

# **British Smaller Companies VCT plc (“the Company”)**

## **Interim Management Statement**

### **For the quarter ended 31 December 2011**

British Smaller Companies VCT plc presents its interim management statement for the quarter ended 31 December 2011. The statement also includes relevant financial information between the end of the quarter and the date of this statement. This statement constitutes the Company's second interim management statement for the financial year ending 31 March 2012, as required by the UK Listing Authority's Disclosure and Transparency Rule 4.3. A copy of this interim management statement can be found at [www.yfmep.com](http://www.yfmep.com).

The Total Return at 31 December 2011, calculated by reference to the Net Asset Value (NAV) per ordinary share and the cumulative dividends paid, was 174.2p per share compared to 183.7p per share at 30 September 2011. Cumulative dividends represent 79.2 pence per share (30 September 2011: 77.2 pence per share).

The unaudited NAV per ordinary share as at 31 December 2011 is 95.0p (30 September 2011: 106.5p per share) stated after taking account of the interim dividend of 2.0p per share in respect of the period to 30 September 2011 which was paid on 20 January 2012. After taking account of the interim dividend, the remaining 9.5p per share decrease in NAV primarily comprises a 3.8p per share accrual relating to the incentive scheme payment to the Fund Manager likely to be made in respect of the year ended 31 March 2012 and a 5.8p per share net downward movement in valuations which represents a reduction of 8.0% in the value of the Company's portfolio. (Part of this movement is as a result of volatility in stock market price/earnings multiples used in the valuations).

The number of ordinary shares in issue at 31 December 2011 was 36,800,550. In addition, the Company held 2,360,485 shares in Treasury.

During the quarter 153,180 ordinary shares were repurchased by the Company at a price of 90.75p per share. These shares were placed in Treasury. There were no ordinary shares issued by the Company during the quarter. Subsequent to the quarter end the Company has issued 152,398 ordinary shares at a price of 99.27p per share pursuant to its dividend reinvestment scheme.

Net assets at 31 December 2011 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	21,284	60.9%
Quoted investment at bid price	3,425	9.8%
Total venture capital investments	<u>24,709</u>	70.7%
Fixed income securities	2,514	7.2%
<b>Total investments</b>	<u>27,223</u>	77.9%
Cash and cash equivalents	9,902	28.3%
Other net current assets (liabilities)	(2,174)	(6.2)%
Net assets	<u>34,951</u>	100.00%

The ten largest investments by valuation and other investments at 31 December 2011 were: -

	£000	% of net assets
GO Outdoors Limited	4,737	13.6%
President Engineering Group Limited	2,288	6.5%
Deep-Secure Ltd	2,206	6.3%
Adex Bridge Investments Limited	1,750	5.0%
Waterfall Services Limited	1,561	4.5%
North Western Investments Limited	1,000	2.9%
4G Capital Limited	1,000	2.9%
Fishawack Limited	909	2.6%
Harvey Jones Holdings Limited	781	2.2%
Hargreaves Services plc	679	1.9%
Top ten investments	<u>16,911</u>	48.4%
Other investments	7,798	22.3%
Total venture capital investments	<u>24,709</u>	70.7%

### Investment Portfolio

The Company has continued to see the rate of investment opportunities increase and during the three months ended 31 December 2011 the Company made two new investments totalling £750,000. The first investment of £375,000 was into PowerOasis Limited, an established supplier of power management solutions to wireless network providers. The second investment of £375,000 was made into TeraView Limited, which develops instrumentation and testing equipment based on its terahertz technology. Shortly after the quarter end the Company completed an investment of £1,300,000 into Displayplan Holdings Limited, providing retailers and manufacturers with point-of-sale display fixtures, through its acquisition vehicle North Western Investments Limited.

The Company realised 23% of its holding in coal services group Hargreaves Services Plc generating proceeds of £237,000 which represents an uplift of £132,000 on original cost and £25,000 on the September 2011 valuation.

Quoted investments are carried at bid price with a liquidity discount applied where appropriate. Unquoted investments are carried at fair value as determined by the directors.

## **Performance**

Over the 3 months to 31 December 2011 the portfolio saw an overall fall in unrealised valuations of £2.1 million equating to an 8.0% reduction in the opening value and representing a decrease in NAV of 5.8 pence per share. This comprised a decrease in the value GO Outdoors, in part due to a decline in the quoted retail sector pricing/earnings multiples compounded by more difficult trading caused by heavy discounting at struggling competitor Blacks Leisure. In spite of this short term value reduction the prospects for value growth still remain strong for this investment. This reduction was partially offset by resilient performance across the Company's portfolio with eleven of the twenty unquoted investments delivering increased valuations and four others unchanged.

The potential incentive payment due to the Fund Manager relating to the special dividend paid earlier in the year has now been fully reflected in the Company's accounts.

## **Dividend Re-investment scheme**

The Company continues to operate a dividend re-investment scheme which allows Shareholders the opportunity to build further capital value by electing to receive ordinary shares in the Company, credited as fully paid, instead of receiving dividends in cash. The proportion of Shareholders currently opting to reinvest their dividends has continued to increase with 22.9% re-investing the dividend paid on 20 January 2012.

## **Investor Workshops**

The Company remains committed to enhancing Shareholder communications and has undertaken annual investor workshops for a number of years which have proved very popular with Shareholders. The next investor workshop will be held in London at The Royal College of Surgeons at 10:30 am on 9 February 2012.

## **Outlook**

Good progress continues to be made within the Company's portfolio in adjusting to changing market opportunities and growing shareholder value. There continue to be signs of renewed demand for equity finance for growth and for management buy-outs and against this background the board will continue to review the level and adequacy of funds available for investment.

03 February 2012

**For further information please contact:**

David Hall      YFM Private Equity Limited

Tel: 0113 294 5039

Claes Spang    Singer Capital Markets Limited

Tel: 0203 205 7500

## British Smaller Companies VCT plc (“the Company”)

### Purchase of Own Securities and Total Voting Rights

The Company announces that on 19 December 2011 it purchased 153,180 Ordinary Shares of 10 pence each at a price of 90.75 pence per share. These shares will be held in Treasury.

If these shares had been purchased prior to the quarter ended 30 September 2011, and on the assumption that there were no other alterations, the Net asset Value per Ordinary Share of the Company at that date would have increased from 106.5 pence to 106.6 pence per Ordinary Share.

The Company’s issued share capital now consists of 36,800,550 Ordinary Shares with voting rights. In addition, the Company holds 2,360,485 shares in Treasury.

The above figure may be used by Shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in the Company under the FSA’s Disclosure and Transparency Rules.

19 December 2011

For further information, please contact:

David Hall      YFM Equity Partners Limited  
Claes Spang     Singer Capital Markets

Tel: 0113 294 5039  
Tel: 0203 205 7500

British Smaller Companies VCT plc (“the Company”)  
Unaudited Interim Results and Interim Management Statement  
For the 6 months ended 30 September 2011

Further to the announcement on 23 November 2011 that the Company released its unaudited interim results and interim management statement for the period to 30 September 2011, a copy of the Company’s interim accounts for that period have today been submitted to the National Storage Mechanism and are available to the public for viewing online at the following web-site address: <http://www.hemscott.com/nsm.do>. They can also be viewed on the Fund Manager’s website <http://www.yfmep.com>.

The Company expects to post the interim accounts to its shareholders on 30 November 2011.

For further information please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 294 5039
Claes Spang	Singer Capital Markets Limited	Tel: 0203 205 7500

British Smaller Companies VCT plc (“the Company”)  
Unaudited Interim Results and Interim Management Statement  
For the 6 months ended 30 September 2011

Further to the announcement on 23 November 2011 that the Company released its unaudited interim results and interim management statement for the period to 30 September 2011, a copy of the Company’s interim accounts for that period have today been submitted to the National Storage Mechanism and are available to the public for viewing online at the following web-site address: <http://www.hemscott.com/nsm.do>. They can also be viewed on the Fund Manager’s website <http://www.yfmep.com>.

The Company expects to post the interim accounts to its shareholders on 30 November 2011.

For further information please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 294 5039
Claes Spang	Singer Capital Markets Limited	Tel: 0203 205 7500

## British Smaller Companies VCT plc (“the Company”)

### New Directorship for the Chairman of the Company

As required to be disclosed pursuant to paragraph LR 9.6.14R of the Listing Rules the Company is required to disclose the details of all directorships held by its directors in any other publically quoted company.

With effect from the 17 October 2011 Helen Sinclair the Chairman of the Company was appointed a Non- Executive Director to the board of Octopus Eclipse VCT 3 PLC.

#### **For further information please contact:**

David Hall	YFM Private Equity Limited	Tel: 0113 294 5039
Claes Spang	Singer Capital Markets Limited	Tel: 0203 205 7500

## British Smaller Companies VCT plc (“the Company”)

### Purchase of Own Securities and Total Voting Rights

The Company announces that on 20 September 2011 it purchased 46,020 Ordinary Shares of 10 pence each at a price of 92.75 pence per share. These shares will be held in Treasury.

The Company’s issued share capital now consists of 36,953,730 Ordinary Shares with voting rights. In addition, the Company holds 2,207,305 shares in Treasury.

The above figure may be used by Shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in the Company under the FSA’s Disclosure and Transparency Rules.

21 September 2011

For further information, please contact:

David Hall      YFM Equity Partners Limited  
Jeff Keating    Singer Capital Markets

Tel: 0113 294 5039  
Tel: 0203 205 7500

British Smaller Companies VCT plc (“the Company”)  
Change of Company Secretary

The Company announces that KHM Secretarial Services Limited has been appointed as Company Secretary of the Company with effect from 23 August 2011. KHM Secretarial Services Limited replaces Clare Mackintosh with effect from 23 August 2011.

23 August 2011

For further information, please contact:

David Hall	YFM Equity Partners Limited	Tel: 0113 294 5039
Jeff Keating	Singer Capital Markets	Tel: 0203 205 7500

# British Smaller Companies VCT plc

## Allotment of Shares

British Smaller Companies VCT plc (“the Company”) announces that on 22 August 2011 it allotted the following ordinary shares of 10 pence each to shareholders of the Company pursuant to its dividend reinvestment scheme (“Dividend Reinvestment Scheme”):

- a) 210,533 ordinary shares at a price of 94.05 pence per share in place of the final dividend of 3 pence per ordinary share to be paid for the year ended 31 March 2011.
- b) 1,067,408 ordinary shares at a price of 94.05 pence per share in place of the special interim dividend of 18 pence per ordinary share declared by the Board on 4 July 2011.

Application is now being made for the ordinary shares which were allotted on 22 August 2011 to be admitted to the premium segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange’s main market for listed securities, and dealings are expected to commence on or around 30 August 2011.

Following such allotment the Company’s issued share capital consists of 36,999,750 Ordinary Shares with voting rights (“Voting Capital”) and 2,161,285 shares held in Treasury.

The above statement of Voting Capital may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in the Company under the FSA’s Disclosure and Transparency Rules.

For further information, please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 294 5039
Jeff Keating	Singer Capital Markets	Tel: 0203 205 7500

## British Smaller Companies VCT plc ("the Company")

### Interim Management Statement

For the quarter ended 30 June 2011

British Smaller Companies VCT plc presents its interim management statement for the quarter ended 30 June 2011. The statement also includes relevant financial information between the end of the quarter and the date of this statement. This statement constitutes the Company's first interim management statement for the financial year ending 31 March 2012, as required by the UK Listing Authority's Disclosure and Transparency Rule 4.3. A copy of this interim management statement can be found at [www.yfmep.com](http://www.yfmep.com).

The Total Return at 30 June 2011, calculated by reference to the Net Asset Value per ordinary share and the cumulative dividends paid, was 186.2p per share compared to 176.2p at 31 March 2011.

The unaudited Net Asset Value per ordinary share as at 30 June 2011 was 130.0p (31 March 2011: 120.0p). The 10.0p increase is the net result of the £2.1 million (5.8p) uplift on the 31 March 2011 carrying value in relation to partial realisation of the Company's investment in GO Outdoors Limited as well as an uplift of £1.1 million (3.4p) in the value of investments held in the quoted and unquoted portfolio, together with the gilt investments.

The number of Ordinary shares in issue at 30 June 2011 was 35,721,809. In addition, the Company held 2,161,285 shares in Treasury.

In the quarter to 30 June 2011 the Company raised gross proceeds £1.82 million with the issue of 1,421,329 Ordinary Shares at a price of 128.0p per share pursuant to its linked offer for subscription with British Smaller Companies VCT2 plc ("Linked Offer"). This took the total gross proceeds raised by the Company under the Linked Offer to £4.41m.

Net assets at 30 June 2011 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	22,343	48.11%
Quoted investment at bid price	4,435	9.55%
Total venture capital investments	<u>26,778</u>	<u>57.66%</u>
Fixed income securities	8,616	18.55%
<b>Total investments</b>	<u>35,394</u>	<u>76.21%</u>
Cash and cash equivalents	10,895	23.46%
Other net current assets (liabilities)	156	0.33%

Net assets	<b>46,445</b>	100.00%
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The ten largest investments by valuation and other investments at 30 June 2011 were: -

	<b>£000</b>	<b>% of net assets</b>
GO Outdoors Limited	<b>8,448</b>	18.19%
Waterfall Services Limited	<b>1,995</b>	4.30%
Adex Bridge Investments Limited	<b>1,750</b>	3.77%
Deep-Secure Ltd	<b>1,549</b>	3.34%
President Engineering Group Limited	<b>1,327</b>	2.86%
Fishawack Limited	<b>1,057</b>	2.28%
4G Capital Limited	<b>1,000</b>	2.15%
North Western Investments Limited	<b>1,000</b>	2.15%
Hargreaves Services plc	<b>875</b>	1.88%
Harvey Jones Holdings Limited	<b>788</b>	1.70%
Top ten investments	<b>19,789</b>	42.62%
Other investments	<b>6,989</b>	15.04%
Total venture capital investments	<b>26,778</b>	57.66%

### **Investment Portfolio**

During the three months ended 30 June 2011 the Company made three follow on investments totalling £263,000. £116,000 was invested in EKF Diagnostics Holdings plc a provider of diagnostics services in clinical care, £103,000 was invested into Fishawack Limited, a specialist healthcare communications agency and £44,000 into Darwin Rhodes Group Limited a specialist recruitment firm.

In April 2011 the Company realised part of its investment in GO Outdoors Limited in a transaction that delivered proceeds of £6.54m whilst retaining a 14.09% residual holding. The partial realisation represented a £2.1m premium to the valuation at 31 March 2011. There were two other realisations during the quarter. Shares in Hargreaves Services Plc were sold generating proceeds of £93,000, an uplift of £40,000 on original cost, whilst the residual loan to Denison Mayes Group Limited was repaid generating £5,000 of proceeds. Since the quarter end the Company has invested £0.6 million into food services and retail company Bagel Nash Ltd.

Quoted investments are carried at bid price with a liquidity discount applied where appropriate. Unquoted investments are carried at fair value as determined by the directors.

### **Performance**

During the quarter the increase in Net Asset Value per share was 10.0p with the movements due to the realisation of part of the Go Outdoors investment equivalent to 5.8p per share as

well as the underlying increase in the valuation of the investment and gilt portfolio of 3.4p per share. Together with 0.8p per share net operating profit for the quarter. The Total Return, calculated by reference to the Net Asset Value plus cumulative dividends paid, has increased by 10.0p per share to 186.2p per share; cumulative dividends represent 56.2p per share.

The Net Asset Value currently comprises 41.95% in cash and gilts and as such the Company is well placed to take advantage of selective investment opportunities as they arise enabling it to further diversify its portfolio of investments.

As a consequence of the realisation in GO Outdoors Limited, on 4 July the Company announced a special interim dividend of 18.0 pence per ordinary share ("Special Dividend"), equivalent to £6.43 million. The dividend will be paid on 22 August 2011 to Shareholders on the register on 22 July 2011.

#### **Dividend Re-investment scheme**

The Company continues to operate a dividend re-investment scheme which allows Shareholders the opportunity to build further capital value by electing to receive ordinary shares in the Company, credited as fully paid, instead of receiving dividends in cash. Shareholders currently opting to reinvest their dividends hold 15% of issued ordinary share capital of the Company.

#### **Investor Workshops**

The Company remains committed to enhancing Shareholder communications and has presented annual investor workshops for a number of years which have proved very popular with Shareholders. The most recent event held on 9 February 2011 at the British Museum welcomed over 150 Shareholders.

#### **Outlook**

Whilst a number of challenges remain, there are signs of improving economic conditions and it is encouraging to see many portfolio businesses reporting improving results. Overall the portfolio remains well funded with most businesses having taken the opportunity to improve efficiency or change their strategy to maximise the new market opportunities they now see. This Company is well placed to continue to support the existing portfolio companies.

The Board remains of the opinion that the forthcoming period will see many good investment opportunities for the portfolio businesses and for new investments. It was with this in mind that we increased the investment capacity of the Company.

02 August 2011

**For further information please contact:**

David Hall YFM Private Equity Limited  
Jeff Keating Singer Capital Markets Limited

Tel: 0113 294 5039  
Tel: 0203 205 7500

## British Smaller Companies VCT plc

### Result of Annual General Meeting

British Smaller Companies VCT plc (“the Company”) announces that at the Annual General Meeting of the Company held on 29 July 2011 all the resolutions proposed at the meeting (“Resolutions”) were duly passed.

The full text of the Resolutions was included in the notice of the Annual General Meeting contained within the Company’s Annual Report for the year ended 31 March 2011, a copy of which is available on the website of the Company’s Fund Manager at [www.yfmep.com](http://www.yfmep.com). Details of the proxy votes lodged in advance of the Annual General Meeting are also available on the Fund Manager’s website.

In accordance with the Company’s obligations under Listing Rule 9.6.2, copies of the Resolutions passed at the Annual General Meeting (other than those relating to ordinary business) have been submitted to the National Storage Mechanism and will shortly be available for viewing at [www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do).

For further information, please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 294 5039
Jeff Keating	Singer Capital Markets	Tel: 0203 205 7500

# British Smaller Companies VCT plc (“the Company”)

## Special Interim Dividend

On 13 April 2011 the Company announced the partial realisation of its investment in GO Outdoors Limited for proceeds of £6.54 million.

As a consequence of this realisation, the directors are pleased to announce the payment of a special interim dividend of 18.0 pence per ordinary share (“Special Dividend”), equivalent to £6.43 million. The dividend will be paid on 22 August 2011 to Shareholders on the register on 22 July 2011.

The Company operates a dividend re-investment scheme which allows Shareholders the opportunity to build further capital value by electing to receive ordinary shares in the Company, credited as fully paid, instead of receiving dividends in cash (“the Scheme”).

Participating Shareholders are today being notified of their ability to dis-apply their Scheme mandates for the purpose of the Special Dividend only and instead receive the Special Dividend in cash (“Opt-Out”).

A circular containing the Scheme rules together with a mandate form (and Opt-Out form) has today been sent to Shareholders who are not currently participating in the Scheme for completion and return if they wish to take part in the Scheme.

A copy of the circular containing the Scheme rules together with the mandate form and the Opt-Out form have been submitted to the National Storage Mechanism and will shortly be available to the public for viewing online at [www.hemscott.com/msn/do](http://www.hemscott.com/msn/do). They are also available on the website of the Company’s Fund Manager at [www.yfmep.com](http://www.yfmep.com).

Helen Sinclair the Company’s Chairman added “I am delighted to be able to announce the payment of this dividend. This takes total dividends paid and proposed to 77.2 pence per share averaging over 5 pence per year for each of the fifteen years of the Company’s life”.

4 July 2011

For further information, please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 294 5039
Jeff Keating	Singer Capital Markets	Tel: 0203 205 7500

## **BRITISH SMALLER COMPANIES VCT PLC ("the Company")**

Annual General Meeting held on 29 July 2011

Note of Proxies Received

The Company announces that all the resolutions put to the shareholders of the Company ('Resolutions') at its Annual General Meeting held on 29 July 2011 were duly passed.

The full text of the Resolutions was contained within in notice of the Annual General Meeting dated 13 June 2011 a copy of which is also available on this website.

### ORDINARY RESOLUTIONS

#### Resolution 1

5,702,712 proxy votes were received on this resolution: 5,557,250 in favour, 2,045 against, 140,417 at the Chairman's discretion and 3,000 withheld.

#### Resolution 2

5,702,712 proxy votes were received on this resolution: 5,548,518 in favour, none against, 154,194 at the Chairman's discretion and no votes withheld.

#### Resolution 3

5,702,712 proxy votes were received on this resolution: 5,268,767 in favour, 167,346 against, 242,332 at the Chairman's discretion and 24,267 withheld.

#### Resolution 4

5,702,712 proxy votes were received on this resolution: 5,426,210 in favour, 92,248 against, 162,299 at the Chairman's discretion and 21,955 withheld.

#### Resolution 5

5,702,712 proxy votes were received on this resolution: 5,471,011 in favour, 55,402 against, 162,299 at the Chairman's discretion and 14,000 withheld.

#### Resolution 6

5,702,712 proxy votes were received on this resolution: 4,951,848 in favour, 584,565 against, 162,299 at the Chairman's discretion and 4,000 withheld.

#### Resolution 7

5,702,712 proxy votes were received on this resolution: 5,496,088 in favour, 15,967 against, 162,299 at the Chairman's discretion and 28,358 withheld.

#### Resolution 8

5,702,712 proxy votes were received on this resolution: 5,524,677 in favour, 16,501 against, 151,534 at the Chairman's discretion and 10,000 withheld.

### SPECIAL RESOLUTIONS

#### Resolution 9

5,702,712 proxy votes were received on this resolution: 5,356,546 in favour, 142,262 against, 188,353 at the Chairman's discretion and 15,551 withheld.

#### Resolution 10

5,702,712 proxy votes were received on this resolution: 4,960,113 in favour, 584,168 against, 148,431 at the Chairman's discretion and 10,000 withheld.

**Note:** The 'Vote Withheld' option is provided to enable shareholders to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and is not counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

# British Smaller Companies VCT plc

(Registered in England No. 3134749)

## DIVIDEND REINVESTMENT SCHEME MANDATE FORM

**THIS MANDATE FORM IS NOT TRANSFERABLE**

### Dividend Reinvestment Scheme Mandate Form

If you wish to participate in the dividend reinvestment scheme (the "Scheme") in respect of your holding of Ordinary Shares, please sign and return this form to the Scheme Administrator Capita Registrars Limited, New Issues, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU no later than 20 Business Days before the payment of a dividend by the Company. All enquiries concerning this form should be made to Capita Registrars Limited, New Issues, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU (telephone: 0871 6640321 Calls cost 10p per minute plus network extras. Lines are open 8.30am — 5.30pm Mon-Fri).

If your British Smaller Companies VCT plc Ordinary Shares are held in more than one account you must complete a separate form for each account. You may obtain further copies of this form from Capita Registrars Limited.

### To: the Scheme Administrator and the Company

I/We, the undersigned, confirm that I/we have read and understood the terms and conditions of the Scheme and that (subject to my/our retaining the right to exercise any rights as may be granted by the Directors and the Scheme Administrators to dis-apply my/our mandate in respect of a particular special dividend ("Opt-Out")) I/we wish to participate in the Scheme for each future dividend paid on the Ordinary Shares and to which the Scheme is applied. I/We agree that subject to the terms and conditions of the Scheme including the exercise of any right of Opt-Out, future dividends paid on Ordinary Shares will be reinvested in Ordinary Shares.

**All Shareholders named above must sign.**

Signature(s):	<input type="text"/>	Date:	<input type="text"/>
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Signature(s):	<input type="text"/>	Date:	<input type="text"/>
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Signature(s):	<input type="text"/>	Date:	<input type="text"/>
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Signature(s):	<input type="text"/>	Date:	<input type="text"/>
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Daytime telephone number:	<input type="text"/>
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In the case of joint holders all must sign. In the case of a corporation this form must be executed under its common seal or be signed by a duly authorised official, whose capacity should be stated in accordance with Section 44 of the 2006 Act.

If this form is not completed to the satisfaction of the Scheme Administrator it will not be processed and will be returned to you for completion.

**If you decide to participate in the Scheme you will be deemed to have agreed that any mandate which you may have given for the payment of cash dividends directly to your Bank or Building Society account shall be suspended in respect of all dividends declared by the Company to which the Scheme applies, for so long as you remain a participant in the Scheme.**

**Shareholders in any doubt about their tax position should consult their independent professional adviser.**

# British Smaller Companies VCT plc

(Registered in England No. 3134749)

## **DIVIDEND REINVESTMENT SCHEME OPT-OUT FORM IN RESPECT OF THE SPECIAL DIVIDEND OF 18.0 PENCE PER ORDINARY SHARE TO BE PAID ON 22 AUGUST 2011 THIS ELECTION OPT-OUT FORM IS NOT TRANSFERABLE**

### **Dividend Reinvestment Scheme Opt-Out Form**

If you wish to dis-apply the dividend reinvestment scheme (the "Scheme") in respect of your holding of Ordinary Shares for the purpose of the special dividend of 18.0 pence per Ordinary Share ("Special Dividend") to be paid by British Smaller Companies VCT plc ("the Company") on 22 August 2011 and instead receive the Special Dividend in cash ("Opt-Out"), please sign and return this form to the Scheme Administrator Capita Registrars Limited, New Issues, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 25 July 2011. All enquiries concerning this form should be made to Capita Registrars Limited, New Issues, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU (telephone: 0871 664 0321. Calls cost 10p per minute plus network extras. Lines are open 8.30am – 5.30pm Mon-Fri).

If your British Smaller Companies VCT plc Ordinary Shares are held in more than one account you must complete a separate form for each account. You may obtain further copies of this form from Capita Registrars Limited.

### **To: the Scheme Administrator and the Company**

I/We, the undersigned, confirm that I/we have read and understood the terms and conditions of the Scheme and the Opt-Out and that I/we wish to dis-apply the Scheme in respect of my/our holding of Ordinary Shares for the purpose of the Special Dividend and instead receive the Special Dividend in cash. I/We agree that the Scheme will continue to apply in respect of my/our holding of Ordinary Shares so that all other dividends paid on my/our holding of Ordinary Shares to which the Scheme applies (including but not limited to the final dividend proposed for approval at the Annual General Meeting of the Company on 29 July 2011) will be reinvested in Ordinary Shares.

**All Shareholders named above must sign.**

Signature(s):	<input type="text"/>	Date:	<input type="text"/>
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Signature(s):	<input type="text"/>	Date:	<input type="text"/>
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Signature(s):	<input type="text"/>	Date:	<input type="text"/>
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Signature(s):	<input type="text"/>	Date:	<input type="text"/>
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Daytime telephone number:	<input type="text"/>
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In the case of joint holders all must sign. In the case of a corporation this form must be executed under its common seal or be signed by a duly authorised official, whose capacity should be stated in accordance with Section 44 of the 2006 Act.

If this form is not completed to the satisfaction of the Scheme Administrator it will not be processed and will be returned to you for completion.

**If you decide to Opt-Out of the Scheme in respect of the Special Dividend you will be deemed to have agreed that the Special Dividend will be paid to you in cash and will not be reinvested in Ordinary Shares. You will however remain a participant in the Scheme so that all other dividends paid on your holding of Ordinary Shares to which the Scheme applies (including but not limited to the final dividend proposed for approval at the Annual General Meeting of the Company on 29 July 2011) will be reinvested in Ordinary Shares.**

**Shareholders in any doubt about their tax position and/or what action they should take should consult their independent professional adviser.**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to what action you should take, you should consult your own independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your Ordinary Shares in the Company, please send this document at once to the purchaser/transferee, the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

The Directors of the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who or which have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**British Smaller Companies VCT plc**

(incorporated in England and Wales under the Companies Act 1985 with registered number 3134749)

**APPROVED DIVIDEND REINVESTMENT SCHEME IN RELATION TO THE  
COMPANY'S ORDINARY SHARES**

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4 July 2011

# Part I

## Important Notice

This document, which constitutes a financial promotion for the purposes of section 21 of the Financial Services and Markets Act 2000, has been approved, for the purposes of that section only, by YFM which is authorised and regulated by the Financial Services Authority in the United Kingdom pursuant to the Financial Services and Markets Act 2000 ("the Act").

In approving this document YFM is acting solely for the Company and no-one else and will not be responsible to anyone other than the Company for providing the protections afforded by the 2006 Act or for providing financial advice in relation to the subject of this document.

There is no guarantee that the Company's investment objective will be attained. If you are in any doubt as to what action to take, you should contact an independent financial adviser. The levels and bases of reliefs from taxation described in this document are those currently available. These may change and their value depends on an investor's individual circumstances.

No person has been authorised to issue any advertisements or give any information, or make any representations in connection with the Dividend Reinvestment Scheme, other than those contained in this document and, if issued, given or made such advertisements, information or representations must not be relied upon as having been authorised by the Company.

## Risk Factors

The Directors draw the attention of Shareholders who may be considering an investment in the Company under the Scheme to the following risk factors, which may affect the performance of the Company and/or the availability of tax reliefs:

- Investment in the Company should be regarded as long-term in nature and may not be suitable for all individuals. If they are in any doubt potential investors should consult their professional advisers about the Scheme.
- Investment in unquoted companies and PLUS or AiM companies by its nature involves a higher degree of risk than investment in a quoted portfolio. Unquoted and PLUS or AiM investments may be difficult to realise.
- The market price of the Ordinary Shares may not fully reflect their underlying net asset value. Past performance is not a guide to the future and the value of an investment in the Company, and the income derived from it may go down as well as up and an investor may not get back the amount invested.
- Although the Shares will be listed on the Official List of the UK Listing Authority it is possible that there may not be a liquid market in the Shares and Shareholders may have difficulty in selling their Shares.
- Any realised losses on a disposal of Shares will not be allowable losses, for the purposes of capital gains tax, and will therefore not be capable of set off against any capital gains.
- There can be no guarantee that the Company will maintain full VCT qualifying status. If the Company ceases to retain approval as a VCT, before Participating Shareholders have held their shares for five years, any income tax relief will have to be repaid. Following a loss of VCT status, Shareholders will be taxed on dividends paid by the Company and, in addition, a liability to capital gains tax may arise on any subsequent disposal of the Shares.
- Where full approval as a VCT is withdrawn the Company will also lose its exemption from corporation tax on capital gains. If at any time VCT status is lost dealings in the Ordinary Shares will normally be suspended until such time as the Company has published proposals either to continue as an investment company or to be wound up.
- Should a VCT not qualify as a VCT, or if it qualifies but the Shares fall outside the qualifying limit of the Shareholder, the Shareholder will generally be liable to income tax on the aggregate amount of the dividend and the notional tax credit equal to 1/9th of the dividend. The notional tax credit will discharge the income tax liability of a basic rate taxpayer. Shareholders who also pay tax at the higher rate can use the notional credit to offset against their higher rate tax liability.
- The information in this document is based on existing legislation. The tax reliefs described are those currently available. The tax rules or their interpretation in relation to an investment in the Company and/or rates of tax may change during the life of the Company.
- The investments made by the Company may be difficult to realise. The fact that a share is traded on AiM or PLUS 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.
- The Company's ability to obtain maximum value from its investment (for example, through a sale or takeover) may be limited by requirements imposed in order to maintain its VCT status (such as the condition that not less than 70% by value of a VCT's total investments must be in shares in, or securities of, an unquoted (including AiM quoted) company carrying on a qualifying trade wholly or mainly in the UK satisfying the conditions in Chapter 4 of the Income Tax Act 2007).

# Part II – Introduction

## British Smaller Companies VCT plc

### Directors:

Ms Helen Sinclair  
Philip Cammerman  
Edward Buchan

### Registered Office:

Saint Martins House  
210-212 Chapeltown Road  
Leeds  
LS7 4HZ

### Background

At the Annual General Meeting of the Company held on 6 August 2008 the Directors were authorised by special resolution to establish a dividend reinvestment scheme for the Company's Shareholders and at the general meeting of the Company held on 11 January 2011 the Directors were further authorised to continue to provide the Scheme to Shareholders in respect of dividends declared prior to 11 January 2016.

Dividend reinvestment enables Shareholders to increase their total holding in the Company without incurring dealing costs, issue costs or stamp duty. Subject to individual circumstances, these Shares should qualify for income tax relief (currently at 30 per cent) that is applicable to subscriptions for new shares in Venture Capital Trusts. The terms and conditions of the Scheme, which apply only to holders of Ordinary Shares in respect of their Ordinary Shares, are set out at Part III of this document.

### Dividend Reinvestment Scheme

Shares subscribed for via the Scheme will form part of each Shareholder's annual limit for investing in Venture Capital Trusts and qualifying for tax reliefs.

The New Ordinary Shares issued under the Scheme will rank *pari passu* in all respects with the Ordinary Shares then in issue. Subject to individual circumstances these Shares should qualify for the VCT tax reliefs that are available to subscriptions for new shares in Venture Capital Trusts (a summary of which can be found at Part IV of this document).

The terms of the Scheme only permit a Shareholder to join if all dividends on the Ordinary Shares registered in their name at the Record Date for the dividend are mandated to the Scheme. If you elect to receive New Ordinary Shares in respect of your total holding of Ordinary Shares, any residual cash balance arising representing a fractional entitlement will be carried forward to the next dividend.

The terms and conditions of the Scheme as set out in Part III of this document are as approved by the Directors pursuant to the authority granted by the Shareholders on 6 August 2008 (subject to amendments in accordance with paragraph 18 of the terms and conditions of the Scheme, by the Directors with the approval of the Scheme Administrators, in December 2010 and June 2011).

If you elect to join the Scheme, the mandate given in the Mandate Form will remain in force for all dividends to which the Scheme is applied up to 11 January 2016 unless and until you give notice to terminate your participation in the Scheme in accordance with the terms of the Scheme. The Directors and the Scheme Administrator may from time to time and at any time grant Participating Shareholders the opportunity to dis-apply their mandate in relation to a particular special dividend (as may from time to time be declared by the Company) and instead receive the special dividend in cash. Those Shareholders not electing to join the Scheme at this time will be able to do so in respect of dividends declared for later periods.

Shareholders who elect to reinvest dividends under the Scheme should be eligible to claim income tax relief on the amounts subscribed provided the New Ordinary Shares are issued in the name of the Shareholder and not in the name of the nominee. Further details regarding the availability of tax reliefs can be found in Part III and Part IV of this document. If you are in doubt regarding your personal tax position, or whether you should participate in the Scheme, you should contact your professional adviser immediately.

Mandate Forms to participate in the Scheme have been included with this document, and must be returned at least 20 Business Days prior to the payment of a dividend which is to be reinvested.



**Helen Sinclair**  
Chairman

# Part III – Terms and Conditions of the Dividend Reinvestment Scheme

1. Shareholders on the register of members at the close of business on the relevant Record Date may elect to receive New Ordinary Shares, credited as fully paid, instead of receiving the dividend in cash for the relevant financial period (“the full cash dividend”). The election may only be made by Shareholders in respect of the whole (and not part only) of their shareholdings and shall, subject to conditions 7 and 16 below, operate as a mandate in respect of all future dividends declared in respect of Ordinary Shares after the date on which the Shareholder joins the Scheme and prior to 11 January 2016 unless and until the Shareholder gives notice to terminate his or her participation in the Scheme in accordance with the terms of the Scheme.
2. Shareholders may only join the Scheme if all dividends on the Ordinary Shares registered in their name are mandated to the Scheme. The number of Ordinary Shares held by such Participating Shareholder which are mandated to the Scheme shall be altered immediately following any change to the number of Ordinary Shares in respect of which such Shareholder is the registered holder as entered onto the register of members of the Company from time to time.
3. The Company shall invest the monies held within the Scheme (being dividends paid on Ordinary Shares by, or on behalf of, Participating Shareholders) in the subscription of New Ordinary Shares in the Company. The Company shall not have the discretion to vary such investments and Shareholders may not instruct the Company or the Scheme Administrator to make any other investments.
4.
  - (a) On or as soon as practicable after a day on which any dividend is paid to Shareholders (a “Reinvestment Day”), the funds held by the Company on behalf of each Participating Shareholder shall be applied on behalf of that Shareholder in the subscription for the maximum number of New Ordinary Shares as can be acquired with those funds.
  - (b) The number of New Ordinary Shares issued to a Participating Shareholder pursuant to condition 4(a) above shall be calculated by dividing the aggregate value of the dividends paid on the Ordinary Shares to which the Participating Shareholder is entitled by the greater of (i) the net asset value per Ordinary Share being the most recently announced financial year end or half yearly net asset value per Ordinary Share (as adjusted for the relevant dividend in question) less 5%; and (ii) the nominal value per Ordinary Share.
  - (c) No fractions of New Ordinary Shares will be issued under the Scheme and subject to condition 4(d) below the election may only be made by Shareholders in respect of the whole and not part of their shareholdings. Any balance of cash remaining with the Company after the subscription shall be held by the Company on behalf of the Participating Shareholder to whom it relates and added to the cash available in respect of that Shareholder for the subscription of New Ordinary Shares on the next Reinvestment Day. No interest shall accrue or be payable by the Company in favour of any Shareholder on any such cash balances.
  - (d) The Scheme involves the reinvestment of the whole dividend paid on each shareholding each time a dividend is paid by the Company, together with any cash residue brought forward from the previous dividend. Partial reinvestment of dividends is only permitted by nominees, who need to lodge a Mandate Form for each Reinvestment Day quoting the number of Ordinary Shares in respect of which their election is made. Shareholders will remain in the Scheme so that, subject to condition 16 below, all future dividends will be reinvested in the same way, until they give notice in writing to the Scheme Administrator that they wish to terminate their participation in the Scheme.
5. The Scheme Administrator shall on the relevant Reinvestment Day take all necessary steps to ensure that the Participating Shareholders are entered onto the share register of the Company as the registered holders of the New Ordinary Shares (as the case may be), issued to them under the Scheme, and that share certificates in respect of such Shares issued are posted to the Participating Shareholders at their own risk as soon as is reasonably practical, unless such Shares are to be uncertificated.
6. To assist Participating Shareholders with their tax returns, the Scheme Administrator will attach to the new share certificates a Statement of Entitlement or if Shares are held in uncertificated form, a Statement of Entitlement will be sent to the Participating Shareholder’s nominee separately, detailing the following:– (i) the total dividend payable; (ii) the subscription price per New Ordinary Share; (iii) the number of New Ordinary Shares allotted to a Participating Shareholder; (iv) the residual cash balance (if any) representing an entitlement to a fraction of a New Ordinary Share to be carried forward to the next dividend; and (v) the cash equivalent of the New Ordinary Shares issued, together with any such other information as shall be required under the Listing Rules of the UK Listing Authority.

# Part III – Terms and Conditions of the Dividend Reinvestment Scheme

7. Application to join the Scheme can be made at any time by returning a completed Mandate Form. However, Mandate Forms need to have been received by the Scheme Administrator Capita Registrars Limited, New Issues, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU at least 20 Business Days prior to the payment of a dividend which is to be reinvested. Mandate Forms received after that date shall be effective in relation to any future dividends in respect of which the Directors offer a dividend reinvestment alternative.
8. If, prior to the day on which the Ordinary Shares became ex-dividend, a Shareholder has sold all or some of his or her holdings in Ordinary Shares, the Shareholder should consult his or her stockbroker or agent without delay.
9. An application will be made to the UK Listing Authority for admission of the New Ordinary Shares to the Official List and to the London Stock Exchange plc for admission to trading on the London Stock Exchange plc's market for listed securities (together "Admission"). On issue, the New Ordinary Shares will rank *pari passu* in all respects with the existing issued Ordinary Shares and will rank for future dividends. Subject to Admission, definitive share certificates for the New Ordinary Shares will be posted as soon as practicable following Admission at the risk of the persons entitled to them. Where New Ordinary Shares are issued as uncertificated shares, as soon as practicable following Admission the Company will arrange for the relevant Participating Shareholders' stock accounts in CREST to be credited with their entitlement to New Ordinary Shares and a Statement of Entitlement will be posted to their nominee. New Ordinary Shares will be allotted as and when the Directors determine it appropriate, with Admission and Dealings expected within 10 Business Days of allotment.

In the event that Admission does not become effective, Mandate Forms will be disregarded in respect of the dividend and the full cash dividend will be paid as soon as possible in the usual way.

10. Further copies of this document and/or Mandate Forms may be obtained from the Scheme Administrator Capita Registrars Limited, New Issues, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
11. All costs and expenses incurred by the Scheme Administrator in administering the Scheme will be borne by the Company.
12. Each Shareholder applying to participate in the Scheme will be deemed to warrant to the Scheme Administrator and the Company in the Mandate Form that (i) save in the case of a Shareholder holding his or her Ordinary Shares as nominee, during the continuance of his or her participation in the Scheme he or she will remain the sole beneficial owner of the Ordinary Shares mandated to the Scheme free from encumbrances or security interests; and (ii) all information set out in the Mandate Form is correct and, to the extent any of the information changes, he or she will notify the changes to the Scheme Administrator.
13. Each Participating Shareholder acknowledges that neither the Company, the Scheme Administrator nor YFM is providing a discretionary manager service. Neither the Scheme Administrator, YFM nor the Company shall be responsible for any loss or damage to Participating Shareholders as a result of their participation in the Scheme unless due to the negligence or default of the Scheme Administrator or the Company (respectively), its servants or agents.
14. The financial calendar and procedure for future dividends both as to any final and/or interim dividend will be notified in writing to Shareholders and/or published through a RIS.
15. The Participating Shareholder may at any time, by notice to the Scheme Administrator of not less than 20 Business Days prior to the relevant Reinvestment Day, terminate his or her participation in this Scheme. If a Participating Shareholder shall at any time cease to hold any Ordinary Shares in the Company, he or she shall be deemed to have served such a notice in respect of his or her participation in the Scheme in respect of such shares. If a Shareholder in whose name Ordinary Shares are held on behalf of a Participating Shareholder shall at any time cease to hold any such Shares on behalf of that Participating Shareholder, he or she shall be deemed to have served such a notice in respect of his or her participation in the Scheme.
16. The Company and the Scheme Administrator shall be entitled, at any time and from time to time, to suspend the operation of the Scheme in whole or in part and/or to terminate the Scheme without notice to the Participating Shareholders. Circumstances under which the Directors might suspend or terminate the Scheme include, but are not limited to changes in legislation governing Venture Capital Trusts (including changes in available tax reliefs) and adverse market conditions in the public markets. The Directors and the Scheme Administrators shall also be entitled, at any time and from time to time, to give each Participating Shareholder the opportunity to choose to dis-apply their mandate in respect of a particular special dividend, as may from time to time be declared by the Company, to which the Participating Shareholder is entitled, and to instead receive the full cash dividend.

# Part III – Terms and Conditions of the Dividend Reinvestment Scheme

17. All notices and instructions to be given to the Scheme Administrator shall be in writing and delivered or posted to Capita Registrars Limited, New Issues, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Applications to participate in the Scheme will be made by way of a mandate form in the prescribed form as provided by the Scheme Administrator.
18. Subject to the prior agreement of the Scheme Administrator, the Directors shall be entitled to amend the Scheme terms and conditions on giving one month's notice in writing to all Participating Shareholders. If such amendments have arisen as a result of any change in statutory or other regulatory requirements, notice of such amendment will not be given to Participating Shareholders unless in the Scheme Administrator's opinion, the change materially affects the interests of Participating Shareholders. Amendments to the Scheme terms and conditions which are of a formal, minor or technical nature, or made to correct a manifest error and which do not adversely affect the interests of Participating Shareholders, may be effected without notice.
19. By completing and delivering the Mandate Form provided by the Scheme Administrator, the Participating Shareholder will (i) agree to provide the Company with any information which it may request in connection with such application and to comply with legislation relating to Venture Capital Trusts or other relevant legislation (as the same may be amended from time to time); and (ii) declare that no loan has been made to the Participating Shareholder or any associate, which would not have been made, or not have been made on the same terms but for the Participating Shareholder offering to subscribe for, or acquiring, Ordinary Shares, and that the Shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement, the main purpose of which is the avoidance of tax.
20. Subscriptions for Venture Capital Trust shares only attract tax reliefs if in any tax year subscriptions to all Venture Capital Trusts do not exceed £200,000 (including subscriptions pursuant to dividend reinvestment schemes). Where shares are held by a nominee as at the relevant Record Date, that nominee's beneficiary will not be entitled to receive the tax reliefs otherwise available to Participating Shareholders under the Scheme. Participating Shareholders under the Scheme are responsible for ascertaining their own tax status and liabilities and neither the Scheme Administrator nor the Company can accept any liability in the event they do not receive any Venture Capital Trust tax reliefs, or such reliefs are reduced or restricted in any way.
21. Since dividends on Ordinary Shares acquired in excess of £200,000 in any tax year will not be exempted from income tax in the same way as Ordinary Shares acquired within this limit, Participating Shareholders will generally be liable to tax on such dividends.
22. The election to receive New Ordinary Shares in place of the cash dividend is not being offered to, or for the benefit of, any citizen of the United States, Canada or Australia, any corporation, partnership or other entity created or organised in, or under the laws of the United States, Canada or Australia or any political sub-division thereof or with a registered office in any of these countries or any estate or trust, the income of which is subject to United States Federal, or Canadian, or Australian income taxation regardless of its source. "United States" means United States of America (including the District of Columbia). References to the United States, Canada and Australia include their territories, possessions and all areas subject to their jurisdiction.  
  
No person receiving a copy of this circular and/or Mandate Form in any territory other than the United Kingdom may treat it as constituting an invitation to him or her unless in the relevant territory such an invitation could lawfully be made to him or her without complying with any registration or other legal requirements. **It is the responsibility of the Shareholder outside the United Kingdom wishing to elect to receive New Ordinary Shares to satisfy himself or herself as to the full observance of the laws of the relevant territory in connection with the offer, including obtaining any governmental or other consents which may be necessary and observing any other formalities requiring to be observed in such territory.**
23. The Company shall not be required to issue New Ordinary Shares hereunder if the Directors so decide.
24. These Scheme terms and conditions shall be governed by, and construed in accordance with, English law and each Participating Shareholder submits to the jurisdiction of the English courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with the Scheme in any other manner permitted by law or in any court of competent jurisdiction.

**Shareholders in any doubt about their tax position should consult their independent adviser.**

# Part IV – Taxation

The following information is based on the law and practice currently in force in the United Kingdom. It assumes that an investor (including an existing Shareholder participating in the Scheme) is resident or ordinarily resident in the UK and not in any other jurisdiction. If potential investors are in any doubt as to their tax position, they should consult their professional advisers.

## 1. Tax Reliefs for Individual Investees

Investors must be individuals subscribing in their own name and aged 18 or over to be eligible for the respective tax reliefs. Tax reliefs will only be given in relation to an individual's total investments in VCTs in any tax year not exceeding £200,000.

### Income Tax Relief

#### *Relief on investment*

An investor subscribing for new ordinary shares (including by way of reinvestment of dividends) in VCTs during any tax year will be entitled to claim income tax relief on amounts subscribed up to the permitted maximum of £200,000. The relief is given for the tax year in which the shares are issued and is currently at the rate of 30 per cent. The relief is restricted to the amount which reduces the investor's income tax liability to nil.

If the shares are sold or otherwise disposed of (other than to the investor's spouse) within five years of their issue then some or all of the income tax relief obtained will have to be repaid. Shares may be transferred into the name of a nominee, provided the nominee holds them for the investor's benefit.

#### *Relief on dividends*

An investor who either subscribes for or purchases ordinary shares in a VCT, up to a maximum of £200,000 in any given tax year will not be liable to UK income tax on dividends paid by the VCT.

### Capital Gains Tax Relief

Any gain or loss accruing to investors on a disposal of ordinary shares in a company which was a VCT at the time he or she acquired the shares, and which has remained a VCT throughout his or her period of ownership, will neither be a chargeable gain, nor an allowable loss, for the purposes of capital gains tax.

## 2. Obtaining Tax Relief

#### *Income tax relief on investment*

The company will give each investor a certificate which he or she can use to claim the income tax relief, either (where applicable) immediately by obtaining an adjustment to his or her tax coding from the HM Revenue & Customs or by waiting until the end of the tax year and claiming the relief on his or her tax return.

## 3. Loss or Clawback of Tax Reliefs

#### *The company*

If the company loses approval as a VCT, it will lose its exemption from corporation tax on chargeable gains. Loss of approval takes effect either on the date when notice is given to the company by the HM Revenue & Customs or, if earlier and at the HM Revenue & Customs' discretion, from the beginning of the company's accounting period in which the notice is given.

#### *Investors*

Withdrawal or clawback of investors' tax reliefs can occur as a result of the company losing full approval as a VCT or as a result of actions taken by the investors themselves.

#### *Income tax relief on investment*

If the company loses approval as a VCT within five years from the time when an investor acquired the ordinary shares by subscription, the income tax relief will be clawed back by an assessment to income tax for the year of assessment in respect of which the relief was given.

#### *Income tax relief on dividends*

If the company loses approval as a VCT then shares acquired by an investor after loss of approval are not capable of generating tax free dividends and any dividend paid in respect of profits or gains arising to the company in any accounting period ending at a time when the company was not a VCT will likewise not be exempt from income tax.

# Part IV – Taxation

## *Exemption from capital gains tax on disposal*

If the company loses approval as a VCT, then investors will be deemed to have disposed of and reacquired the ordinary shares at market value immediately before withdrawal of approval of the company as a VCT and so any accrued gain or loss to that date will not be taxable or allowable. Investors subsequently disposing of the ordinary shares will be treated as making a chargeable gain or an allowable loss (as the case may be).

Any investor acquiring ordinary shares in the company after it has lost VCT approval will likewise make a chargeable gain or an allowable loss on subsequent disposal.

## **4. Stamp Duty and Stamp Duty Reserve Tax**

No stamp duty or (unless shares are issued to a nominee for a clearing system or a provider of depository receipts) stamp duty reserve tax should be payable on the issue of shares.

**This is only a brief summary of the law concerning the tax position of individual investors in VCTs. Any potential investor in doubt as to the taxation consequences of investment in a VCT should consult an appropriately qualified professional adviser.**

# Part V – Definitions

<b>“2006 Act”</b>	the Companies Act 2006
<b>“Admission”</b>	the admission of the New Ordinary Shares to the official list maintained by the UK Listing Authority and to trading on the London Stock Exchange plc market for listed securities
<b>“Board” or “Directors”</b>	the board of directors of the Company
<b>“Business Day”</b>	a day (excluding Saturday and Sunday and public holidays in England and Wales) when the banks are generally open for business in London
<b>“Company”</b>	British Smaller Companies VCT plc
<b>“Dealings”</b>	buying, selling subscribing for or underwriting of securities in the Company or offering or agreeing to do so, either as principal or agent
<b>“Mandate Form”</b>	the form enclosed with this document which enables Shareholders to participate in the Scheme
<b>“New Ordinary Shares”</b>	the new Ordinary Shares to be issued from time to time under the Scheme
<b>“Ordinary Shares”</b>	ordinary shares of 10 pence each in the capital of the Company
<b>“Participating Shareholder(s)”</b>	those Shareholders who elect to participate in the Scheme
<b>“Record Date”</b>	the date set out in the dividend procedure timetable published by the London Stock Exchange plc by which a Shareholder must hold Ordinary Shares to be entitled to a dividend declared by the Company
<b>“RIS”</b>	a regulatory information service that is on the list of Regulatory Information Services maintained by the Financial Services Authority
<b>“Scheme” or “Dividend Reinvestment Scheme”</b>	the dividend reinvestment scheme, the terms and conditions of which are described in this document
<b>“Scheme Administrator”</b>	Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU
<b>“Shares”</b>	Ordinary Shares
<b>“Shareholders”</b>	the holders of Ordinary Shares
<b>“Venture Capital Trust” or “VCT”</b>	a company which is, for the time being, approved as a venture capital trust under Chapter 3 of Part 6 of the Income Tax Act 2007
<b>“UK Listing Authority”</b>	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
<b>“YFM” or “the Manager”</b>	YFM Private Equity Limited, Company number 2174994. whose registered office is at Saint Martins House, 210-212 Chapeltown Road, Leeds, LS7 4HZ



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British Smaller Companies VCT plc  
Annual Financial Report Announcement  
for the Year to 31 March 2011

British Smaller Companies VCT plc (“the Company”) today announces its audited results for the year to 31 March 2011.

## Chairman’s Statement

I am pleased to present to Shareholders the Annual Report of the Company for the year ended 31 March 2011.

Your Company recorded an excellent performance with Net Asset Value increasing by 33.7% from 94.4 pence per share at 31 March 2010 to 126.2 pence per share, out of which dividends totaling 6.2 pence per share were paid, resulting in a Net Asset Value of 120.0 pence per share at 31 March 2011. Total return (Net Asset Value plus cumulative dividends) rose to 176.2 pence per share from 144.4 pence per share at 31 March 2010. The increase, before payment of dividends, on the opening Net Asset Value over the 12 month period to 31 March 2011 is an uplift of 31.8 pence per share, equivalent to 33.7%, which compares to growth in the FTSE SmallCap® Index of 36.5% and the FTSE AiM All-Share® Index of 28.2% over the same period. I am delighted to report that the Company is now the top performing Venture Capital Trust over a 1, 3, 5 and 10 year period to date as reported by Citywire.

Although economic uncertainty has continued throughout the year, many of the portfolio companies have benefited from gradually improving market conditions as well as improved efficiencies following tough measures to control costs in recent years. In spite of the significant market uncertainties of recent years, many management teams continue to plan and invest for the future and we expect to see an increase in new investment opportunities in the year ahead. It is with this in mind that the Board sought to increase the Company’s investment capacity via the recent linked offer with British Smaller Companies VCT2 plc, with a total of £4.41 million being raised by the Company.

The dividends paid in the year of 6.25 pence per share included a special dividend of 1.25 pence per share following the profitable realisation of the investment in Sheet Piling (UK). This compares to the underlying annual dividend of 5.0 pence per share paid in the year to March 2010 and your Board is recommending that this underlying dividend of 5.0 pence per share is maintained by way of a final dividend of 3.0 pence per share in respect of the year to March 2011. If approved, this dividend will be paid on 22 August 2011 to Shareholders on the register at 22 July 2011. The final dividend has not been

recognised in the accounts under IFRS as the contractual obligation did not exist at the balance sheet date.

Your Board will maintain the policy of seeking to improve on this underlying dividend as and when profitable cash realisations allow.

Under the incentive scheme to reward the Fund Manager a payment of £142,278 (equivalent to 0.41 pence per share) is to be made in respect of the year ended 31 March 2011. This payment will be made following the Annual General Meeting on 29 July 2011.

## Investment Portfolio

Over the year to March 2011 the total capital value growth from the opening portfolio was £10.56 million, or 61.2%, made up of £10.37 million of unrealised value growth and £0.19 million of profits on realisations. Of the unrealised value growth the biggest single contributor was GO Outdoors Limited which gained £8.68 million. A £28m investment in the company by the international private equity firm 3i plc was completed after the year end in April 2011. This post balance sheet event enabled a £6.54 million partial realisation of the Company's holding. Although a significant proportion of the total value increase derived from this single investment, it is also pleasing to see that the rest of the portfolio also demonstrated growth in value gaining £1.69 million overall, with good performances from many investments.

The year to March 2011 saw a general increase in investment activity with a total of £2.96 million invested and this is expected to increase further in the year ahead. This included four new investments totalling £2.0 million and three further investments totalling £0.96 million. A £1.0 million investment was made into President Engineering Group Limited to fund the buyout of a niche UK manufacturer of mining safety systems and industrial valves. £0.50 million was invested alongside British Smaller Companies VCT2 plc in Bluebell Telecom Group Limited, a provider of telecommunications service to UK businesses. The investment was made to help fund an acquisition and further acquisitions are expected as the sector consolidates. Two new quoted investments of £0.25 million each were made into EKF Diagnostics Holdings plc and Woodspeen Training plc. EKF Diagnostics Holdings plc is an AiM quoted company established to supply diagnostic devices and is led by an experienced management team well known to the Fund Manager. Woodspeen Training plc has raised a total of £2.6 million via the UK PLUS market to lead a consolidation in the vocational training sector.

A £0.75 million further investment was made into Adex Bridge Investments Limited, where we are working with an experienced manager to identify underperforming and turnaround situations in the Midlands region. £0.16 million was invested into Fishawack Limited as part of a £0.8 million capital raising to support the acquisition of another UK based medical communications business, to benefit from increased scale and improve the spread of customers. £0.05 million was invested alongside other institutional

investors into domiciliary care provider Elfin Home Care Limited as part of a £0.25 million working capital package.

Although there were no significant realisations in the 12 months to March 2011, there were several partial disposals which collectively generated proceeds of £0.83 million. The largest of these was a refinancing of the shareholder loans in RMS Group Holdings Limited with £2.5 million of new long term bank facilities which generated proceeds of £0.48 million for the Company, an uplift in value of £0.09 million. Improved trading conditions also enabled the redemption of £0.03 million of preference shares in Primal Pictures Limited using surplus cash. The Company's residual holding in its first ever investment, Freshroast Coffee Co. Limited was also sold back to the management team for the opening value of £0.03 million. In the AiM quoted portfolio there were three partial disposals of shares in EKF, Tikit Group plc and Straight plc which collectively generated cash proceeds of £0.27 million and a further uplift in value of £0.9 million.

The very strong unrealised gain from the portfolio of £10.37 million (2010: a gain of £3.83 million), derives principally from a gain of £10.37 million in the unquoted investments.

Within this, the biggest single increase was from GO Outdoors Limited (up £8.68 million) where significant progress has been made in opening a further nine new stores with historical stores contributing to further profit growth. Towards the end of the year the business received a number of approaches from trade and financial investors which culminated in the £28 million investment from 3i plc in April 2011 (after the end of the reporting period). This transaction enabled the Company to realise £6.54 million retaining a 14.09% shareholding. Your Fund Manager will work together with 3i plc to continue to support this highly successful retail concept which has plans over the next two to three years to further increase the number of its stores across the UK.

The other unquoted investments also achieved a strong improvement in valuation over the year of £1.69 million with several businesses benefiting from improved efficiencies and better market conditions. Humber port operator RMS Group Holdings Limited saw a £0.54 million increase in value (in addition to the £0.09 million realised profit from the debt refinancing) with a focused strategy delivering growth in sales and margins. The two recruitment businesses, Harris Hill Holdings Limited and Darwin Rhodes Group Limited, both saw an increase in value (£0.36 million and £0.23 million respectively) as their markets improved during the year. Kitchen retailer, Harvey Jones Holdings Limited, also delivered an improved profit in 2010 resulting in a value increase of £0.28 million.

Excluding the £0.09 million of realised gains in the year the unrealised quoted portfolio has overall remained flat. However, there were strong performances during the year at coal services group Hargreaves Services plc, business software service provider Tikit Group plc and retail supply chain software business K3 Business Technology Group plc.

The portfolio also generated income during the year of £0.72 million (2010: £0.47 million) from interest and dividend payments, resulting in a total portfolio return for the year before administrative fees of £11.28 million (2010: £4.79 million return).

## Financial Results

The result for the financial year ended 31 March 2011 was a pre-tax profit of £10.37 million which comprised profits in respect of capital and revenue of £9.67 million and £0.70 million respectively, as compared to pre-tax profit of £4.20 million in 2010 (which comprised a capital profit of £3.56 million and a revenue profit of £0.64 million).

The movement in Net Asset Value in the year has been:

	Pence per share
31 March 2010	94.4
Total increase in the year	31.8
	126.2
Dividends paid in year	(6.2)
31 March 2011	120.0

Cash and gilt investments at the end of the year amounted to £11.65 million, representing 28.3% of Net Asset Value (2010: £11.56m representing 39.9% of Net Asset Value). A further £8.4 million was received after the year end in respect of the partial sale of the holding in GO Outdoors Limited and the successful linked fundraising offer with British Smaller Companies VCT2 plc noted below.

## Shareholder Communications and Fundraising

The Company increased its investment capacity through a linked offer together with British Smaller Companies VCT2 plc. An initial allotment of £2.59 million for 2,025,838 new Ordinary shares (128 pence per share) was made on 22 March 2011 by the Company along with further allotments of 1,038,195 new Ordinary shares on 5 April 2011 and 383,134 new Ordinary shares on 4 May 2011 bringing the total new funds raised by the Company under the linked offer to £4.41 million. The additional investment capacity will enable the Company to take advantage of attractive investment opportunities that are expected to arise over the coming years.

Your Board continues to support the Shareholder workshops run by the Fund Manager where investors are invited to meet members of the Board, representatives from YFM Private Equity Limited, the

Company's Fund Manager, and the CEOs of one or more of our investee companies. We were delighted to welcome over 150 Shareholders to the most recent workshop held on 9 February 2011 at the British Museum. Your Board remains committed to these events which we believe are useful in increasing Shareholders' knowledge of the Company's activities.

Your Board plans to offer an online share portal service to Shareholders in the near future. This will allow Shareholders to access their shareholding details and certain communications online affording better access to the Registrar.

In addition, the Board remains committed to the objective of achieving a consistent dividend stream. This policy has been continued with your Board proposing that a final dividend of 3.0 pence per share will be paid on 22 August 2011 to Shareholders on the register as at 22 July 2011.

Your Board continues to actively promote a dividend reinvestment scheme. Your Board believes that the combination of achieving a consistent dividend, growth in net asset value and the tax relief on reinvested dividends remains an attractive investment proposition. During the year a total of 0.27 million shares were issued under the scheme. This represented 14.7% of the final and interim dividends paid.

During the year, the Company purchased a total of 778,448 Ordinary shares at an average price of 88.73 pence per share (2010: 331,882 shares at an average price of 73.6 pence per share). The existing buy-back authority which currently expires on 29 July 2011 is proposed to be extended until the date of the 2012 Annual General Meeting or fifteen months, whichever is the earlier. A resolution to this effect will be proposed at the Company's Annual General Meeting on 29 July 2011.

The Annual General Meeting of the Company will be held at 12:00 noon on 29 July 2011 at 33 St James Square, London, SW1Y 4JS.

## Regulation

Your Board is pleased to note the positive developments regarding Venture Capital Trusts in the recent budget of 23 March 2011 which are intended to be implemented from April 2012. It is pleasing that the positive contribution of Venture Capital Trust investment on the UK's smaller businesses is being recognised.

Your Company has been investing in such businesses across all sectors since 1996. By investing in smaller companies we have shown that it is possible to achieve good returns for investors, create sustainable economic growth and increase the flow of capital to these businesses from private investors. Your Board very much welcomes this Government's approach in seeking to support the activities of Venture Capital Trusts.

Your Board continues to monitor regulatory developments and is considering a European Union directive concerning the hedge fund and private equity fund managers which was approved by the European Parliament in November 2010 and adopted by the Council of the European Union in May 2011. Further secondary legislation is to be introduced over a two year transition period. Insofar as the directive affects the Company the Board will report further once the full impact of the directive becomes clear.

## Board of Directors

Robert Pettigrew and Richard Last resigned as Non-Executive Directors of the Company effective from 21 September 2010. As previously announced Edward Buchan has taken up his appointment as a Non-Executive Director effective from 22 September 2010. Edward is also a director of Downing Absolute Income VCT 1 plc. The changes to the Board's composition were in response to the new Listing Rules with regard to the independence of directors. I would like to reiterate my thanks to Robert and Richard for their very significant contribution over many years and extend my welcome to Edward, who is already making an excellent contribution.

## Outlook

It is encouraging to see many portfolio businesses reporting improving results. The portfolio remains well funded with many companies having taken the opportunity to improve efficiency or change their strategy in response to the uncertain economic conditions. This Company is well placed both to diversify its investment portfolio and to continue to support the existing portfolio companies as they seek to expand both organically and through selective acquisitions.

The Board remains of the opinion that the upcoming period is again likely to present many good investment opportunities, both for the existing portfolio businesses and for new investments. We expect management teams, owners and funders to be prepared to make decisions about expanding or selling their businesses and the Fund Manager is already reporting an increase in new investment enquiry levels. It was with this in mind that we increased the investment capacity of the Company to be in a strong position to take advantage of good opportunities as they arise.

I would like to take this opportunity to thank all Shareholders, both those who have supported the Company for a number of years and those who have recently invested, for their continued support, which we greatly value.

Helen Sinclair

Chairman 13 June 2011

## Fund Managers Review

Portfolio Valuation at 31 March 2011 and full history of realisations up to 31 March 2011

				Original Cost	Realised Proceeds to Date*	Investment Valuation at 31 March 2011	Realised and Unrealised to Date
Current Investments:	Date of Initial Investment	Location	Industry Sector	£000	£000	£000	£000
<b>GO Outdoors Limited</b>	May-98	Sheffield	Consumer Products	556	460	13,521	13,981
<b>Waterfall Services Limited</b>	Feb-07	Warrington	Support Services	1,000	-	1,821	1,821
<b>Adex Bridge Investments Limited</b>	Mar-10	Midlands	Turnaround	1,750	-	1,750	1,750
<b>Deep-Secure Ltd</b>	Dec-09	Reading	Software	1,000	-	1,092	1,092
<b>4G Capital Limited</b>	Mar-10	North-West	Software	1,000	-	1,000	1,000
<b>North Western Investments Limited</b>	Feb-10	North-West	Turnaround	1,000	-	1,000	1,000
<b>President Engineering Group Limited</b>	Sep-10	Sheffield	Manufacturing	1,000	-	1,000	1,000
<b>Hargreaves Services plc</b>	Dec-07	Durham	Manufacturing	469	-	869	869
<b>Fishawack Limited</b>	Jan-08	Knutsford	Communications	775	-	811	811
<b>Harvey Jones Holdings Limited</b>	May-07	London	Manufacturing	777	-	699	699
<b>Pressure Technologies plc</b>	Jun-07	Sheffield	Industrial	425	-	638	638
<b>Mattioli Woods plc</b>	Nov-05	Leicester	Support Services	326	-	604	604
<b>K3 Business Technology Group plc</b>	Apr-08	Colne	Software	402	-	579	579
<b>Lightmain Company Limited</b>	Mar-10	Rotherham	Manufacturing	600	-	569	569
<b>RMS Group Holdings Limited</b>	Jul-07	Goole	Industrial	1,050	537	543	1,080
<b>Bluebell Telecom Group Limited</b>	Sep-10	Newcastle	Telecommunications	500	-	500	500

<b>Harris Hill Holdings Limited</b>	Jun-07	Kingston-upon-Thames	Recruitment	600	-	465	465
<b>Tikit Group plc</b>	Jun-01	London	Software	226	95	404	499
<b>Primal Pictures Limited</b>	Mar-01	London	Healthcare	500	93	350	443
<b>Darwin Rhodes Group Limited</b>	Apr-08	London	Recruitment	444	-	333	333
<b>EKF Diagnostics Holdings plc</b>	Jul-10	London	Pharmaceuticals	250	105	290	395
<b>Woodspeen Training plc</b>	Dec-10	London	Training Provider	250	-	250	250
<b>Cambridge Cognition Limited</b>	May-02	Cambridge	Software	325	-	221	221
<b>Straight plc</b>	Feb-04	Leeds	Industrial	341	138	212	350
<b>Patsystems plc</b>	Oct-07	London	Software	222	-	172	172
<b>Brulines plc</b>	Oct-06	Stockton-on-Tees	Software	163	-	122	122
<b>Ellfin Home Care Limited</b>	Dec-07	Oldham	Healthcare	823	-	65	65
<b>Belgravium Technologies plc</b>	Oct-05	Bradford	Software	200	-	61	61
<b>Denison Mayes Group Limited</b>	Aug-98	Leeds	Industrial	700	295	5	300
				<b>17,674</b>	<b>1,723</b>	<b>29,946</b>	<b>31,669</b>
Full realisations since March 2002				11,270	16,405	-	16,405
Full realisations prior to March 2002				6,394	3,246	-	3,246
<b>Total</b>				<b>35,338</b>	<b>21,374</b>	<b>29,946</b>	<b>51,320</b>

\* Proceeds include premiums and profits on loan repayments and preference redemptions

Reconciliation of Investment Portfolio movement since 31 March 2010

<b>Name of Company</b>	<b>Investment Valuation at 31 March 2010 £000</b>	<b>Realisations £000</b>	<b>Additions £000</b>	<b>Valuation gains (losses) £000</b>	<b>Investment Valuation at 31 March 2011 £000</b>
<b>Current Investments:</b>					
GO Outdoors Limited	4,835	-	-	8,686	13,521
Waterfall Services Limited	1,617	-	-	204	1,821
Adex Bridge Investments Limited	1,000	-	750	-	1,750
Deep-Secure Ltd	1,000	-	-	92	1,092
4G Capital Limited	1,000	-	-	-	1,000
North Western Investments Limited	1,000	-	-	-	1,000
President Engineering Group Limited	-	-	1,000	-	1,000
Hargreaves Services plc	614	-	-	255	869
Fishawack Limited	709	-	157	(55)	811
Harvey Jones Holdings Limited	417	-	-	282	699
RMS Group Holdings Limited	383	(383)	-	543	543
Harris Hill Holdings Limited	100	-	-	365	465
Darwin Rhodes Group Limited	105	-	-	228	333
Other investments	4,476	(262)	1,054	(226)	5,042
<b>Total Movement</b>	<b>17,256</b>	<b>(645)</b>	<b>2,961</b>	<b>10,374</b>	<b>29,946</b>

# Fund Managers Review

## Introduction

This year has certainly seen improved market conditions for much of the portfolio although it is also fair to say that significant economic uncertainty remains. In spite of this the year has seen the strongest overall return on opening value since the Company was first established in 1996 with strong value growth not only from GO Outdoors Limited but also several other portfolio businesses.

GO Outdoors Limited continued its store roll out programme, now having twenty nine stores across the UK and continuing to capitalise on weak property markets to secure good lease terms on new facilities. Several cyclical portfolio businesses saw a strong improvement in profitability following tough actions to improve efficiencies, including port operator RMS Group Holdings Limited, kitchen manufacturer Harvey Jones Limited and recruitment businesses Harris Hill Limited and Darwin Rhodes Limited. Further profit growth was seen at specialist catering group Waterfall Services Limited and at security software provider Deep-Secure Ltd. Cambridge Cognition Limited, a manufacturer of diagnostic products for patients with brain disorders, is delivering a strong recovery after struggling for some years to find a successful route to market. Several of the quoted investment portfolio also benefited from the improved market conditions.

A further investment was made into Fishawack Limited to support the second acquisition of a UK competitor as part of the strategy to build a diversified international business. The investment into President Engineering Group Limited enabled the Company to back the existing team to purchase this manufacturer of branded engineering products to continue their international expansion plans. The investment into Bluebell Telecom Group Limited was to fund a proven team to make a further acquisition in the consolidating businesses telecoms sector. Two quoted investments were made into EKF Diagnostics Holdings plc and Woodspeen Training plc with a £53,000 profit already having been generated from a partial disposal of the investment in EKF Diagnostics Holdings plc.

There were no significant realisations during the period but the improved trading position of RMS Group Holdings Limited enabled a partial disposal via a refinancing of the institutional loans which generated £0.5 million of cash and £0.1 million realised profit.

Cash and gilt investments at 31 March 2011 were £11.65 million representing 28.3% of net assets. This compares to £11.56 million and 39.9% at 31 March 2010. A further £1.82 million was received by the Company after the year end in respect of the successful fundraising under the recent linked offer with British Smaller Companies VCT2 plc, making a total of £4.41 million gross proceeds from this fund raising, providing additional liquidity and the Company remains in a strong cash position to meet anticipated future investment opportunities.

## Portfolio Performance

Overall this year has seen strong progress made across the whole portfolio. The macroeconomic picture has been patchy with a mixture of stuttering improvement and sporadic country-specific debt crises. This continues to generate uncertainty over the future and UK GDP growth is widely forecast to be low for some years to come. However, for investors capable of taking medium term views over 5-10 years, these conditions should represent a backdrop for some good investment opportunities. Having taken tough steps to reduce costs and cut unprofitable activities over recent years many of the portfolio businesses saw improved revenues during the year which combined with improved efficiency levels, resulted in good profit improvements. The portfolio remains well funded and positioned for further value growth as economic conditions slowly improve and current strategies are implemented to capitalise on the changing market conditions.

Overall, the quoted and unquoted portfolio increased by £12.69 million to a total of £29.95 million in March 2011 (£17.26 million in March 2010). Netting off the new investment of £2.96 million and realised proceeds of £0.83 million, the net portfolio value increase over the year was £10.37 million. This breaks down into an increase of £10.371 million in the unquoted portfolio and an increase of £0.003 million in the quoted portfolio.

	Quoted and unquoted portfolio
	£000
Opening value	17,256
Additions	2,961
Valuation changes	
Unquoted	10,371
Quoted	3
Value sold	(645)
31 March 2011	29,946

By far the biggest valuation movement in the year was from the investment in GO Outdoors Limited, where growth of £8.68 million was experienced following nine new store openings, a continued improvement in profits and a change in valuation in response to approaches from trade and financial investors. An investment of £28m was made by 3i plc for a minority shareholding to fund a continuation of the store rollout programmes and facilitate a partial realisation of value for the shareholders. This

completed after the end of this reporting period with the Company realising £6.54 million of cash proceeds and retaining a residual 14.09% shareholding.

Other significant value movements within the unquoted portfolio were seen at port operator RMS Group Holdings Limited (up £0.54 million), recruitment specialists Harris Hill Limited (up £0.36 million) and Darwin Rhodes Limited (up £0.23 million), kitchen retailer Harvey Jones Holdings Limited (up £0.28 million), medical diagnostics provider Cambridge Cognition Limited (up £0.22 million) and catering group Waterfall Services Limited (up £0.20 million). These were partially offset by a fall in value of domiciliary care provider Ellfin Home Care Limited (down £0.20 million) following a change of strategy during the year. It is particularly encouraging to see several of the cyclical businesses seeing profit improvement and we would expect this to continue as market conditions improve further.

The quoted portfolio also benefited from improved market confidence. Key unrealised improvements were achieved at coal services and logistics group Hargreaves Services plc (up £0.26 million), supply chain software provider K3 Business Technology Group plc (up £0.20 million), business software service provider Tikit Group plc (up £0.17 million) and the new investment into medical diagnostics group EKF Diagnostics Holdings plc (up £0.09 million net of £0.05 million realised profit).

In accordance with IFRS 7 a sensitivity analysis has been undertaken on the assumptions used to value investments in unquoted companies. This indicated that a 10% decrease in the discounts applied in the valuations performed would have increased the net assets attributable to the Company's Shareholders and the total profit for the year by £1,281,000. A change in the opposite direction would have decreased net assets attributable to the Company's Shareholders and the total profit for the year by £1,370,000.

## Investment Activity

An increase in investment activity levels has been experienced, and it is hoped that this will continue in the year ahead as economic conditions stabilise further. During the year investments were made in seven companies:

	£000
<i>New Investments</i>	
Bluebell Telecom Group Limited	500
President Engineering Group Limited	1,000
EKF Diagnostics Holdings plc	250
Woodspeen Training plc	250

### *Follow-on Investments*

Fishawack Limited	157
Ellfin Home Care Limited	54
Adex Bridge Investments Limited	750

Total	2,961
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During the year new investments were made in four businesses. In July 2010 the Company invested £0.25 million into AiM-listed EKF Diagnostics Holdings plc, backing a proven management team to lead the commercialisation of a number of proven diagnostic technologies. In September 2010, £0.5 million was invested, alongside British Smaller Companies VCT2 plc, into Bluebell Telecom Group Limited to help fund the acquisition of Call Stream Limited. Bluebell Telecom Group Limited is a telecommunications service provider to UK businesses seeking to grow its aggregated service offering through a series of targeted acquisitions. In September 2010 the Company invested £1 million into President Engineering Group Limited, backing the existing management team in a £3.0 million buyout of this manufacturer of niche engineering products for the mining and oil and gas sectors. In December 2010 the Company invested £0.25 million into PLUS-listed vocational training provider Woodspeen Training plc, which has raised £2.6 million to lead a consolidation of this fragmented market.

The Company also made three further investments into the unquoted portfolio. In May 2010 £157,000 was invested in medical communications group Fishawack Limited to help fund the acquisition of a UK competitor to broaden the customer base and leverage operational synergies. In June 2010 a further £54,000 investment was made into Ellfin Home Care Limited as part of a £250,000 working capital round following management changes. In March 2011 a further investment of £750,000 was made into Adex Bridge Investments Limited, the investment company seeking turnaround opportunities focused in the Midlands region. We will continue to invest into the portfolio where we see good opportunities for value growth, either via the provision of working capital, funding portfolio businesses to make acquisitions or enabling a restructuring of existing shareholdings.

## Realisations

There have not been any significant realisation events during the year as generally market conditions have not provided sufficient favourable opportunities to maximise the potential value of investee businesses. Overall £831,000 of capital proceeds was realised, including a profit of £186,000 mainly via a number of opportunistic partial realisations during the year. The £6.54 million of realised cash proceeds from GO Outdoors Limited completed just after the end of this reporting period.

In August 2010, HSBC provided £2.50 million of new facilities in a refinancing of RMS Group Holdings Limited following improved trading results which resulted in £477,000 of capital proceeds to the Company including a profit of £94,000. In July 2010 £31,000 of capital proceeds were received from Primal Pictures Limited from a redemption of preference shares using free cash following recent profits. We also took the opportunity to realise part of the Company's investments in three of the quoted portfolio investments; EKF Diagnostics Holdings plc (£105,000 realised including £53,000 profit), Tikit Group plc (£95,000 realised including £37,000 profit) and Straight plc (£74,000 realised including £3,000 profit).

In December 2010, the Company sold its remaining investment in Freshroast Coffee Co. Limited back to the management team for its carrying value of £30,000 representing £24,000 uplift over original cost.

## Summary and Outlook

The year under review has seen a gradual improvement in market conditions experienced by the portfolio companies although significant economic uncertainty still remains. Following tough actions in recent years, many of the portfolio companies have been well positioned to deliver improved results and we would hope to see further improvements in profits and value as economic conditions improve further.

We are optimistic that the year ahead will see a continuation of the improving market conditions which may at least lead to a degree of economic stability and provide more certainty. The Company is well placed to take advantage of the current market conditions.

With a gradually increasing investment rate and limited disposals, the Company's cash reserves have been boosted further by £2.59 million of gross proceeds as at the year end from the recent linked fund raising with British Smaller Companies VCT2 plc, with a further £1.82 million of gross proceeds received post year end. After taking account of the proposed dividend of 3.0p per share this leaves the Company with strong cash reserves and well placed to support the portfolio, take advantage of good investment opportunities and continue to pay an attractive dividend stream.

David Hall

YFM Private Equity Limited

13 June 2011

## Principal risks, risk management and regulatory environment

The Board believes that the principal risks faced by the Company are:

**Investment and strategic** – the quality of enquiries, investments, investee company management teams and monitoring and the risk of not identifying investee underperformance might lead to underperformance and poor returns to Shareholders.

**Loss of approval as a Venture Capital Trust** - the Company must comply with Chapter 3 part 6 of the Income Tax Act 2007 which allows it to be exempted from capital gains tax on investment gains. Any breach of these rules may lead to the Company losing its approval as a VCT, with 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. As such one of the Key Performance Indicators monitored by the Company is the compliance with legislative tests. See below for more detail.

**Regulatory** – the Company is required to comply with the Companies Acts, the rules of the UK Listing Authority and International Financial Reporting Standards. Breach of any of these regulatory rules might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.

**Reputational** – inadequate or failed controls might result in breaches of regulations or loss of Shareholder trust.

**Operational** – failure of the Fund Manager's accounting systems or disruption to its business might lead to an inability to provide accurate reporting and monitoring.

**Financial** – inadequate controls might lead to misappropriation of assets. Inappropriate accounting policies might lead to misreporting or breaches of regulations.

**Market Risk** – lack of liquidity in both the venture capital and public markets. Investment in AiM-traded, PLUS and unquoted 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. 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.

**Liquidity Risk** – the Company’s investments may be difficult to realise. The fact that a share is traded on AiM or PLUS 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.

The Board seeks to mitigate the internal risks by setting policy, regular review of performance and monitoring progress and compliance. The Key Performance Indicators measure the Company’s performance and its compliance with legislative tests. In the mitigation and management of these risks, the Board rigorously applies the principles detailed in *Financial Reporting Council - Revised Internal Control: Guidance for Directors on the Combined Code*.

## Responsibility statements of the Directors in respect of the Annual Financial Report

The Annual Report and Accounts contains the following statements regarding responsibility for the management report and financial statements included in the Annual Report and Accounts from which the information in this Announcement has been extracted (references in the following statements are to sections of the Annual Report and Accounts).

The directors confirm, to the best of their knowledge:

- that the financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the business review included within the Chairman’s Statement, Fund Manager’s Review and Directors’ Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

# Statement of Comprehensive Income

For the year ended 31 March 2011

	Notes	2011			2010		
		Revenue	Capital	Total	Revenue	Capital	Total
		£000	£000	£000	£000	£000	£000
Gain on disposal of investments		-	19	19	-	357	357
Gains on investments held at fair value		-	10,254	10,254	-	3,606	3,606
Income	2	1,174	-	1,174	1,129	-	1,129
Administrative expenses:							
Fund management fee		(153)	(460)	(613)	(136)	(407)	(543)
Incentive fee		-	(142)	(142)	-	-	-
Other expenses		(319)	-	(319)	(347)	-	(347)
		(472)	(602)	(1,074)	(483)	(407)	(890)
<hr/>							
<b>Profit before taxation</b>		<b>702</b>	<b>9,671</b>	<b>10,373</b>	646	3,556	4,202
Taxation	3	(86)	86	-	(100)	100	-
<hr/>							
<b>Profit for the year</b>		<b>616</b>	<b>9,757</b>	<b>10,373</b>	546	3,656	4,202
<hr/>							
<b>Total comprehensive income for the year</b>		<b>616</b>	<b>9,757</b>	<b>10,373</b>	546	3,656	4,202
<hr/>							
<b>Basic and diluted earnings per Ordinary share</b>	5	<b>1.86p</b>	<b>29.52p</b>	<b>31.38p</b>	1.77p	11.88p	13.65p

The Total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRSs'). The supplementary Revenue and Capital columns are prepared under the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('SORP') 2009 published by the Association of Investment Companies.

# Balance Sheet

At 31 March 2011

	2011	2010	
Notes	£000	£000	
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	29,946	17,256	
Fixed income government securities	8,537	9,740	
<b>Financial assets at fair value through profit or loss</b>	<b>38,483</b>	<b>26,996</b>	
<b>Current assets</b>			
Trade and other receivables	359	319	
Fundraising amounts not yet received	-	1,736	
Cash and cash equivalents	3,114	1,820	
	<b>3,473</b>	<b>3,875</b>	
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(784)	(237)	
Fundraising accrual (net)	-	(1,626)	
<b>Net current assets</b>	<b>2,689</b>	<b>2,012</b>	
<b>Net assets</b>	<b>41,172</b>	<b>29,008</b>	
<b>Shareholders' equity</b>			
Share capital	3,646	3,212	
Share premium account	19,492	15,398	
Capital redemption reserve	221	221	
Treasury share reserve	(1,866)	(1,175)	
Capital reserve	(372)	93	
Investment holding gains reserve	11,780	1,558	
Special reserve	2,408	2,408	
Revenue reserve	5,863	7,293	
<b>Total Shareholders' equity</b>	<b>41,172</b>	<b>29,008</b>	
<b>Basic and diluted Net Asset Value per Ordinary share</b>	<b>6</b>	<b>120.0p</b>	<b>94.4p</b>

# Statement of Changes In Equity

For the year ended 31 March 2011

	Share capital	Share premium account	Capital redemption reserve	Treasury share reserve	Capital reserve	Investment holding gains reserve	Special reserve	Revenue reserve	Total Shareholders' equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2009</b>	<b>3,187</b>	<b>15,236</b>	<b>221</b>	<b>(931)</b>	<b>-</b>	<b>(1,389)</b>	<b>2,408</b>	<b>7,668</b>	<b>26,400</b>
<i>Revenue return for the year</i>	-	-	-	-	-	-	-	546	546
<i>Capital expenses</i>	-	-	-	-	(307)	-	-	-	(307)
<i>Gain on investments held at fair value</i>	-	-	-	-	-	3,606	-	-	3,606
<i>Gain on disposal of investments in the year</i>	-	-	-	-	357	-	-	-	357
Total comprehensive income for the year	-	-	-	-	50	3,606	-	546	4,202
<i>Issue of share capital</i>	25	162	-	-	-	-	-	-	187
<i>Purchase of own shares</i>	-	-	-	(244)	-	-	-	-	(244)
<i>Dividends</i>	-	-	-	-	(616)	-	-	(921)	(1,537)
Total transactions with owners	25	162	-	(244)	(616)	-	-	(921)	(1,594)
Realisation of prior year investment holding gains	-	-	-	-	659	(659)	-	-	-
<b>Balance at 31 March 2010</b>	<b>3,212</b>	<b>15,398</b>	<b>221</b>	<b>(1,175)</b>	<b>93</b>	<b>1,558</b>	<b>2,408</b>	<b>7,293</b>	<b>29,008</b>
<i>Revenue return for the year</i>	-	-	-	-	-	-	-	616	616
<i>Capital expenses</i>	-	-	-	-	(516)	-	-	-	(516)
<i>Gain on investments held at fair value</i>	-	-	-	-	-	10,254	-	-	10,254
<i>Gain on disposal of investments in the year</i>	-	-	-	-	19	-	-	-	19
Total comprehensive income for the year	-	-	-	-	(497)	10,254	-	616	10,373
<i>Issue of share capital</i>	434	4,243	-	-	-	-	-	-	4,677
<i>Issue costs</i>	-	(149)	-	-	-	-	-	-	(149)
<i>Purchase of own shares</i>	-	-	-	(691)	-	-	-	-	(691)
<i>Dividends</i>	-	-	-	-	-	-	-	(2,046)	(2,046)
Total transactions with owners	434	4,094	-	(691)	-	-	-	(2,046)	1,791
Realisation of prior year investment holding gains	-	-	-	-	32	(32)	-	-	-
<b>Balance at 31 March 2011</b>	<b>3,646</b>	<b>19,492</b>	<b>221</b>	<b>(1,866)</b>	<b>(372)</b>	<b>11,780</b>	<b>2,408</b>	<b>5,863</b>	<b>41,172</b>

The treasury share reserve was created for the purchase and holding of the Company's own shares. The capital redemption reserve was created for the purchase and cancellation of the Company's own shares.

The capital reserve includes gains and losses compared to cost on the disposal of investments, capital expenses, together with the related taxation effect and capital dividends paid to Shareholders.

The investment holding gains reserve includes increases and decreases in the valuation of investments held at fair value. This is a non-distributable reserve.

The special reserve was created following approval of the Court and the resolution of the Shareholders to cancel the Company's share premium account and is available for use for other corporate purposes of the Company.

The special reserve, capital reserve, revenue reserve and treasury share reserve are all distributable reserves. These reserves total £6,033,000 (2010: £8,619,000) representing a decrease of £2,586,000 (2010: £526,000 decrease) during the year. This change arises from the profit in the year of £119,000 (2010: £596,000), a movement in the investment holding reserve of £32,000 (2010: £659,000), dividends of £2,046,000 (2010: £1,537,000) and the purchase of own shares of £691,000 (2010: £244,000). The directors also take into account the level of the capital reserve when determining the level of dividend payments.

## Statement of Cash Flows

For the year ended 31 March 2011

	2011	2010
	£000	£000
<b>Net cash inflow from operating activities</b>	<b>717</b>	<b>654</b>
<hr/>		
<b>Cash flows used in investing activities</b>		
Purchase of financial assets at fair value through profit or loss	(6,802)	(6,389)
Proceeds from sale of financial assets at fair value through profit or loss	5,588	5,517
<b>Net cash used in investing activities</b>	<b>(1,214)</b>	<b>(872)</b>
<hr/>		
<b>Cash flows from (used in) financing activities</b>		
Issue of Ordinary shares	4,677	-
Cost of Ordinary share issue	(149)	(76)
Purchase of own Ordinary shares	(691)	(244)
Dividends paid	(2,046)	(1,339)
<b>Net cash from (used in) financing activities</b>	<b>1,791</b>	<b>(1,659)</b>
<hr/>		
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,294</b>	<b>(1,877)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,820</b>	<b>3,697</b>
<hr/>		
<b>Cash and cash equivalents at the end of the year</b>	<b>3,114</b>	<b>1,820</b>

## Reconciliation of Profit before Taxation to Net Cash Inflow from Operating Activities

	2011	2010
	£000	£000
Profit before taxation	10,373	4,202
Decrease (increase) in prepayments and accrued income	1,696	(1,382)
(Decrease) increase in accruals and other creditors	(1,079)	1,797
Profit on realisation of investments in the year	(19)	(357)
Revaluation of investments in the year	(10,254)	(3,606)
<hr/>		
<b>Net cash inflow from operating activities</b>	<b>717</b>	<b>654</b>

## Notes

### 1. Basis of Accounting

This announcement of the annual results of the Company for the year ended 31 March 2011 has been prepared using accounting policies consistent with those adopted in the full audited financial statements which 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 IFRSs.

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

In addition where guidance 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 in January 2009 (SORP) is consistent with the requirements of IFRSs, the financial statements have been prepared in compliance with the recommendations of the SORP.

Segmental reporting has been determined by the directors based upon the reports reviewed by the Board. The directors are of the opinion that the Company has engaged in a single operating segment - investing in equity and debt securities within the United Kingdom - and therefore no reportable segmental analysis is provided.

### 2. Income

	<b>2011</b>	2010
Income from investments:	<b>£000</b>	£000
Dividends from unquoted companies	<b>214</b>	78
Dividends from quoted companies	<b>75</b>	94
	<b>289</b>	172
Interest on loans to unquoted companies	<b>435</b>	295
Fixed interest Government securities	<b>436</b>	609
Income from investments held at fair value through profit or loss	<b>1,160</b>	1,076
Interest on VAT recovered in 2009	-	16
Interest on deposits	<b>14</b>	37
	<b>1,174</b>	1,129

### 3. Taxation

	2011			2010		
	Revenue	Capital	Total	Revenue	Capital	Total
	£000	£000	£000	£000	£000	£000
Profit before taxation	702	9,671	10,373	646	3,556	4,202
Profit before taxation multiplied by standard small company rate of corporation tax in UK of 21% (2010: 21%)	147	2,031	2,178	136	746	882
<b>Effect of:</b>						
UK dividends received	(61)	-	(61)	(36)	-	(36)
Non taxable profits on investments	-	(2,157)	(2,157)	-	(832)	(832)
Excess management expenses	-	40	40	-	(14)	(14)
Tax charge (credit)	86	(86)	-	100	(100)	-

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

Deductible temporary differences for which no deferred tax asset has been recognised amount to £295,000 calculated at 20% (2010: £270,000 calculated at 21%) in respect of unrelieved management expenses. These have not been recognised as the directors do not currently believe that it is probable that sufficient taxable profits will be available against which the assets can be recovered.

Due to the Company's status as a venture capital trust, and the continued intention to meet the conditions required to comply with Chapter 3 part 6 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.

## 4. Dividends

Amounts recognised as distributions to equity holders in the period:

	2011			2010		
	Revenue	Capital	Total	Revenue	Capital	Total
	£000	£000	£000	£000	£000	£000
Final dividend for the year ended 31 March 2010 – 3.0p per Ordinary share; paid 28 September 2010 (2009: 3.0p per Ordinary share) and	983	-	983	921	-	921
Special dividend 1.25p per Ordinary share paid on 28 September 2010 (2010: nil)	410	-	410	-	-	-
Interim dividend 2.0p per Ordinary share paid on 7 January 2011 (2010: 2.0p per Ordinary share)	653	-	653	-	616	616
	<b>2,046</b>	<b>-</b>	<b>2,046</b>	921	616	1,537

The interim dividend of 2.0 pence per share was paid on 7 January 2011 to Shareholders on the register at 10 December 2010.

The special dividend of 1.25 pence per share was paid on 28 September 2010 to Shareholders on the register at 3 September 2010.

A final dividend of 3.0 pence per share in respect of the year to 31 March 2011, amounting to £1,072,000, has been proposed. This has not been recognised in the year ended 31 March 2011 as the obligation did not exist at the balance sheet date.

## 5. Basic and Diluted Earnings per Ordinary Share

The basic and diluted earnings per Ordinary share is based on the profit after tax attributable to equity Shareholders of £10,373,000 (2010: £4,202,000) and 33,051,075 (2010: 30,774,418) shares, being the weighted average number of shares in issue during the year.

The basic and diluted revenue return per Ordinary share is based on the revenue profit for the year attributable to equity Shareholders after tax of £616,000 (2010: £546,000) and 33,051,075 (2010: 30,774,418) shares being the weighted average number of shares in issue during the year.

The basic and diluted capital return per Ordinary share is based on the capital profit for the year after tax attributable to equity Shareholders of £9,757,000 (2010: £3,656,000) and 33,051,075 (2010: 30,774,418) shares being the weighted average number of shares in issue during the year.

During the year the Company issued 4,346,734 Ordinary shares. The Company also repurchased 778,448 of its own shares, which are held in treasury.

The 2,161,285 treasury shares have been excluded in calculating the weighted average number of Ordinary shares during the year (2010: 1,382,837). The Company has no securities that would have a dilutive effect in either period and hence the basic and diluted earnings per share are the same.

After the year end the Company issued 1,421,329 Ordinary shares. If these shares had been issued on 31 March 2011 the weighted average number of shares in issue during the year would have been 33,086,122 and there would have been no change in the basic and diluted earnings per Ordinary share figures shown at the foot of the Statement of Comprehensive Income.

## 6. Net Asset Value per Ordinary Share

The basic and diluted Net Asset Value per Ordinary share is calculated on attributable assets of £41,172,000 (2010: £29,008,000) and 34,300,480 (2010: 30,732,194) Ordinary shares in issue at the year end, excluding treasury shares.

The treasury shares have been excluded in calculating the number of Ordinary shares in issue at 31 March 2011. The Company has no securities that would have a dilutive effect in either period and hence the basic and diluted Net Asset Values per Ordinary share are the same.

## 7. Total Return per Ordinary Share

The Total Return per Ordinary share is calculated on cumulative dividends paid of 56.2 pence per Ordinary share (2010: 50.0 pence per Ordinary share) plus the Net Asset Value as calculated per note 6.

## 8. Related Party Transactions

The Company has not entered into any related party transactions that have had a material impact on its financial position or performance in the year to 31 March 2011. Full details of related party transactions are shown in note 17 of the Annual Report and Accounts which can be obtained as described in note 11.

## 9. Events after the Balance Sheet Date

In April 2011, the Company's investment in GO Outdoors Limited was partially realised for proceeds of £6.54 million.

On 5 April 2011 and on 4 May 2011 the Company allotted 1,038,195 and 383,134 ordinary shares of 10.0 pence each at a price of 128 pence per Ordinary Share pursuant to the linked offer for subscription made by the Company and British Smaller Companies VCT2 plc ("BSC2") raising gross proceeds of £1.82 million.

On 13 May 2011 the Company realised 9,350 shares in Hargreaves Services plc generating proceeds of £0.09 million.

## 10. Financial Information

The financial information set out here for the year ended 31 March 2011 does not constitute full statutory financial statements as defined in section 435 of the Companies Act 2006 but has been extracted from the Company's financial statements for that period. Statutory accounts for the year ended 31 March 2011 will be delivered to the Registrar of Companies following the Company's Annual General Meeting on 29 July 2011. Those accounts were reported upon without qualification by the independent auditors and their report was reported on without qualification and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

## 11. Annual Report and Accounts

Copies of the Annual Report and Accounts for the year ended 31 March 2011 have been submitted to the National Storage Mechanism and will shortly be available to the public for viewing online at [www.hemscott.com/msn/do](http://www.hemscott.com/msn/do). They can also be viewed on the Fund Manager's website at [www.yfmep.com](http://www.yfmep.com). Hard copies of the Annual Report and Accounts for the year ended 31 March 2011 will be distributed by post to Shareholders and will be available thereafter to members of the public from the Company's registered office.

## 12. Directors

The directors of the Company are: Ms H Sinclair, Mr PS Cammerman and Mr C W E R Buchan.

## 13. Annual General Meeting

The Annual General Meeting of the Company will be held at 33 St James Square, London, SW1Y 4JS, on 29 July 2011 at 12.00 noon.

For further information, please contact:

David Hall

YFM Private Equity Limited

Tel: 0113 294 5039

Jeff Keating

Singer Capital Markets

Tel: 0203 205 7500

## British Smaller Companies VCT plc (“the Company”)

### Amendment to Dividend Re-Investment Scheme

The Company operates a dividend re-investment scheme which allows Shareholders the opportunity to build further capital value by electing to receive Ordinary Shares in the Company, credited as fully paid, instead of receiving dividends in cash (“the Scheme”).

As the Company’s investment portfolio matures there may be occasions when a significant special dividend could be paid. To offer Shareholders greater flexibility in managing their investments the Company is intending to make an amendment to the Scheme rules to give the Board and the scheme administrators the ability to offer each of the Shareholders participating in the Scheme the opportunity to dis-apply their mandate in respect of a particular special dividend and instead receive the dividend in cash.

On 3 June 2011, a letter has been sent to Shareholders participating in the Scheme with further details of the proposed amendments. The amendments to the Scheme rules contained in this letter shall take effect on 4 July 2011. A copy of the Scheme rules including the amendments set out in this letter will be available on the website of the Company’s Fund Manager at [www.yfmep.com](http://www.yfmep.com) from 4 July 2011.

3 June 2011

For further information, please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 294 5039
Jeff Keating	Singer Capital Markets	Tel: 0203 205 7500

# British Smaller Companies VCT plc

## Allotment of Shares

British Smaller Companies VCT plc (the "Company") announces that on 4 May 2011 it allotted 383,134 ordinary shares of 10 pence each ("Ordinary Shares") at a price of 128 pence per Ordinary Share in respect of valid subscriptions received for the tax year 2011/2012 pursuant to the joint offers for subscription made by the Company and British Smaller Companies VCT2 plc ("BSC2") of up to 8,780,488 Ordinary Shares in the Company and of up to 12,811,388 Ordinary Shares in BSC2 ("Offers for Subscription").

In total the Company raised net proceeds of £4.02 million under the Offers for Subscription, which are now closed.

Application is now being made for the Ordinary Shares which were allotted on 4 May 2011 to be admitted to the premium segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities, and dealings are expected to commence on or around 11 May 2011.

Following the allotment of the Ordinary Shares on 4 May 2011 the Company's issued share capital consists of 35,721,809 Ordinary Shares with voting rights ("Voting Capital") and 2,161,285 shares held in Treasury.

The above statement of Voting Capital may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in the Company under the FSA's Disclosure and Transparency Rules.

For further information, please contact:

David Hall      YFM Private Equity Limited      Tel: 0113 294 5039

Jeff Keating      Singer Capital Markets      Tel: 0203 205 7500

British Smaller Companies VCT plc

13 April 2011

## Partial Realisation of Investment in Go Outdoors

British Smaller Companies VCT plc (the "Company") today announces the partial realisation of its investment in Go Outdoors Limited ("Go Outdoors"), owner of the UK's biggest outdoor stores, to 3i Group plc.

The realisation will generate cash proceeds of £6.54 million and the impact of the transaction is an uplift to the unaudited Net Asset Value reported at 28 February 2011 equivalent to 5.86 pence per Ordinary share, an increase of 4.85%.

This part realisation of our shareholding broadens the shareholder base of Go Outdoors and, coupled with additional investment into the business, strengthens the capital base from which Go Outdoors can accelerate its growth plans.

Go Outdoors has grown from an original store in Sheffield in 1998 to a chain of 30 superstores and has undergone significant growth to become the market leading fascia in outdoor clothing and equipment.

Commenting on the realisation, David Hall, Managing Director of YFM Equity Partners, stated: "This investment is another example of the important role that venture capital trusts can play in financing the UK's small businesses, which in this case has seen Go Outdoors so far increase sales more than 50-fold over the period since the Company invested."

Helen Sinclair, Chairman of British Smaller Companies VCT plc, said: "This investment has allowed the Company to realise a proportion of its investment for more than 35 times the original cost whilst retaining a shareholding in the business with an expanded capital base, on which Go Outdoors can accelerate its growth plans."

For further information, please contact:

David Hall	YFM Equity Partners Limited	Tel: 0113 294 5039
Jeff Keating	Singer Capital Markets	Tel: 0203 205 7500

British Smaller Companies VCT plc

11 April 2011

Joint Offer for Subscription - Supplementary Prospectus

British Smaller Companies VCT plc (the “Company”) announces that it published on 8 April 2011 a supplementary prospectus with British Smaller Companies VCT2 plc in respect of the Joint Offer for Subscription of up to 8,780,488 ordinary shares of 10p each in the share capital of Company and up to 12,811,388 Ordinary Shares of 10p each in the share capital of British Smaller Companies VCT2 plc (the “Supplementary Prospectus”).

The Supplementary Prospectus is required as a consequence of the Company having published a revised unaudited NAV on 23 March 2011.

The Supplementary Prospectus has been approved by the UK Listing Authority and may be viewed on the National Storage Mechanism of the UK Listing Authority at <http://www.hemscott.com/nsm> whilst the Joint Offer is open.

A copy of the Prospectus and Supplementary Prospectus is available, free of charge, from YFM Equity Partners at <http://www.yfmep.com/or> by contacting Tracey Parker on 0113 294 5055 or by emailing [Tracey.Parker@yfmep.com](mailto:Tracey.Parker@yfmep.com).

For further information, please contact:

David Hall      YFM Equity Partners Limited

Tel: 0113 294 5039

Jeff Keating    Singer Capital Markets

Tel: 0203 205 7500

## British Smaller Companies VCT plc (“the Company”)

### Change of Company Secretary

The Company announces that Clare Mackintosh has been appointed as Company Secretary of the Company with effect from 1 April 2011. Clare replaces James Gervasio who retired from the position with effect from 1 April 2011.

Commenting on the announcement, Helen Sinclair, Chairman of the Company, said:

“Jim has served as our Company Secretary since the incorporation of British Smaller Companies VCT plc and the board greatly appreciates his excellent contribution to the Company over many years and wishes him all the best for a long and happy retirement.”

7 April 2011

For further information, please contact:

David Hall	YFM Equity Partners Limited	Tel: 0113 294 5039
Jeff Keating	Singer Capital Markets	Tel: 0203 205 7500

## **BRITISH SMALLER COMPANIES VCT PLC**

### **ALLOTMENT OF SHARES**

British Smaller Companies VCT plc (“the Company”) and British Smaller Companies VCT2 plc (“BSC2”) are seeking to raise up to £15 million, in aggregate, by way of offers for subscription of up to 8,780,488 ordinary shares in the Company and of up to 12,811,388 ordinary shares in BSC2 (“Offers for Subscription”). Full details of the Offers for Subscription are contained in a prospectus issued by the Company and BSC2 on 8 December 2010 (“Prospectus”). As announced by the Company on 23 March 2011 the Offer Price (as defined in the Prospectus) of shares in the Company pursuant to the Offers for Subscription has been revised as a result of an increase in the unaudited net asset value of the Company with effect from 28 February 2011.

The Company announces that on 5 April 2011 it allotted 1,038,195 ordinary shares of 10 pence each (“Ordinary Shares”) at a price of 128 pence per Ordinary Share in respect of valid subscriptions received for the tax year 2010/2011 pursuant to the Offers for Subscription.

Application is now being made for the Ordinary Shares which were allotted on 5 April 2011 to be admitted to the premium segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange’s main market for listed securities, and dealings are expected to commence on or around 12 April 2011.

Following the allotment of the Ordinary Shares on 5 April 2011 the Company’s issued share capital consists of 35,338,675 Ordinary Shares with voting rights (“Voting Capital”) and 2,161,285 shares held in Treasury.

The above statement of Voting Capital may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in the Company under the FSA’s Disclosure and Transparency Rules.

An allotment of Ordinary Shares pursuant to the Offers for Subscription will be made by the Company on 4 May 2011 in respect of valid subscriptions for the

tax year 2011/2012 received and accepted by the Company before 11.00am on 4 May 2011.

**For further information, please contact:**

David Hall YFM Private Equity Limited Tel: 0113 294 5039

Jeff Keating Singer Capital Markets Tel: 0203 205 7500

END

## **BRITISH SMALLER COMPANIES VCT PLC**

### **ALLOTMENT OF SHARES AND ADJUSTMENT TO OFFER PRICE FOR SHARES UNDER THE JOINT OFFERS FOR SUBSCRIPTION**

British Smaller Companies VCT plc (“the Company”) and British Smaller Companies VCT2 plc (“BSC2”) are seeking to raise up to £15 million, in aggregate, by way of offers for subscription of up to 8,780,488 ordinary shares in the Company and of up to 12,811,388 ordinary shares in BSC2 (“Offers for Subscription”). Full details of the Offers for Subscription are contained in a prospectus issued by the Companies on 8 December 2010 (“Prospectus”).

The Company announces that on 22 March 2011 it allotted 2,025,838 ordinary shares of 10 pence each (“Ordinary Shares”) at a price of 128 pence per Ordinary Share in respect of valid subscriptions received for the tax year 2010/2011 pursuant to the Offers for Subscription. Of the Ordinary Shares allotted, 6,137 were allotted to Helen Sinclair and 1,972 were allotted to Edward Buchan (being directors of the Company), their having submitted their applications for subscription prior to 28 February 2011.

The directors of the Company further announce that the unaudited net asset value of the Company with effect from 28 February 2011 was 120.9 per Ordinary Share increased from 96.8 pence per Ordinary Share as set out in the Prospectus representing an increase of 24.9%. This increase in the unaudited net asset value of the Company has arisen as a result of two new portfolio considerations; a revision of the aggregate portfolio valuation and a revision of an individual portfolio valuation following indicative offers to acquire some or all of the Company’s investment by external parties.

These approaches have valued the portfolio company using a different valuation methodology to the one historically used in the Company’s accounts. The board of the Company has decided to adopt this valuation methodology and this has increased the valuation of the investment which in turn has increased the Company’s unaudited net asset value. The new valuation does not fully reflect the value that might be achieved if one of these

approaches leads to a completed transaction and there can be no certainty that this will be the outcome.

In addition, there is a revision of the aggregate portfolio valuation of the Company as a result of updating the valuations of the quoted and unquoted portfolio as of 28 February 2011.

In consequence the Offer Price (as defined in the Prospectus) was adjusted on 22 March 2011 in accordance with the Pricing Mechanism described in the Prospectus to take account of the increased unaudited net asset value of the Company as at the last day of the month preceding the allotment on 22 March 2011. Accordingly, the Ordinary Shares allotted by the Company on 22 March 2011 were, and (subject to no further adjustments to the net asset value of the Company) all further allotments of Ordinary Shares by the Company pursuant to the Offers for Subscription will be, allotted at 128 pence per Ordinary Share, being the unaudited net asset value as at 28 February 2011 plus 5.5% of gross proceeds (rounded to the nearest 0.25 pence per share).

Application is now being made for the Ordinary Shares which were allotted on 22 March 2011 to be admitted to the premium segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities, and dealings are expected to commence on or around 29 March 2011.

Following the allotment of the Ordinary Shares on 22 March 2011 the Company's issued share capital consists of 34,600,480 Ordinary Shares with voting rights ("Voting Capital") and 1,861,285 shares held in Treasury.

The above statement of Voting Capital may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in the Company under the FSA's Disclosure and Transparency Rules.

A further allotment of Ordinary Shares will be made by the Company on 5 April 2011 in respect of valid subscriptions for the tax year 2010/2011 received and accepted by the Company after 11.00 am on 22 March 2011 and before the close of the Offers in respect of the tax year 2010/2011 at 11.00am on 5 April 2011.

An allotment of Ordinary Shares will be made by the Company on 4 May 2011 in respect of valid subscriptions for the tax year 2011/2012 received and accepted by the Company before 11.00am on 4 May 2011.

**For further information, please contact:**

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END

RNS Number: 8299C  
British Smaller Companies VCT2 Plc  
11 March 2011

## British Smaller Companies VCT plc and British Smaller Companies VCT2 plc (together "the Companies")

### Offers for Subscription

#### Additional Allotment in respect of the Offers for Subscription for the 2010/2011 Tax Year and Change of Closing Date in respect of the Offers for Subscription for the 2011/2012 Tax Year

The Companies are seeking to raise up to £15 million, in aggregate, by way of offers for subscription of up to 8,780,488 Ordinary Shares in British Smaller Companies VCT plc and of up to 12,811,388 Ordinary Shares in British Smaller Companies VCT2 plc ("Offers for Subscription"). Full details of the Offers for Subscription are contained in a prospectus issued by the Companies on 9 December 2010 ("Prospectus").

In respect of the Offers for Subscription for the 2010/2011 tax year, in addition to the allotment of Ordinary Shares on 5 April 2011 as set out in the timetable in the Prospectus, the Directors of the Companies have, in accordance with the terms and conditions of the Offers for Subscription, agreed to an additional allotment of Ordinary Shares on 22 March 2011. Accordingly, Ordinary Shares will also be allotted on 22 March 2011 to investors whose application forms in respect of the Offers for Subscription for the 2010/2011 tax year are received (and accepted) by the Companies by 11.00 am on that day.

In respect of the Offers for Subscription for the 2011/2012 tax year, in accordance with the terms and conditions of the Offers for Subscription, the Directors of the Companies have agreed to extend the closing date from 29 April 2011 to 4 May 2011 as a result of the bank holiday which has been announced for 29 April 2011.

Copies of the Prospectus have been submitted to the National Storage Mechanism and are available to the public for viewing online at the following web-site address: <http://www.hemscott.com/nsm.do>. They can also be viewed on the Fund Manager's website [www.yfmep.co.uk](http://www.yfmep.co.uk)

### For further information please contact:

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Jeff Keating	Singer Capital Markets Limited	Tel: 0203 205 7500

## BRITISH SMALLER COMPANIES VCT PLC (“the Company”)

### INTERIM MANAGEMENT STATEMENT For the quarter ended 31 December 2010

British Smaller Companies VCT plc presents its interim management statement for the quarter ended 31 December 2010. This constitutes the Company's second interim management statement for the financial year ending 31 March 2011, as required by the UK Listing Authority's Disclosure and Transparency Rule 4.3. A copy of this interim management statement can be found at [www.yfmprivateequity.co.uk](http://www.yfmprivateequity.co.uk).

The Total Return at 31 December 2010, calculated by reference to the Net Asset Value per Ordinary share and the cumulative dividends paid, was 156.2p per share compared to 153.0p at 30 September 2010.

The unaudited Net Asset Value per Ordinary share as at 31 December 2010 was 100.0p (30 September 2010: 98.8p). The Net Asset Value is stated after taking account of the interim dividend of 2.0p per Ordinary share in respect of the period ended 30 September 2010, which was paid on 7 January 2011.

The number of Ordinary shares in issue at 31 December 2010 was 32,468,556. In addition, the Company held 1,861,285 shares in Treasury.

During the quarter 218,448 shares were re-purchased by the Company at a price of 82.25p per share. These shares were placed in Treasury. There were no shares issued by the Company during the quarter. Subsequent to the quarter end, the Company has issued 106,086 Ordinary shares at a price of 91.96p per share pursuant to its dividend reinvestment scheme.

Net assets at 31 December 2010 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	18,314	56.4%
Quoted investment at bid price	4,406	13.6%
Total venture capital investments	22,720	70.0%
Fixed income securities	9,342	28.8%
<b>Total investments</b>	<b>32,062</b>	<b>98.8%</b>
Cash and cash equivalents	711	2.2%
Other net current assets (liabilities)	-318	-1.0%
Net assets	32,455	100.0%

The ten largest investments by valuation at 31 December 2010 were as follows:

	£000	% of net assets
GO Outdoors Limited	7,156	22.1%
Waterfall Services Limited	1,895	5.8%
Adex Bridge Investments Limited	1,000	3.1%
4G Capital Limited	1,000	3.1%
North Western Investments Limited	1,000	3.1%
President Engineering Limited	1,000	3.1%
Fishawack Limited	851	2.6%
Deep-Secure Limited	786	2.4%
Mattioli Woods plc	760	2.3%
Hargreaves Services plc	759	2.3%
Top ten investments	16,207	49.9%
Other investments	6,513	20.1%
Total venture capital investments	22,720	70.0%

## **Investment Portfolio**

During the three months ended 31 December 2010 the Company made two investments totalling £1.25 million. £1 million was invested in President Engineering Limited a niche supplier of high pressure valves to the mining and industrial gas sectors and £0.25 million was invested into Plus quoted Woodspeen Training plc, a vocational training provider with operations in Yorkshire and on the South Coast.

There was one realisation during the quarter. The residual small investment in Freshroast Coffee Co. Limited was realised for proceeds in line with the carrying value of £0.03m. The total return on this investment represented 1.6x capital.

Quoted investments are carried at bid price with a liquidity discount applied where appropriate. Unquoted investments are carried at fair value as determined by the directors.

## **Performance**

During the quarter the increase in Net Asset Value per share was 1.2p with the principal movement due to the underlying increase in the investment portfolio of 3.2p per share, offset by the recognition of the interim dividend of 2.0p per share, The Total Return, calculated by reference to the Net Asset Value plus cumulative dividends paid, has increased by 3.2 p per share to 156.2p per share; cumulative dividends paid are 56.2p per share.

## **Dividend Re-investment scheme**

The Company continues to operate a dividend re-investment scheme. Shareholders currently opting to reinvest their dividends hold 15% of issued Ordinary Share capital of the Company.

## **Fundraising**

The Company is currently looking to increase its investment capacity through a linked offer with British Smaller Companies VCT2 plc ("BSC2") pursuant to which up to 8,780,488 Ordinary Shares in the Company and up to 12,811,388 Ordinary Shares in BSC2 are being offered for subscription (subject to a maximum of £15 million, in aggregate, of funds raised). Those Shareholders investing before 1 March 2011 will receive additional shares equivalent to 1% of the amount subscribed. The additional investment capacity will enable the Company to take advantage of the more attractive investment conditions that are expected over the coming years,

## **Investor Workshops**

The Company remains committed to enhancing Shareholder communications and has presented annual investor workshops for a number of years which have proved very popular with Shareholders. The next shareholder workshop is being held at the British Museum at 11.00 am on 9 February 2011.

## **Outlook**

This quarter has seen an improvement in pricing across UK quoted markets with investors cautiously optimistic about the year ahead. The board expects this to lead to an increase in investment opportunities for the Company over the coming months and the portfolio remains well placed to take advantage of improving market conditions.

31 January 2011

## **For further information please contact:**

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Jeff Keating    Singer Capital Markets

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## **BRITISH SMALLER COMPANIES VCT PLC**

### **ALLOTMENT OF SHARES**

British Smaller Companies VCT plc (“the Company”) announces that on 7 January 2011 it allotted 106,086 ordinary shares of 10 pence each (“Ordinary Shares”) to shareholders of the Company at a price of 91.96 pence per share pursuant to its dividend reinvestment scheme (“Dividend Reinvestment Scheme”).

Those shareholders of the Company participating in the Dividend Reinvestment Scheme hold 15% of issued Ordinary Share capital of the Company.

Following such allotment the Company’s issued share capital consists of 32,574,642 Ordinary Shares with voting rights (“Voting Capital”) and 1,861,285 shares held in Treasury.

The above statement of Voting Capital may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in the Company under the FSA’s Disclosure and Transparency Rules.

#### **For further information, please contact:**

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