
Cumulative dividends to 31 December 2017	55.5	
Net asset value to 31 December 2017	58.8	
Total Shareholder Return at 1 January 2018		114.3
Net underlying increase in portfolio	4.2	
Issue/buy-back of shares	(0.1)	
Increase in Total Shareholder Return		4.1
Total Shareholder Return at 31 December 2018		**118.4**

1. Total Shareholder Return is an Alternative Performance Measure.

In the year to 31 December 2018 your Company's Total Shareholder Return increased by 4.1 pence per ordinary share to 118.4 pence per ordinary share, driven by gains on the disposal of three investments and underlying value growth in the investment portfolio. This equates to an increase of 7.0 per cent on the opening net asset value at 31 December 2017.

As part of your Board's commitment to maintaining a sustainable level of dividends a final dividend of 1.5 pence per ordinary share in respect of the year ended 31 December 2017 and an interim dividend of 1.5 pence per ordinary share in respect of the year ended 31 December 2018 were paid in the period, bringing the cumulative dividends paid to 31 December 2018 to 58.5 pence per ordinary share.

The movement in net asset value ("NAV") per ordinary share and the dividends paid are set out in the table below:

		Pence per ordinary share	£000
NAV at 31 December 2017		58.8	59,056
Net underlying increase in portfolio		4.2	4,479
Net income after expenses		-	(25)
Issue/buy-back of new shares		(0.1)	3,769
		4.1	8,223
Dividends paid		(3.0)	(3,225)
		1.1	4,998
NAV at 31 December 2018		**59.9**	**64,054**
Cumulative dividends paid		58.5	
Total Shareholder Return:	**at 31 December 2018**	**118.4**	
	at 31 December 2017	114.3	

The charts on page 11 of the annual report show in greater detail the movement in Total Shareholder Return and net asset value over time.

The investments held at 31 December 2017, amounting to £40.42 million, delivered a return over the year of £4.48 million, equivalent to an increase in value for shareholders of 4.2 pence per ordinary share. This return comprises a net gain on the revaluation of the portfolio of £1.38 million and a net gain over the opening value from the realisation of investments and deferred proceeds of £3.10 million.

Within the current portfolio there were £7.31 million of unrealised gains offset by £5.93 million of unrealised losses. There were strong performances from ACC Aviation, Matillion Limited, Deep-Secure Ltd, KeTech Enterprises Limited and Business Collaborator Limited, which in part were offset by the performances of DisplayPlan Holdings Limited, Traveltek Group Holdings Limited, e2E Engineering Limited, Hutchinson Networks Limited and Immunobiology Limited.

Dividends

Dividends paid in the year comprise a final dividend of 1.5 pence per ordinary share in respect of the year ended 31 December 2017, and an interim dividend of 1.5 pence per ordinary share in respect of the financial year just ended, totalling 3.0 pence per ordinary share. This takes the cumulative dividends paid to 58.5 pence per ordinary share at 31 December 2018. Following the realisations in December 2018 the Company paid a special dividend of 5.0 pence per ordinary share in respect of the year ending 31 December 2019 on 15 February 2019, bringing cumulative dividends paid to date to 63.5 pence per ordinary share.

The VCT rules introduced and implemented in 2015 have led to more investments in earlier stage businesses and the unquoted portfolio as at 31 December 2018 comprised £12.86 million (35 per cent of the total value) of investments made since these changes.

The Board is proposing a final dividend of 1.5 pence per ordinary share for the year ended 31 December 2018. This final dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting and if approved will then be paid on 10 May 2019 to shareholders on the register at 5 April 2019. The ex-dividend date is 4 April 2019.

Dividend Re-investment Scheme ("DRIS")

Your Company operates a DRIS, which gives shareholders the opportunity to re-invest any cash dividends and is open to all shareholders, including those who invested under the recent offers. The three advantages of the DRIS are:

1. the dividends remain tax free;
2. any DRIS investment attracts income tax relief at the rate of 30 per cent; and
3. the investment is made at a 5 per cent discount to the last reported net asset value.

For the financial year ended 31 December 2018 dividends totalling £0.72 million were invested in your Company by way of the DRIS.

Fundraising

During the first half of the financial year your Company raised net proceeds of £4.3 million through a "top-up" offer.

On 27 November 2018 your Company launched a new share offer with British Smaller Companies VCT plc to raise in aggregate up to £30 million, with an over - allotment facility of £5 million. I am delighted that due to strong demand the offer closed on 11 February 2019 raising total gross proceeds of £35 million. The allotment of new ordinary shares is expected to take place between 1 and 5 April 2019, subsequent to which your Company will receive net proceeds of approximately £13.0 million.

Shareholder Relations

The electronic communications policy continues to be a great success, with 83 per cent of shareholders now receiving communications in this way. Documents such as the annual report are published on the website www.bscfunds.com rather than by post, saving on printing costs, as well as being more environmentally friendly.

Your Company's website www.bscfunds.com is refreshed on a regular basis and provides a comprehensive level of information in what I hope is a user-friendly format.

The next Investor Workshop will take place on 20 June 2019 and is being held at Gibson Hall, 13 Bishopgate, London EC2N 3BA.

Board Composition

As previously announced, after seventeen years' service, I have decided to stand down as Chairman and director of your Company at the 2019 Annual General Meeting. Having considered the level of experience and expertise that will be needed in the future the Board has decided that it would be in shareholder's best interest for Peter Waller, currently a non-executive director, to take on the role of Chairman. I know that Peter will be an excellent Chairman and I wish him well in his new role.

I am delighted that Roger McDowell joined the Board as a non-executive director on 6 March 2019. Roger has considerable experience as a Chairman and non-executive director of a wide range of technology, business services and manufacturing businesses. Through his achievements Roger has gained considerable trust in the City and is highly regarded by shareholders for his record of investment returns. He brings a wealth of knowledge to your Company. As is normal practice, Roger will stand for re-election at the Annual General Meeting.

Regulatory Developments

The revised rules introduced in the November 2015 and November 2017 budgets have had a major impact on deal structuring, with equity instruments making up 79 per cent of all investments since 2015. In addition, due to the earlier development stage of most investments, the interest on the debt instruments is largely rolled until exit or the loan repayment date. The combination of these two factors means that the Company's income stream will reduce over time and the receipt of interest income will be later in the lifetime of an investment.

In December 2016 HMRC published a consultation on improving the advance assurance process with the major proposal being for VCTs to self-assure as much as possible. At the time there was little guidance from HMRC on how this would operate in practice and, in particular, how inadvertent errors would be dealt with. The Investment Adviser and other VCT advisers have been working closely with HM Treasury and HMRC to clarify the guidance and there has now been a major step forward. As a result, your Company has decided that it will, subject to professional advice, self-assure on investments that can easily be defined as a Qualifying Investment.

Post Balance Sheet Events

As a result of the realisations in December 2018 a special dividend of 5.0 pence per ordinary share in respect of the year ending 31 December 2019 was paid on 15 February 2019. On the same date 2,248,286 ordinary shares were issued under the Company's DRIS.

Investment Adviser Remuneration

The Board and the Investment Adviser have agreed changes to the Investment Adviser's remuneration that will benefit shareholders, including a reduced Investment Adviser Fee of 1 per cent on cash in excess of £10 million with effect from 1 January 2019. This will help offset the low level of interest that can be earned on cash balances, especially now that your Company can deposit cash for no longer than seven days. Further details on this can be found in Note 3 to the accounts on page 61 of the annual report.

Outlook

The portfolio continues to evolve, with four new investments and three divestments during 2018. As a result, investments made in the past two years now constitute 35 per cent of the unquoted portfolio's value, almost double the level of the previous year. The Board expects this evolution to continue in 2019, with some portfolio companies in realisation phase and a number of good quality new investment opportunities currently under review.

Although the outcome of the UK's withdrawal from the EU is still to be finalised, recent experience seems to indicate that there has been little impact on your Company's activities. The three realisations in December 2018 were to a variety of purchasers, including a UK plc and two overseas buyers and the level of new opportunities has continued to improve. In addition, the ability to self-assure on certain new investments puts your Company on a more competitive footing.

The Board believes that the UK's withdrawal from the European Union will have minimal direct effect on the portfolio, but it would not be immune to any worsening in the overall economic environment that this may cause.

The Board wishes to thank existing and new shareholders for making a success of the joint fundraising with British Smaller Companies VCT plc and this has given your Company the resources to continue building the portfolio and deliver shareholder value.

Richard Last
Chairman

OBJECTIVES AND KEY POLICIES

The Company's objective is to maximise Total Shareholder Return and provide investors with an attractive long-term tax free dividend yield whilst maintaining the Company's status as a venture capital trust.

Investment Policy

The Company's investment policy is to create a portfolio that blends a mix of businesses operating in established and emerging industries that offer opportunities in the application and development of innovation in their products and services. Investing across a range of companies and sectors reduces exposure to particular markets and individual companies. The changes to the venture capital trust legislation in November 2015 and those announced in the November 2017 Budget mean that there is greater emphasis on earlier stage growth businesses focussing on the application and development of innovation.

To this end, the Company will invest in UK businesses across a broad range of sectors including but not limited to software, information technology and telecommunications, retail and brands, business services, manufacturing and industrial services and healthcare. These investments will primarily be in unquoted UK companies which meet the definition of a Qualifying Investment, in order to maintain the Company's venture capital status. It is anticipated that the majority of these businesses will be re-investing their profits for growth and the investments will, therefore, comprise mainly equity instruments. In order to limit the risk to the portfolio that is derived from any particular investment, at the point of investment no more than 15 per cent of the Company by value will be in any one investment.

Borrowing

The Company funds the investment programmes out of its own resources and has no borrowing facilities for this purpose.

Co-investment

British Smaller Companies VCT2 plc and British Smaller Companies VCT plc ("the VCTs") have in aggregate first choice of all investment opportunities meeting the VCT qualifying criteria that require up to £4.5 million of equity. Amounts above £4.5 million will be allocated one third to YFM's co-investment funds and two thirds to the VCTs. Where there are opportunities for the VCTs to co-invest with each other the basis for allocation is 40 per cent to the Company and 60 per cent to British Smaller Companies VCT plc. The Board of the Company has discretion as to whether or not to take up or, where British Smaller Companies VCT plc does not take its allocation, increase its allocation in such co-investment opportunities.

Asset mix

Pending investment in VCT-qualifying securities, surplus cash is primarily held in interest bearing instant access, and short-notice bank accounts. Subsequent to the Finance (No. 2) Act 2015 investments can no longer be made in non-qualifying quoted investments traded on an unregulated exchange. This change therefore now excludes most AIM investments in this category.

Remuneration Policy

The Company's policy on the remuneration of its directors, all of whom being non-executive directors, can be found on page 43 of the annual report.

Other Key Policies

Details of the Company's policies on the payment of dividends, the DRIS and the buy-back of shares are given on the inside cover of the annual report. In addition to these the Company's anti-bribery and environmental and social responsibilities policies can be found on page 30 of the annual report.

PROCESSES AND OPERATIONS

The Investment Adviser is responsible for the sourcing and screening of initial enquiries, carrying out suitable due diligence investigations and making submissions to the Board regarding potential investments. Once approved, further due diligence is carried out and HMRC clearance is obtained as the Board deem necessary for approval as a Qualifying Holding.

The Board approves all investment and divestment decisions save in that new investments up to £250,000 in companies whose securities are traded on a regulated stock exchange and where the decision is required urgently, in which case the Chairman of the Board of Directors, if appropriate, may act in consultation with the Investment Adviser.

The Board regularly monitors the performance of the portfolio and the investment requirements set by the relevant VCT legislation. Reports are received from the Investment Adviser regarding the trading and financial position of each investee company and senior members of the Investment Advisory Team regularly attend the Company's Board meetings. Monitoring reports are also received at each Board meeting on compliance with VCT regulations so that the Board can monitor that the Venture Capital Trust status of the Company is maintained and take corrective action if appropriate.

The Board reviews the terms of YFM Private Equity Limited's appointment as Investment Adviser on a regular basis.

YFM Private Equity Limited has performed investment advisory, administrative and secretarial services for the Company since its inception on 28 November 2000. The principal terms of the agreement under which these services are performed are set out in note 3 to the financial statements.

Performance Incentive

The Investment Adviser will receive an amount equivalent to 20 per cent of the amount by which the cumulative dividends per ordinary share paid as at the last business day in December in any year, plus the average of the middle market price per ordinary share on the five dealing days prior to that day, exceeds 120 pence per ordinary share, multiplied by the number of ordinary shares issued and the ordinary shares under option (if any) (the "Hurdle"). Under the terms of the Subscription Rights Agreement, once the Hurdle has been exceeded it is reset at that value going forward, which becomes the new Hurdle. Any subsequent exercise of these rights will only occur once the new Hurdle has been exceeded. The subscription rights are exercisable in the ratio 95:5 between the Investment Adviser and Chord Capital Limited. Further details are given in note 3 to the financial statements.

In the opinion of the directors the continuing appointment of YFM Private Equity Limited as Investment Adviser is in the interests of the shareholders as a whole in view of its experience in advising venture capital trusts and in making, managing and exiting investments of the kind falling within the Company's investment policies.

KEY PERFORMANCE INDICATORS

Total Shareholder Return, calculated by reference to the cumulative dividends paid plus net asset value (excluding tax reliefs received by shareholders), is the primary measure of performance in the VCT industry.

Total Shareholder Return

The chart on page 11 of the annual report shows how the **Total Shareholder Return** of your Company has developed over the last ten years.

The evaluation of comparative success of the Company's **Total Shareholder Return** is by way of reference to the **Share Price Total Return** for approximately 45 generalist VCTs as published by the Association of Investment Companies ("the AIC"). This is the Company's stated benchmark index. A comparison and explanation of the calculation of this return is shown in the Directors' Remuneration Report on page 45 of the annual report.

Total Shareholder Return with DRIS

The chart on page 11 of the annual report illustrates the **Total Shareholder Return** (excluding tax reliefs received by shareholders) for investors who subscribed to the first fundraising in 2000/01 who have re-invested their dividends.

Shareholder Returns

Total Shareholder Return is an Alternative Performance Measure and the Board considers it to be the primary measure of shareholder value. The table below shows the cumulative dividends, the Total Shareholder Return on each fundraising round per ordinary share and the IRR if a shareholder had not opted to participate in the Company's DRIS. The cumulative dividend, total return and IRR figures in this table exclude the benefits of all tax reliefs.

Year of issue	NAV at 31 December 2018	Cumulative dividends paid since fundraising	Total Shareholder Return to date[1]	Offer price [2]	IRR[3]
	Pence	Pence	Pence	Pence	%
2001	59.9	58.5	118.4	100.0	1.2%
2002	59.9	58.5	118.4	100.0	1.3%
2010	59.9	36.5	96.4	77.3	3.3%
2011	59.9	32.5	92.4	70.3	4.6%
2012	59.9	28.5	88.4	70.5	4.2%
2013	59.9	24.0	83.9	68.0	4.5%
2014	59.9	19.5	79.4	68.0	3.9%
2015	59.9	15.0	74.9	65.0	4.4%
2016	59.9	10.5	70.4	63.0	4.2%
2017	59.9	6.0	65.9	62.2	3.1%

Notes

[1] Total Shareholder Return to date is cumulative dividends paid plus the 31 December 2018 net asset value in pence per ordinary share.

[2] The offer price for the relevant year excluding the benefit of income tax relief available to investors at the time of the offer.

[3] IRR is the unaudited annual rate of return that equates the offer price at the date of the original investment, with the value of subsequent dividends plus the 31 December 2018 net asset value per ordinary share. This excludes the benefit of any initial tax relief.

Expenses

Ongoing Charges

The Ongoing Charges figure, as calculated in line with the AIC recommended methodology, is an Alternative Performance Measure used by the Board to monitor expenses. This figure shows shareholders the annual percentage reduction in net asset value as a result of recurring operational expenses which, whilst based on historical information, provides an indication of the likely level of costs that will be incurred in managing the Company in the future.

Expenses	**Year to 31 December 2018 (%)**	Year to 31 December 2017 (%)
Ongoing Charges figure	**2.49**	2.48

Expenses Cap

The total costs incurred by the Company in the year (excluding any performance related fees, trail commission payable to financial intermediaries and VAT) is capped at 2.9 per cent of the total net asset value as at the relevant year end. The treatment of costs in excess of the cap is described in note 3 on page 62 of the annual report. There was no breach of the expenses cap in the current or prior year.

Compliance with VCT Legislative Tests

The main business risk facing the Company is the retention of VCT qualifying status. The Board receives regular reports on compliance with the VCT legislative tests from its Investment Adviser. In addition the Board receives formal reports from its VCT Status Adviser twice a year. The Board can confirm that during the period all of the VCT legislative tests have been met.

Under Chapter 3 Part 6 of the Income Tax Act 2007, in addition to the requirement for a VCT's ordinary share capital to be listed in the Official List on a European regulated market throughout the period, there are a further five specific tests that VCTs must meet following the initial three year provisional period.

Income Test

The Company's income in the period must be derived wholly or mainly (70 per cent) from shares or securities.

Retained Income Test

The Company must not retain more than 15 per cent of its income from shares and securities.

Qualifying Holdings Test

At least 70 per cent by value of the Company's investments must be represented throughout the period by shares or securities comprised in Qualifying Holdings of investee companies. (80 per cent for accounting periods commencing after 5 April 2019).

For shares issued in accounting periods beginning on or after 6 April 2018, at least 30 per cent of those share issues must be invested in Qualifying Holdings of investee companies by the anniversary of the accounting period in which those shares are issued.

Eligible Shares Test

At least 70 per cent of the Company's Qualifying Holdings must be represented throughout the period by holdings of non-preferential shares.

Investments made before 6 April 2018 from funds raised before 6 April 2011 are excluded from this requirement.

At least 10 per cent of the Company's total investment in each Qualifying Investment must be in eligible shares.

In addition, monies are not permitted to be used to finance buy-outs or otherwise to acquire existing businesses or shares.

There is also an annual limit for each investee company which provides that they may not raise more than £5 million of state aid investment (including from VCTs) in the 12 months ending on the date of each investment (£10 million for Knowledge Intensive Companies).

Maximum Single Investment Test

The value of any one investment has, at any time in the period, not represented more than 15 per cent of the Company's total investment value. This is calculated at the time of investment and further additions and therefore cannot be breached passively.

The Board can confirm that during the period all of the VCT legislative tests set out above have been met, where required.

Further restrictions placed on VCTs are:

Dividends from cancelled share premium

The Finance Act 2014 introduced a restriction with respect to the use of monies in respect of VCTs. In particular, no dividends can be paid out of cancelled share premium arising from shares allotted on or after 6 April 2014 until at least three full financial years have elapsed from the date of allotment.

Of amounts relating to cancelled share premium £7.24 million remains undistributable until on or after 1 January 2020.

Other

The Finance (No. 2) Act 2015 imposes further conditions in respect of investments, including those regarded as non-qualifying investments, including:

i) an aggregate limit of £12 million (or £20 million for Knowledge Intensive Companies) on the amount of State Aid Risk Finance investment a business can receive during its lifetime; and

ii) no more than seven years can have elapsed since the first commercial sale achieved by the business (ten years in the case of a Knowledge Intensive Company), unless:

   a. the business has previously received an investment from a source that has received state aid; or
   b. the investment comprises more than 50 per cent of the average of the previous five years' turnover and the funds are to be used in the business to fund growth into new product markets and/or new geographies.

INVESTMENT PERFORMANCE

Portfolio Structure
The charts on page 14 of the annual report illustrate the broad range of the investment portfolio with 65 per cent of the portfolio valuation being held for more than 3 years, whilst 82 per cent is held at cost or above. 40 per cent of the portfolio's value is held in income generating financial instruments.

Portfolio Diversity
Also included in the charts is a profile of the investment portfolio by industry sector and the breakdown of the portfolio between investments made before and after the VCT rule changes in 2015.

INVESTMENT REVIEW

The portfolio delivered a strong performance in the year, with a return of £4.5 million on the opening value and income of £1.6 million.

Your portfolio

£38.1 million	Fair value of the portfolio	(2017: £40.4 million)
19	Number of portfolio companies with value of more than £0.5 million	(2017: 24)
£1.6 million	Income from the portfolio	(2017: £1.4 million)
£5.6 million	Level of new investment	(2017: £2.4 million)
£4.5 million	Return from portfolio	(2017: £2.2 million)

The portfolio as a whole delivered an increased value of £4.48 million in the year, as shown in Table A below. A value gain of £1.38 million has come from the portfolio with strong performances from ACC Aviation, Matillion Limited and Deep-Secure Ltd offset by the impact of difficult trading conditions at DisplayPlan Holdings Limited, Hutchinson Networks Limited and Traveltek Group Holdings Limited. A gain of £3.10 million arose from the realisation of investments in the year, including £2.62 million from the disposal of GTK (Holdco) Limited, Mangar Health Limited and Gill Marine Holdings Limited.

Table A **Investment portfolio**	**£million**	**%**
Gain in fair value	1.38	31
Gain on disposal over opening value	2.75	61
	4.13	92
Gain from deferred proceeds	0.35	8
Total value movement	**4.48**	**100**

At 31 December 2018 the investment portfolio was valued at £38.10 million, representing 59.5 per cent of net assets (68.4 per cent at 31 December 2017). While cash at 31 December 2018 of £25.10 million represented 39.2 per cent of net assets (29.9 per cent at 31 December 2017), this would be approximately 25 per cent of net assets after adjusting for the £9.41 million of proceeds (including outstanding interest) from the three disposals in December 2018.

It is disappointing that the 2018 budget has retained the rule that prevents your Company from holding deposits with more than seven days' notice but the Board continues to review alternative investments that would generate a higher level of income while minimising the level of risk to capital.

Other Significant Investment Movements

Investments

During the year ended 31 December 2018 the Company completed seven investments totalling £5.65 million. This comprised four new investments of £5.06 million and three follow-on investments of £0.59 million. The analysis of these investments is shown in Table B. The case study on page 18 of the annual report gives more information on the investment in Arcus Global Limited.

Table B Date	Company	Investments made £million New	 Follow-on	 Total
Mar-18	Ncam Technologies Limited	0.98	-	0.98
Mar-18	Matillion Limited	-	0.38	0.38
Mar-18	Eikon Holdco Limited	2.00	-	2.00
Apr-18	Hutchinson Networks Limited	0.88	-	0.88
May-18	Arcus Global Limited	1.20	-	1.20
Jun-18	Immunobiology Limited	-	0.10	0.10
Nov-18	Traveltek Group Holdings Limited	-	0.11	0.11
	Invested in the year	5.06	0.59	5.65
	Capitalised interest, dividends and proceeds			0.48
	Total additions in the year			**6.13**

Disposal of Investments

During the year to 31 December 2018 the Company received proceeds from disposals, repayments of loans/preference shares and deferred consideration of £12.99 million. This included the very successful realisations of GTK (Holdco) Limited, Mangar Health Limited and Gill Marine Holdings Limited which delivered exit multiples on original cost of 3.4x, 2.7x and 2.0x respectively and produced realised gains of £5.33 million.

The total value gain on disposal of investments was £3.10 million above the 31 December 2017 valuations as set out in Table C. The case study on page 18 of the annual report gives some insight into the value created from the investment in GTK (Holdco) Limited.

Table C **Disposal of Investments**	**Net proceeds from sale of investments £million**	**Opening value 31 December 2017 £million**	**Gain on opening value £million**
Unquoted investments	10.68	8.23	2.45
Quoted investments	1.89	1.59	0.30
Sale of portfolio investments	12.57	9.82	2.75
Deferred proceeds received	0.42	0.07	0.35
Total investment disposals	**12.99**	**9.89**	**3.10**

The quoted portfolio delivered proceeds of £1.89 million with a profit on cost of £0.98 million.

Further analysis of all investments sold in the year can be found in note 7 below.

Portfolio Composition

As at 31 December 2018 the portfolio had a value of £38.10 million which comprised £37.02 million in unquoted investments (97 per cent) and £1.08 million in quoted investments (3 per cent). An analysis of the movements in the year is shown in note 7 below.

The portfolio remains well diversified, with 19 of 40 investments having a value greater than £0.5 million, compared to 24 a year earlier, with the single largest investment representing 8.2 per cent of the net asset value.

The charts on page 14 of the annual report show the composition of the portfolio as at 31 December 2018 by industry sector, age of investment, investment instrument and the valuation compared to cost. This demonstrates representation across a wide range of industry sectors.

Valuation Policy

Unquoted investments are valued in accordance with the valuation policy set out in note 1 of the financial statements, which takes account of current industry guidelines for the valuation of venture capital portfolios. Adjustments to fair value are made where an investment is significantly under-performing. As at 31 December 2018 the value of investments falling into each valuation category is shown in Table D.

With continued investment in younger businesses that are investing for growth a higher proportion of valuations are based on a multiple of sales. This is likely to increase as the more mature companies in the portfolio are divested.

Table D **Valuation Policy**	**Valuation £million**	**% of portfolio by value**
Earnings multiple	19.90	52
Sales multiple	11.21	29
Cost, reviewed for change in fair value	5.13	14
Price of recent investment, reviewed for change in fair value	0.78	2
Quoted investments at bid price	1.08	3
Total	**38.10**	**100**

Regulatory Environment

After a number of years of significant rule changes it was pleasing that there were very few changes in the 2018 budget. HMRC and the VCT industry have been working with the new rules for a couple of years now and, as ever, it has taken some time for these to bed in. During the year the Investment Adviser and other VCT investment advisers have worked closely with HMRC to refine HMRC's guidance on the new rules and it is pleasing that this has resulted in an environment whereby your Company can decide to self-assure businesses as Qualifying Investments in the knowledge that its status as a VCT would not be withdrawn.

Impact

In 2018 we introduced an assessment of the positive and negative impact the companies we invest in have on the environment, people and society as part of our investment appraisal process and we have introduced a structured framework to assess these impacts within the portfolio.

This approach has already led to a number of activities to improve impact in a variety of areas such as reducing energy usage and raw material usage, re-designing products to make them more environmentally sustainable, recycling, charitable activities and volunteering, providing work experience and career guidance to students, improving staff welfare such as addressing mental health in the workplace, increasing staff engagement and investing in staff training and development.

Summary and Outlook

There is a continual dialogue with HM Treasury and HMRC regarding the VCT rules and hopefully this will result in further improvements to the regulatory environment.

Your Company made three significant realisations at the end of 2018 at substantial uplifts on their values at the start of the year, demonstrating the value in the portfolio and it is hoped that there will be further realisations in 2019.

Your Company has seen a good flow of investment opportunities during the year and this has continued into 2019.

The Investment Adviser has strengthened and expanded its team again this year and is seeking to add further resource in 2019 so that the portfolio continues to be managed pro-actively, whether that is by managing exit processes, developing management teams or further fundraisings. The nature of the investments in the portfolio is shifting towards younger, scale-up businesses that need to build out their infrastructure as they grow and the Investment Adviser and your Company are well resourced to meet these needs.

David Hall
YFM Private Equity Limited

INVESTMENT PORTFOLIO SUMMARY AT 31 DECEMBER 2018

Name of Company	Date of initial investment	Location	Industry Sector	Current cost	Valuation at 31 December 2018	Proceeds to date	Realised & unrealised value to date*
				£000	£000	£000	£000
Unquoted portfolio							
ACC Aviation (via NewAcc (2014) Limited)	Nov-14	Reigate	Business Services	145	5,248	1,233	6,481
Matillion Limited	Nov-16	Manchester	Software, IT & Telecommunications	1,778	5,180	-	5,180
Intelligent Office UK (IO Outsourcing Limited t/a Intelligent Office)	May-14	Alloa	Business Services	1,956	2,992	-	2,992
KeTech Enterprises Limited	Nov-15	Nottingham	Software, IT & Telecommunications	1,500	2,329	500	2,829
Business Collaborator Limited	Nov-14	Reading	Software, IT & Telecommunications	1,340	2,284	-	2,284
Eikon Holdco Limited	Mar-18	London	Software, IT & Telecommunications	2,000	2,080	-	2,080
Deep-Secure Ltd	Dec-09	Malvern	Software, IT & Telecommunications	500	2,028	-	2,028
Springboard Research Holdings Limited	Oct-14	Milton Keynes	Business Services	1,824	1,674	-	1,674
Leengate Holdings Limited	Dec-13	Derbyshire	Manufacturing & Industrial	716	1,240	385	1,625
Friska Limited	Jul-17	Bristol	Retail & Brands	1,200	1,208	-	1,208
Arcus Global Limited	May-18	Cambridge	Software, IT & Telecommunications	1,200	1,200	-	1,200
Sipsynergy (via Hosted Network Services Limited)	Jun-16	Hampshire	Software, IT & Telecommunications	1,309	1,091	-	1,091
Wakefield Acoustics (via Malvar Engineering Limited)	Dec-14	Heckmondwike	Manufacturing & Industrial	720	770	41	811
Ncam Technologies Limited	Mar-18	London	Software, IT & Telecommunications	977	733	-	733
Macro Art Holdings Limited	Jun-14	Cambridgeshire	Business Services	480	682	359	1,041
Biz2Mobile Limited	Oct-16	Oxfordshire	Software, IT & Telecommunications	1,000	624	-	624
Traveltek Group Holdings Limited	Oct-16	East Kilbride	Software, IT & Telecommunications	1,092	591	-	591
DisplayPlan Holdings Limited	Jan-12	Baldock	Business Services	70	563	820	1,383
SP Manufacturing Services Limited	Apr-15	Leeds	Manufacturing & Industrial	500	559	-	559
Other investments £0.5 million and below				9,735	3,943	1,311	5,254
Total unquoted investments				**30,042**	**37,019**	**4,649**	**41,668**
Quoted portfolio							
Investments £0.5 million and below				754	1,083	1,997	3,080
				30,796	**38,102**	**6,646**	**44,748**
Full disposals to date				28,763	-	40,438	40,438
Total investment portfolio				**59,559**	**38,102**	**47,084**	**85,186**

* represents proceeds received to date plus the unrealised valuation at 31 December 2018.

SUMMARY OF INVESTMENT PORTFOLIO MOVEMENT SINCE 31 DECEMBER 2017

Name of Company	Investment valuation at 31 December 2017	Disposal proceeds	Additions including capitalised interest, dividends and proceeds	Valuation gains including profits / (losses) on disposal	Investment valuation at 31 December 2018
	£000	£000	£000	£000	£000
Unquoted portfolio					
ACC Aviation (via Newacc (2014) Limited)	3,119	(615)	-	2,744	5,248
Intelligent Office UK (IO Outsourcing Limited t/a Intelligent Office)	3,307	-	-	(315)	2,992
KeTech Enterprises Limited	2,336	(500)	-	493	2,329
Business Collaborator Limited	1,802	-	-	482	2,284
Deep-Secure Ltd	1,276	-	-	752	2,028
Springboard Research Holdings Limited	1,930	-	59	(315)	1,674
Leengate Holdings Limited	1,522	(385)	-	103	1,240
Wakefield Acoustics (via Malvar Engineering Limited)	1,058	-	-	(288)	770
Macro Art Holdings Limited	912	(43)	-	(187)	682
Displayplan Holdings Limited	1,109	-	-	(546)	563
SP Manufacturing Services Limited	500	-	-	59	559
Immunobiology Limited	806	-	100	(408)	498
Bagel Nash Group Limited	507	-	-	(18)	489
TeraView Limited	557	-	-	(278)	279
Seven Technologies Holdings Limited	619	-	-	(378)	241
Mangar Health Limited	2,641	(3,675)	-	1,034	-
GTK (Holdco) Limited	1,950	(2,614)	-	664	-
Gill Marine Holdings Limited	1,922	(2,844)	-	922	-
Other investments £0.5 million and below	3,308	-	-	(1,022)	2,286
Investments made prior to November 2015	31,181	(10,676)	159	3,498	24,162
Matillion Limited	2,222	-	378	2,580	5,180
Eikon Holdco Limited	-	-	2,000	80	2,080
Friska Limited	1,200	-	-	8	1,208
Arcus Global Limited	-	-	1,200	-	1,200
Sipsynergy (via Hosted Network Services Ltd)	1,074	-	-	17	1,091
Ncam Technologies Limited	-	-	977	(244)	733
Biz2Mobile Limited	863	-	-	(239)	624
Traveltek Group Holdings Limited	1,001	-	112	(522)	591
e2E Engineering Limited	600	-	-	(450)	150
Hutchinson Networks Limited	-	-	880	(880)	-
Investments made after November 2015	6,960	-	5,547	350	12,857
Total unquoted investments	**38,141**	**(10,676)**	**5,706**	**3,848**	**37,019**
Quoted portfolio					
Iomart Group plc	529	(128)	-	(71)	330
Other quoted investments £0.5 million and below	1,753	(1,770)	424	346	753
Total quoted investments	**2,282**	**(1,898)**	**424**	**275**	**1,083**
Total	**40,423**	**(12,574)**	**6,130**	**4,123**	**38,102**

RISK FACTORS

The Board carries out a regular and robust review of the risk environment in which the Company operates. The principal risks and uncertainties identified by the Board and techniques used to mitigate these risks are set out in this section.

The Board seeks to mitigate its principal risks by setting policy, regularly reviewing performance and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies rigorously the principles detailed in section C.2: "Risk Management & Internal Control" of The UK Corporate Governance Code issued by the Financial Reporting Council in April 2016. Details of the Company's internal controls are contained in the Corporate Governance Internal Control section on pages 41 and 42 of the annual report and further information on exposure to risks including those associated with financial instruments is given in note 17a of the financial statements.

Loss of Approval as a VCT

Risk - The Company must comply with Chapter 3 Part 6 of the Income Tax Act 2007 which allows it to be exempted from corporation tax on capital gains. Any breach of these rules may lead to the Company losing its approval as a VCT, qualifying shareholders who have not held their shares for the designated holding period having to repay the income tax relief they obtained and future dividends paid by the Company becoming subject to tax. The Company would also lose its exemption from corporation tax on capital gains.

Mitigation - One of the Key Performance Indicators monitored by the Company is the compliance with legislative tests. Details of how the Company manages these requirements can be found under the heading "Compliance with VCT Legislative Tests" above.

Economic

Risk - Events such as recession and interest rate fluctuations could affect investee companies' performance and valuations.

Mitigation - As well as the response to 'Investment and Strategic' risk below the Company has a clear investment policy (summarised above) and a diversified portfolio operating in a range of sectors. The Investment Adviser actively monitors investee performance which provides quality information for monthly reviews of the portfolio.

Investment and Strategic

Risk – Inappropriate strategy, poor asset allocation or consistently weak stock allocation may lead to under performance and poor returns to shareholders. The quality of enquiries, investments, investee company management teams and monitoring, and the risk of not identifying investee under performance might also lead to under performance and poor returns to shareholders.

Mitigation - The Board reviews strategy annually. At each of the Board meetings the directors review the appropriateness of the Company's objectives and stated strategy in response to changes in the operating environment and peer group activity. The Investment Adviser carries out due diligence on potential investee companies and their management teams and utilises external reports where appropriate to assess the viability of investee businesses before investing. Wherever possible a non-executive director will be appointed to the board of the investee on behalf of the Company.

Regulatory

Risk – The Company is required to comply with the Companies Act 2006, the rules of the UK Listing Authority, the Prospectus Rules made by the Financial Conduct Authority and International Financial Reporting Standards as adopted by the European Union and is subject to the EU's Alternative Investment Fund Manager's Directive. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.

Mitigation - The Investment Adviser and the Company Secretary have procedures in place to ensure recurring Listing Rules requirements are met and actively consult with brokers, solicitors and external compliance advisers as appropriate. The key controls around regulatory compliance are explained on pages 41 and 42 of the annual report.

Reputational

Risk – Inadequate or failed controls might result in breaches of regulations or loss of shareholder trust.

Mitigation - The Board is comprised of directors with suitable experience and qualifications who report annually to the shareholders on their independence. The Investment Adviser is well-respected with a proven track record and has a formal recruitment process to employ experienced investment staff. Allocation rules relating to co-investments with other funds managed/advised by the Investment Adviser, have been agreed between the Investment Adviser and the Company. Advice is sought from external advisors where required. Both the Company and the Investment Adviser maintain appropriate insurances.

Operational

Risk - Failure of the Investment Adviser's and administrator's accounting systems or disruption to its business might lead to an inability to provide accurate reporting and monitoring.

Mitigation - The Investment Adviser has a documented business continuity plan, which provides for back-up services in the event of a system breakdown. The Investment Adviser's systems are protected against viruses and other cyber-attacks.

Financial

Risk – Inadequate controls might lead to misappropriation of assets. Inappropriate accounting policies might lead to misreporting or breaches of regulations.

Mitigation - The key controls around financial reporting are described on pages 41 and 42 of the annual report.

Market/Liquidity

Risk – Lack of liquidity in both the venture capital and public markets. Investment in unquoted and AIM quoted companies, by their nature, involve a higher degree of risk than investment in companies trading on the main market. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. The fact that a share is traded on AIM or on the main market does not guarantee its liquidity. The spread between the buying and selling price of such shares may be wide and thus the price used for valuation may not be achievable. In addition, the market for stock in smaller companies is often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock.

Mitigation - Overall liquidity risks are monitored on an ongoing basis by the Investment Adviser and on a quarterly basis by the Board.

OTHER MATTERS

Environment

The Board recognises the requirement under Section 414C of the Companies Act 2006 to detail information about environmental matters (including the impact of the Company's business on the environment), employee, human rights, social and community issues, including information about any policies it has in relation to these matters and effectiveness of these policies.

The Company seeks to ensure that its business is conducted in a manner that is responsible to the environment, and has introduced an electronic communications policy. This policy has led to a significant increase in the number of such communications, with a commensurate reduction in the distribution of hard copy documents. The management and administration of the Company is undertaken by the Investment Adviser. YFM Private Equity Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment and implements policies to reduce any damage that might be caused by its activities. Initiatives of the Investment Adviser designed to minimise its and the Company's impact on the environment include recycling and reducing energy consumption.

Given the size and nature of the Company's activities and the fact that it has no employees, the Board considers there is limited scope to develop and implement social and community policies. More details of the work that the Investment Adviser has done in this area are set out on page 17 of the annual report.

Anti-Bribery and Corruption Policy

The Company has a zero tolerance approach to bribery. The following is a summary of its policy:

- it is the Company's policy to conduct all of its business in an honest and ethical manner. The Company is committed to acting professionally, fairly and with integrity in all its business dealings and relationships;
- the directors of the Company, the Investment Adviser and any other service providers must not promise, offer, give, request, agree to receive or accept financial or other advantage in return for favourable treatment, to influence a business outcome or gain any business advantage on behalf of the Company or encourage others to do so; and
- the Company has communicated its anti-bribery policy to the Investment Adviser and its other service providers.

The Company had no employees during the year. Following the appointment of Mr R S McDowell as a non-executive director on 6 March 2019 the Board is composed of four male non-executive directors, though this will reduce to the previous level of three following the retirement of Mr R Last at the forthcoming Annual General Meeting. For a review of the policies used when appointing directors to the Board of the Company please refer to the Directors' Remuneration Report.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors are required to prepare the financial statements and have elected to prepare the Company's financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare a strategic report, directors' report and directors' remuneration report which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. 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.

Website Publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website at www.bscfunds.com in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' Responsibilities pursuant to DTR4

The directors confirm to the best of their knowledge:

- the financial statements have been prepared in accordance with IFRSs as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company; and
- the annual report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

Having taken advice from the Audit Committee, the Board considers the annual report and accounts, taken as a whole, are fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

The names and functions of all the directors are stated in note 14.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

		2018			2017		
	Notes	**Revenue £000**	**Capital £000**	**Total £000**	Revenue £000	Capital £000	Total £000
Gain on disposal of investments	7	**-**	**3,103**	**3,103**	-	40	40
Gains on investments held at fair value	7	**-**	**1,376**	**1,376**	-	2,209	2,209
Income	2	**1,563**	**74**	**1,637**	1,413	-	1,413
Total income		**1,563**	**4,553**	**6,116**	1,413	2,249	3,662
Administrative expenses:							
Investment Adviser's fee		**(306)**	**(917)**	**(1,223)**	(289)	(866)	(1,155)
Other expenses		**(439)**	**-**	**(439)**	(438)	-	(438)
	3	**(745)**	**(917)**	**(1,662)**	(727)	(866)	(1,593)
Profit before taxation		**818**	**3,636**	**4,454**	686	1,383	2,069
Taxation	4	**(57)**	**57**	**-**	(73)	73	-
Profit for the year		**761**	**3,693**	**4,454**	613	1,456	2,069
Total comprehensive income for the year		**761**	**3,693**	**4,454**	613	1,456	2,069
Basic and diluted earnings per ordinary share	6	**0.71p**	**3.46p**	**4.17p**	0.61p	1.46p	2.07p

The notes on pages 57 to 78 of the annual report are an integral part of the financial statements.

The Total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. The supplementary Revenue and Capital columns are prepared under the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in November 2014 and updated in February 2018 with consequential amendments – "SORP") published by the AIC.

BALANCE SHEET
At 31 December 2018

	Notes	2018 £000	2017 £000
Assets			
Non-current assets at fair value through profit or loss			
Financial assets	7	**38,102**	40,423
Accrued income and other assets		**467**	825
		38,569	41,248
Current assets			
Accrued income and other assets		**552**	392
Cash on fixed term deposit		**1,988**	1,988
Cash and cash equivalents		**23,115**	15,681
		25,655	18,061
Liabilities			
Current liabilities			
Trade and other payables		**(170)**	(253)
Net current assets		**25,485**	17,808
Net assets		**64,054**	59,056
Shareholders' equity			
Share capital		**11,318**	10,450
Share premium account		**4,351**	257
Capital redemption reserve		**88**	88
Other reserve		**2**	2
Merger reserve		**5,525**	5,525
Capital reserve		**33,694**	32,198
Investment holding gains and losses reserve		**7,335**	9,090
Revenue reserve		**1,741**	1,446
Total shareholders' equity		**64,054**	59,056
Net asset value per ordinary share	8	**59.9p**	58.8p

The notes on pages 57 to 78 of the annual report are an integral part of the financial statements.

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 22 March 2019.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share capital	Share premium account	Other reserves*	Capital reserve	Investment holding gains and losses reserve	Revenue reserve	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 December 2016	**9,652**	**16,902**	**5,615**	**15,621**	**7,077**	**1,242**	**56,109**
Revenue return for the year	-	-	-	-	-	*686*	*686*
Capital expenses	-	-	-	*(866)*	-	-	*(866)*
Investment holding gain on investments held at fair value	-	-	-	-	*2,209*	-	*2,209*
Realisation of investments in the year	-	-	-	*40*	-	-	*40*
Taxation	-	-	-	*73*	-	*(73)*	-
Total comprehensive (expense) income for the year	-	-	-	(753)	2,209	613	2,069
Issue of share capital	*679*	*3,571*	-	-	-	-	*4,250*
*Issue costs ***	-	*(176)*	-	*(10)*	-	-	*(186)*
Cancellation of share premium account, net of costs	-	*(20,579)*	-	*20,569*	-	-	*(10)*
Purchase of own shares	-	-	-	*(814)*	-	-	*(814)*
Issue of shares – DRIS	*119*	*539*	-	-	-	-	*658*
Dividends	-	-	-	*(2,611)*	-	*(409)*	*(3,020)*
Total transactions with owners	798	(16,645)	-	17,134	-	(409)	878
Realisation of prior year investment holding gains	-	-	-	196	(196)	-	-
Balance at 31 December 2017	**10,450**	**257**	**5,615**	**32,198**	**9,090**	**1,446**	**59,056**
Revenue return for the year	-	-	-	-	-	*818*	*818*
Capital return	-	-	-	*(843)*	-	-	*(843)*
Investment holding gain on investments held at fair value	-	-	-	-	*1,376*	-	*1,376*
Realisation of investments in the year	-	-	-	*3,103*	-	-	*3,103*
Taxation	-	-	-	*57*	-	*(57)*	-
Total comprehensive income for the year	-	-	-	2,317	1,376	761	4,454
Issue of share capital	*737*	*3,663*	-	-	-	-	*4,400*
*Issue costs ***	-	*(156)*	-	*(6)*	-	-	*(162)*
Unclaimed dividends	-	-	-	*7*	-	-	*7*
Purchase of own shares	-	-	-	*(1,194)*	-	-	*(1,194)*
Issue of shares – DRIS	*131*	*587*	-	-	-	-	*718*
Dividends	-	-	-	*(2,759)*	-	*(466)*	*(3,225)*
Total transactions with owners	868	4,094	-	(3,952)	-	(466)	544
Realisation of prior year investment holding gains	-	-	-	3,131	(3,131)	-	-
Balance at 31 December 2018	**11,318**	**4,351**	**5,615**	**33,694**	**7,335**	**1,741**	**64,054**

The notes on pages 57 to 78 of the annual report are an integral part of the financial statements.

Reserves available for distribution

Under the Companies Act 2006 the capital reserve and the revenue reserve are distributable reserves. The table below shows amounts that are available for distribution.

	Capital reserve	Revenue reserve	Total equity
	£000	£000	£000
Distributable reserves as shown above	**33,694**	**1,741**	**35,435**
Less : Interest, dividends and proceeds not yet distributable	(424)	(878)	(1,302)
: Cancelled share premium not yet distributable	(20,237)	-	(20,237)
Reserves available for distribution* ***	**13,033**	**863**	**13,896**

* Other reserves include the capital redemption reserve, the merger reserve and the other reserve, which are non-distributable. The other reserve was created upon the exercise of warrants, the capital redemption reserve was created for the purchase and cancellation of own shares, and the merger reserve was created on the merger with British Smaller Technologies Company VCT plc.

** Issue costs include both fundraising costs and costs incurred from the Company's DRIS.

*** Subject to filing these financial statements at Companies House, see table below.

The merger reserve was created to account for the difference between the nominal and fair value of shares issued as consideration for the acquisition of the assets and liabilities of British Smaller Technology Companies VCT plc. The reserve was created after meeting the criteria under section 131 of the Companies Act 1985 and the provisions of the Companies Act 2006 for merger relief. The merger reserve is a non-distributable reserve.

The capital reserve and revenue reserve are both distributable reserves. The reserves total £35,435,000 representing an increase of £1,791,000 during the year. The directors also take into account the level of the investment holding gains and losses reserve and the future requirements of the Company when determining the level of dividend payments.

Of the potentially distributable reserves of £35,435,000 shown above, £1,302,000 relates to interest, dividends and proceeds not yet distributable and £20,237,000 of cancelled share premium which becomes distributable from 1 January 2019 onwards (see below).

Total share premium previously cancelled is available for distribution from the following dates.

	£000
1 January 2019 – now distributable	12,995
1 January 2020	3,565
1 January 2021	3,677
Cancelled share premium not yet distributable	**20,237**

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Notes	2018 £000	2017 £000
Net cash inflow (outflow) from operating activities		**222**	(211)
Cash flows from (used in) investing activities			
Purchase of financial assets at fair value through profit or loss	7	**(5,647)**	(2,371)
Proceeds from sale of financial assets at fair value through profit or loss	7	**12,224**	3,479
Deferred consideration	7	**189**	34
Cash maturing from fixed term deposit		**-**	1,049
Net cash inflow from investing activities		**6,766**	2,191
Cash flows from (used in) financing activities			
Issue of ordinary shares		**4,379**	4,230
Costs of ordinary share issues*		**(141)**	(166)
Purchase of own ordinary shares		**(1,194)**	(814)
Share premium cancellation costs		**-**	(10)
Dividends paid	5	**(2,598)**	(2,365)
Net cash inflow from financing activities		**446**	875
Net increase in cash and cash equivalents		**7,434**	2,855
Cash and cash equivalents at the beginning of the year		**15,681**	12,826
Cash and cash equivalents at the end of the year		**23,115**	15,681

*Issue costs include both fundraising costs and expenses incurred from the Company's DRIS.

Reconciliation of Profit before Taxation to Net Cash Inflow (Outflow) from Operating Activities

	2018 £000	2017 £000
Profit before taxation	**4,454**	2,069
Increase (decrease) in trade and other payables	**14**	(45)
Decrease in accrued income and other assets	**366**	73
Gain on disposal of investments	**(3,103)**	(40)
Gains on investments held at fair value	**(1,376)**	(2,209)
Capitalised interest and dividends	**(133)**	(59)
Net cash inflow (outflow) from operating activities	**222**	(211)

The notes on pages 57 to 78 of the annual report are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Principal Accounting Policies

Basis of Preparation

The accounts have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost basis as modified by the measurement of investments at fair value through profit or loss.

The accounts have been prepared in compliance with the recommendations set out in the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies (issued in November 2014 and updated in February 2018 with consequential amendments – "SORP") to the extent that they do not conflict with IFRSs as adopted by the European Union.

The financial statements are prepared in accordance with IFRSs and interpretations in force at the reporting date. New standards coming into force during the year have not had a material impact on these financial statements.

The Company has carried out an assessment of accounting standards, amendments and interpretations that have been issued by the IASB and that are effective for the current reporting period. These include IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The Company has determined that the transitional effects of the standards do not have a material impact. The adoption of IFRS 9 resulted in changes to accounting policies and disclosures but no adjustment to the amounts recognised in the financial statements.

The financial statements are presented in sterling and all values are rounded to the nearest thousand (£000), except where stated.

2. Income

	2018	2017
	£000	£000
Dividends from unquoted companies	**500**	290
Dividends from AIM quoted companies	**91**	17
Interest on loans to unquoted companies	**920**	989
Income from investments held at fair value through profit or loss	**1,511**	1,296
Interest on bank deposits	**126**	117
	1,637	1,413

3. Administrative Expenses

	2018	2017
	£000	£000
Investment Adviser's fee	**1,223**	1,155
Administration fee	**66**	63
Total payable to YFM Private Equity Limited	**1,289**	1,218
Other expenses:		
Directors' remuneration	**93**	82
Trail commission	**87**	120
General expenses	**64**	57
Listing and registrar fees	**43**	47
Printing	**33**	26
Auditor's remuneration - audit fees (excluding irrecoverable VAT)	**28**	25
- audit related assurance services	**7**	-
Irrecoverable VAT	**18**	18
	1,662	1,593
Ongoing charges figure	**2.49%**	2.48%

Directors' remuneration comprises only short term benefits including social security contributions of £8,000 (2017: £7,000).

The directors are the Company's only key management personnel.

No fees are payable to the auditor in respect of other services (2017: £nil) apart from those shown above.

YFM Private Equity Limited has acted as Investment Adviser and performed administrative and secretarial duties for the Company under an agreement dated 28 November 2000, superseded by an agreement dated 31 October 2005 and as varied by agreements dated 8 December 2010, 26 October 2011, 16 November 2012, 17 October 2014 and 7 August 2015 (the "IAA"). The agreement may be terminated by not less than twelve months' notice given by either party at any time. Following the Financial Conduct Authority's registration of the Company as a Small Registered Alternative Investment Fund Manager in 2014, the Company has retained responsibility for the custody of its investments.

The key features of the agreement are:

- YFM Private Equity Limited receives an Investment Adviser fee, payable quarterly in advance, calculated at half-yearly intervals as at 30 June and 31 December. The fee is allocated between capital and revenue as described in note 1 to the financial statements;

- The annual advisory fee payable to the Investment Adviser during the year was 2.50 per cent of net assets up to £16.0 million, 1.25 per cent of net assets in excess of £16.0 million and up to £26.667 million, and 2.00 per cent of net assets in excess of £26.667 million;

- With effect from 1 January 2019 the annual advisory fee payable to the Investment Adviser will be 1.0 per cent on all surplus cash, defined as all cash above £10 million, unless the Hurdle has been met triggering an incentive payment in which case the amount determined to be surplus will be the excess over £5 million. The annual fee on all other assets will be 2.0 per cent of net assets per annum. Based on the Company's net assets at 31 December 2018 of £64.054 million and cash of £23.115 million at that date, this equates to £1,150,000 per annum, a reduction of £131,000 from the annual fee which would have been payable prior to the amendment;

- YFM Private Equity Limited shall bear the annual operating costs of the Company (including the advisory fee set out above but excluding any payment of the performance incentive fee, details of which are set out below and excluding VAT and trail commissions) to the extent that those costs exceed 2.9 per cent of the net asset value of the Company; and

- Under the IAA YFM Private Equity Limited also provides administrative and secretarial services to the Company for a fee of £46,000 per annum plus annual adjustments to reflect movements in the Retail Prices Index. This fee is charged fully to revenue, and totalled £66,000 for the year ended 31 December 2018 (2017: £63,000).

When the Company makes investments into its unquoted portfolio the Investment Adviser charges that investee an advisory fee. With effect from 1 October 2013 if the average of relevant fees exceeds 3.0 per cent of the total invested into new portfolio companies and 2.0 per cent into follow-on investments over the Company's financial year, this excess will be rebated to the Company. As at 31 December 2018, the Company was due a rebate from the Investment Adviser of £nil (2017: £nil).

Monitoring and directors' fees the Investment Adviser receives from the investee companies are limited to a maximum of £40,000 (excluding VAT) per annum per company.

The total remuneration payable to YFM Private Equity Limited under the IAA in the year was £1,289,000 (2017: £1,218,000).

Under the IAA, YFM Private Equity Limited is entitled to receive fees from investee companies in respect of the provision of non-executive directors and other advisory services. YFM Private Equity Limited is responsible for paying the due diligence and other costs incurred in connection with proposed investments which for whatever reason do not proceed to completion. In the year ended 31 December 2018 the fees receivable by YFM Private Equity Limited from investee companies which were attributable to advisory and directors' and monitoring fees amounted to £576,000 (2017: £385,000).

Under the Subscription Rights Agreement dated 23 November 2001 between the Company, YFM Private Equity Limited and Chord Capital Limited ("Chord" formerly Generics Asset Management Limited), as amended by an agreement between those parties dated 31 October 2005, YFM Private Equity Limited and Chord have a performance-related incentive, structured so as to entitle them to an amount equivalent to 20 per cent of the amount by which the cumulative dividends per ordinary share paid as at the last business day in December in any year, plus the average of the middle market price per ordinary share on the five dealing days prior to that day, exceeds 120 pence per ordinary share, multiplied by the number of ordinary shares issued and the ordinary shares under option (if any) (the "Hurdle"). Under the terms of the Subscription Rights Agreement, once the Hurdle has been exceeded it is reset at that value going forward, which becomes the new Hurdle. Any subsequent exercise of these rights will only occur once the new Hurdle has been exceeded. The subscription rights are exercisable in the ratio 95:5 between the Investment Adviser and Chord Capital Limited.

By a Deed of Assignment dated 19 December 2003 (together with a supplemental agreement dated 5 October 2005), the benefit of the YFM Private Equity Limited subscription right was assigned to YFM Private Equity Limited Carried Interest Trust (the "Trust"), an employee benefit trust formed for the benefit of certain employees of YFM Private Equity Limited and associated companies. Pursuant to a deed of variation dated 16 November 2012 between the Company, the trustees of the Trust and Chord, the Subscription Rights Agreement was varied so that the subscription rights will be exercisable in the ratio of 95:5 between the trustees of the Trust and Chord. Pursuant to a deed of variation dated 5 August 2014 the Subscription Rights Agreement was varied so that the recipient was changed from the Trust to YFM Private Equity Limited.

As at 31 December 2018 the total of cumulative cash dividends paid and mid-market price was 114.5 pence per ordinary share.

Under the terms of the offer launched on 11 January 2018, YFM Private Equity Limited was entitled to 4.5 per cent of gross subscriptions from execution brokers and 2.5 per cent of gross subscriptions for applications through intermediaries offering financial advice or directly from applicants, less the cost of re-investment of intermediary commission. The net amount paid to YFM Private Equity Limited under this offer amounted to £129,777.

The Investment Adviser met all costs and expenses arising from this offer out of this fee, including any payment or re-investment of initial intermediary commissions.

The details of directors' remuneration are set out in the Directors' Remuneration Report on page 44 of the annual report under the heading "Directors' Remuneration for the year ended 31 December 2018 (audited)".

4. Taxation

	2018			2017		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
	£000	**£000**	**£000**	£000	£000	£000
Profit before taxation	**818**	**3,636**	**4,454**	686	1,383	2,069
Profit before taxation multiplied by standard rate of corporation tax in UK of 19% (2017 19.25%)	**155**	**691**	**846**	132	266	398
Effect of:						
UK dividends received	**(98)**	**(14)**	**(112)**	(59)	-	(59)
Non-taxable profits on investments	**-**	**(851)**	**(851)**	-	(433)	(433)
Excess advisory expenses	**-**	**117**	**117**	-	94	94
Tax charge (credit)	**57**	**(57)**	**-**	73	(73)	-

The Company has no provided or unprovided deferred tax liability in either year.

Deferred tax assets of £701,000 (2017: £596,000) calculated at 17% in respect of unrelieved management expenses (£4.12 million as at 31 December 2018 and £3.51 million as at 31 December 2017) have not been recognised as the directors do not currently believe that it is probable that sufficient taxable profits will be available against which assets can be recovered.

Due to the Company's status as a venture capital trust and the continued intention to meet with the conditions required to comply with Section 274 of the Income Tax Act 2007, the Company has not provided for deferred tax on any capital gains or losses arising on the revaluation or realisation of investments.

5. Dividends

Amounts recognised as distributions to equity holders in the period to 31 December:

	2018			2017		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
	£000	**£000**	**£000**	£000	£000	£000
Final dividend for the year ended 31 December 2017 of 1.5p (2016: 1.5p) per ordinary share	**265**	**1,347**	**1,612**	177	1,334	1,511
Interim dividend for the year ended 31 December 2018 of 1.5p (2017: 1.5p) per ordinary share	**201**	**1,412**	**1,613**	232	1,277	1,509
	466	**2,759**	**3,225**	409	2,611	3,020
Shares allotted under DRIS			**(718)**			(658)
Unclaimed dividends			**91**			3
Dividends paid in Statement of Cash Flows			**2,598**			2,365

The final year-end dividend of 1.5 pence per ordinary share in respect of the year to 31 December 2017 was paid on 11 May 2018 to shareholders on the register at 3 April 2018.

The interim dividend of 1.5 pence per ordinary share was paid on 28 September 2018 to shareholders on the register as at 31 August 2018.

A final dividend of 1.5 pence per ordinary share in respect of the year to 31 December 2018 is proposed. This dividend has not been recognised in the year ended 31 December 2018 as the obligation did not exist at the balance sheet date.

During the year the Company has received £nil (2017: £nil) from the Registrars in respect of unclaimed dividends. The Company has made efforts to contact the relevant shareholders, with the result that £nil (2017: £3,000) has been paid to shareholders in the year. The unclaimed balance of £91,000 was returned to the Registrars during the year.

6. Basic and Diluted Earnings per Ordinary Share

The basic and diluted earnings per ordinary share is based on the profit after tax attributable to shareholders of £4,454,000 (2017: £2,069,000) and 106,692,574 (2017: 99,981,803) ordinary shares being the weighted average number of ordinary shares in issue during the year.

The basic and diluted revenue earnings per ordinary share is based on the profit for the year attributable to shareholders of £761,000 (2017: £613,000) and 106,692,574 (2017: 99,981,803) ordinary shares being the weighted average number of ordinary shares in issue during the year.

The basic and diluted capital earnings per ordinary share is based on the capital profit for the year attributable to shareholders of £3,693,000 (2017: £1,456,000) and 106,692,574 (2017: 99,981,803) ordinary shares being the weighted average number of ordinary shares in issue during the year.

During the year the Company allotted 7,366,700 new ordinary shares from a top up offer, and 1,313,755 new ordinary shares in respect of its DRIS.

The Company has also repurchased 2,152,210 of its own shares in the year, and these shares are held in the capital reserve. The total of 6,158,561 treasury shares has been excluded in calculating the weighted average number of ordinary shares for the period. The Company has no securities that would have a dilutive effect and hence basic and diluted earnings per ordinary share are the same.

The Company has no potentially dilutive shares and consequently, basic and diluted earnings per ordinary share are equivalent in both the year ended 31 December 2018 and 31 December 2017.

7. Financial Assets at Fair Value through Profit or Loss - Investments

Movements in investments at fair value through profit or loss during the year to 31 December 2018 are summarised as follows:

IFRS 13 measurement classification	**Level 3**	**Level 1**	
	Unquoted Investments	**Quoted Equity Investments**	**Total Investments**
	£000	**£000**	**£000**
Opening cost	30,115	1,248	**31,363**
Opening investment holding gain	8,026	1,034	**9,060**
Opening fair value at 1 January 2018	**38,141**	**2,282**	**40,423**
Additions at cost	5,647	-	**5,647**
Capitalised interest, dividends and proceeds	59	424	**483**
Disposal proceeds	(10,676)	(1,898)	**(12,574)**
Net profit on disposal*	2,446	301	**2,747**
Change in fair value	1,402	(26)	**1,376**
Closing fair value at 31 December 2018	**37,019**	**1,083**	**38,102**
Closing cost	30,042	754	**30,796**
Closing investment holding gain**	6,977	329	**7,306**
Closing fair value at 31 December 2018	**37,019**	**1,083**	**38,102**

*The net profit on disposal in the table above is £2,747,000 whereas that shown in the Statement of Comprehensive Income is £3,103,000. The difference comprises deferred proceeds of £356,000 in respect of assets which have been disposed of in prior years and are not included within the investment portfolio at 1 January 2018 (see below).

**Following the merger between the Company and British Smaller Technologies Company VCT plc a total of £975,000 of negative goodwill was recognised in the investment holding gains and losses reserve in respect of the investments acquired. The relevant amount per investment is realised at the point of disposal to the capital reserve. At 31 December 2018 a total of £30,000 (2017: £30,000) was held on investments yet to be realised in the investment holdings gains and losses reserve.

The following disposals took place in the year (all companies are unquoted except where otherwise indicated):

	Net proceeds from sale	Cost	Opening carrying value as at 1 January 2018	Profit (loss) on disposal
	£000	£000	£000	£000
Unquoted investments:				
ACC Aviation (via Newacc (2014) Limited)	615	615	615	-
Gill Marine Holdings Limited	2,844	1,870	1,922	922
GTK (Holdco) Limited	2,614	295	1,950	664
KeTech Enterprises Limited	500	500	500	-
Leengate Holdings Limited	385	218	298	87
Macro Art Holdings Limited	43	43	43	-
Mangar Health Limited	3,675	1,640	2,641	1,034
PowerOasis Limited	-	594	258	(258)
Seven Technologies Holdings Limited	-	4	3	(3)
Total from unquoted investments	**10,676**	**5,779**	**8,230**	**2,446**
Quoted investments:				
AB Dynamics plc	511	42	405	106
Allergy Therapeutics plc	124	350	132	(8)
EKF Diagnostics plc	236	201	197	39
Gamma Communications plc	316	71	247	69
Iomart Group plc	128	32	144	(16)
Gooch & Housego plc	583	221	472	111
Total from quoted investments	**1,898**	**917**	**1,597**	**301**
Total from disposals in the year*	**12,574**	**6,696**	**9,827**	**2,747**
Deferred proceeds:				
Ness (Holdings) Limited	5	-	42	(37)
Selima Holding Company Ltd**	413	-	20	393
Deferred proceeds received	**418**	**-**	**62**	**356**
Total from quoted and unquoted investments	**12,992**	**6,696**	**9,889**	**3,103**

* The total from disposals in the year in the table above is £12,574,000 whereas that shown in the Statement of Cash Flows is £12,224,000. The difference comprises proceeds of £350,000 which were received in the form of shares in a company listed on AIM.

** Includes agreed deferred proceeds of £229,000.

8. Basic and Diluted Net Asset Value per Ordinary Share

The basic and diluted net asset value per ordinary share is calculated on attributable assets of £64,054,000 (2017: £59,056,000) and 107,018,820 (2017: 100,490,575) ordinary shares in issue at the year end.

The treasury shares have been excluded in calculating the number of ordinary shares in issue at 31 December 2018.

The Company has no potentially dilutive shares and consequently, basic and diluted net asset values per ordinary share are equivalent in both the year ended 31 December 2018 and 31 December 2017.

9. Total Shareholder Return per Ordinary Share

The Total Shareholder Return per ordinary share is calculated on cumulative dividends paid of 58.5 pence per ordinary share (2017: 55.5 pence per ordinary share) plus the net asset value as calculated per note 8.

10. Financial Commitments

There are no financial commitments at 31 December 2018 or 31 December 2017.

11. Related Party Transactions

Mr R Last is chairman and non-executive director of Gamma Communications plc, in which he has a 0.06 per cent equity stake. During the year to 31 December 2018 he received remuneration of £78,000 from Gamma in respect of his services.

12. Events after the Balance Sheet Date

On 15 February 2019 the Company paid a special dividend of 5.0 pence per ordinary share. On the same date the Company allotted a total of 2,248,386 ordinary shares pursuant to its DRIS.

In March 2019 the Company invested £1.2 million into Frescobol Carioca, a luxury men's resort wear and lifestyle brand.

13. Annual Report and Accounts

Copies of the statutory accounts for the year ended 31 December 2018 will shortly be submitted to the National Storage Mechanism and will be available to the public for viewing online at www.hemscott.com/msn/do. They can also shortly be viewed on the Company's website at www.bscfunds.com. Hard copies of the statutory accounts for the year to 31 December 2018 will be distributed by post or electronically to shareholders and will thereafter be available to members of the public from the Company's registered office.

14. Directors

The directors of the Company are: Mr R Last, Mr P C Waller, Mr R M Pettigrew and Mr R S McDowell.

15. Annual General Meeting

The Annual General Meeting of the Company will be held at 12.00 noon on 7 May 2019 at 33 St James Square, London, SW1Y 4JS.

16. Final Dividend for the Year Ended 31 December 2018

Further to the announcement of its final results for the year ended 31 December 2018, the Company confirms that, subject to its approval by shareholders at the forthcoming Annual General Meeting to be held on 7 May 2019, the final dividend of 1.5 pence per ordinary share ("Final Dividend") will be paid on 10 May 2019 to those shareholders on the Company's register at the close of business on 5 April 2019. The ex-dividend date will be 4 April 2019.

17. Dividend Re-investment Scheme

The Company operates a dividend re-investment scheme ("DRIS"). The latest date for receipt of DRIS elections so as to participate in the DRIS in respect of the Final Dividend is the close of business on 25 April 2019.

18. Inside Information

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU No. 596/2014). Upon the publication of this announcement via Regulatory Information Service this inside information is now considered to be in the public domain.

For further information, please contact:

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