

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

### Purchase of Own Securities and Total Voting Rights

The Company announces that on 29 December 2014 it purchased 123,000 ordinary shares of 10 pence each at a price of 87.65 pence per share. These shares will be held in treasury.

If these shares had been purchased prior to the quarter ended 30 September 2014, the net asset value per ordinary share of the Company at that date would have been unaltered at 102.0 pence per ordinary share.

The Company’s issued share capital following the buy back consists of 65,397,783 ordinary shares of 10 pence each with voting rights. In addition, the Company holds 3,129,322 ordinary shares of 10 pence in treasury. This figure excludes any shares allotted between 29 December 2014 and the date of settlement. The buy back will be settled in ten days on 8 January 2015.

The above figure of 65,397,783 ordinary shares 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 FCA’s Disclosure and Transparency Rules.

30 December 2014

For further information, please contact:

David Hall	YFM Equity Partners Limited	Tel: 0113 244 1000
Gillian Martin / Emily Watts	Nplus1 Singer Advisory LLP	Tel: 0207 496 3000

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

### Realisation of Investment

The Company is pleased to announce the sale of its investment on 22 December 2014 in Waterfall Services Limited (“Waterfall Services”), a leading independent mid-sized contract caterer.

The Company will receive cash proceeds of £3.85 million. The carrying value which was incorporated within the net asset value of the Company at 30 September 2014 was £3.78 million. Consequently the effect of this transaction had it been incorporated into the accounts at 30 September 2014 would have had no material impact on the net asset value per share.

The realisation will result in total cash proceeds over the life of the investment (equity, preference shares, loans, interest & dividends) of £5.3 million representing 5.3x the Company’s original investment of £1.0 million.

Waterfall is one of the UK’s leading independent contract catering companies, with particularly strong positions in the education and care and welfare markets. It has made a virtue of an individual and dedicated approach to clients, contributing to a fivefold increase in turnover since 2008.

For further information, please contact:

David Hall	YFM Equity Partners Limited	Tel: 0113 244 1000
Gillian Martin	Nplus 1 Singer Advisory LLP	Tel: 0207 496 3000

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

### Completion of a new investment

The Company announces it completed an investment on 15 December 2014 of £1.08 million to support the management buy-out of Wakefield Acoustics Limited (“Wakefield Acoustics”), a leader in the design, manufacture and installation throughout the world of a wide range of bespoke industrial and environmental noise control solutions. Wakefield Acoustics has recorded consistent growth over recent years establishing a strong market position with leading blue chip engineering companies supplying globally into sectors such as power, oil & gas, water, waste and general manufacturing. The funding will support Wakefield Acoustics’ ambitious growth plans which include consolidation of its existing manufacturing facilities into one facility in 2015. The new company created to acquire Wakefield Acoustics is called Malvar Engineering Limited. For more information on the business please see [www.wakefieldacoustics.co.uk](http://www.wakefieldacoustics.co.uk).

This brings the aggregate portfolio investment during the first nine months of the current financial year into both new and existing companies to £16.80 million.

18 December 2014

For further information, please contact:

David Hall	YFM Equity Partners Limited	Tel: 0113 244 1000
Gillian Martin / Emily Watts	Nplus1 Singer Advisory LLP	Tel: 0207 496 3000

# British Smaller Companies VCT plc

## Result of General Meeting

British Smaller Companies VCT plc (“the Company”) announces that the ordinary resolution put to the shareholders of the Company (“Resolution”) at its general meeting held today on 3 December 2014 (“General Meeting”) was duly passed.

The full text of the Resolution is included in the notice of General Meeting dated 20 October 2014, contained within the circular of the same date issued to shareholders, in connection with the Company’s current joint fundraising with British Smaller Companies VCT2 plc, which is available for on-line viewing by the public either at [www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do) or on the website [www.bscfunds.com](http://www.bscfunds.com). This website also contains details of the proxy votes received for the Resolution in advance of the General Meeting.

In accordance with the Company’s obligations under Listing Rule 9.6.2, a copy of the Resolution passed at the General Meeting has been submitted to the National Storage Mechanism and is available for viewing at [www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do).

For further information, please contact:

David Hall	YFM Equity Partners Limited	Tel: 0113 244 1000
Gillian Martin	Nplus1 Singer Advisory LLP	Tel: 0207 496 3000

## BRITISH SMALLER COMPANIES VCT PLC

General Meeting held on 03 December 2014

Note of Proxies Received

### ORDINARY RESOLUTIONS

#### Resolution 1 – Approval of the Offer Agreement

The proxy votes received on this resolution were: 3,884,216 in favour, 91,894 against, 75,858 at the Chairman's discretion and no votes were 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 will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

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

### Completion of a new investment

The Company announces that it has recently completed an investment of £2.01 million to support the management buy-out of Business Collaborator Limited.

This brings the aggregate portfolio investment during the first eight months of the current financial year into both new and existing companies to £15.72 million.

For further information please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 244 1000
Gillian Martin	Nplus 1 Singer Advisory LLP	Tel: 020 7496 3000

**British Smaller Companies VCT plc**  
**Unaudited Interim Results and Interim Management Report**  
**For the 6 months ended 30 September 2014**  
**& Change of Company Secretary**

British Smaller Companies VCT plc (“the Company”) today announces its unaudited interim results for the six months to 30 September 2014.

## Financial Highlights

- Total return increase of 0.6 pence per ordinary share to 193.3 pence per ordinary share (31 March 2014: 192.7 pence per ordinary share). Cumulative dividends paid have increased by 3.5 pence to 94.2 pence per ordinary share
- Overall increase in net asset value (“NAV”) (prior to the payment of the final dividend of 3.5 pence per ordinary share) of 0.6 per cent in the first half of the current financial year, with the NAV standing at 99.1 pence per ordinary share as at 30 September 2014 (31 March 2014: 102.0 pence per ordinary share).
- Eight new investments totalling £12.2 million since 1 April 2014 of which £6.3 million completed in the six month period to 30 September 2014.
- In addition to the eight new investments your Company also completed £1.5 million of follow-on investments into the portfolio. Total investments made since 1 April 2014 are £13.7 million.

## Chairman’s Statement

The improved economic climate has generated an increased level of investment opportunities which has led to your Company’s increased investment rates. Your Company has made four new unquoted investments in the period, with a further three following the period end, and one new quoted investment.

I am pleased to report a strong six months of investment activity, with £7.8 million invested in the period. Your Company continues to focus on investing in established businesses with strong potential for growth located in the UK regions. The four new investments follow our strategy of sector and geographical diversity with businesses in Scotland, Cambridgeshire, East Midlands and London all receiving investment.

As at the date of this report a further four new investments totalling £5.9 million have been completed and your Board had approved a further £3.4 million of investment. These investments are expected to complete in the near future.

I am delighted to report the success of our recent share offers which closed on 29 May 2014 and raised new funds of £15.3 million. Your Company has invested £13.6 million in the twelve months to 30 September 2014, with the rate of investment increasing in the last six months. This strong investment level, coupled with the strong pipeline of new investments, has contributed to the Board’s decision to launch the current offers for subscription.

## Financial Results and Dividends

In the six months to 30 September 2014 the Company's total return increased by 0.6 pence per ordinary share to 193.3 pence per ordinary share. The net asset value at 30 September 2014 is 99.1 pence per share and cumulative dividends paid are 94.2 pence per share.

Progress has been made by many of the portfolio companies resulting in an overall increase in the underlying value of the portfolio of £0.47 million. This included £0.44 million of unrealised value growth and £0.03 million of gain over the opening value from disposals. This result was achieved in spite of provisions totalling £1.80 million against two of the portfolio investments where there has been a deferral in expenditure from defence spending and a reduction in quoted valuations of £0.44 million in line with the overall fall across the AIM market. These were offset by gains elsewhere across the portfolio with several businesses beginning to be positioned for exit.

During the period a final dividend of 3.5 pence per ordinary share was paid, bringing cumulative dividends paid to date to 94.2 pence per ordinary share. For the period to 30 September 2014 the Board has proposed an interim dividend of 2.0 pence per ordinary share. It is intended that of the total interim dividend 0.30 pence per ordinary share will be paid from revenue reserves and 1.70 pence per ordinary share from capital reserves. The interim dividend will be paid on 7 January 2015 to shareholders on the register at 5 December 2014.

## Shareholder Relations

The Company is pleased to announce that its next workshop for existing shareholders will be held at Freemasons' Hall, London on 4 February 2015. Three of the CEOs of our recent investments will be presenting in addition to a separate question and answer session with the investment advisers. If you have not already returned the attendance form distributed with the recent investor update please call or email Tracey Nice on 0113 261 6478 or [tracey.nice@yfmepl.com](mailto:tracey.nice@yfmepl.com) for further details and to register your place.

## Fundraising

In the light of the continued strong demand for investment from UK businesses your Company is seeking to increase its investment capacity through the prospectus offers which were launched on 20 October 2014 alongside British Smaller Companies VCT2 plc, to raise up to £30 million in aggregate. Early applications from existing shareholders (or their spouses or civil partners) accepted on or before 31 December 2014 will receive additional shares equivalent to 1.00 per cent of the amount subscribed, whilst those received on or before 28 March 2015 will receive 0.75 per cent. New investors will receive 0.50 per cent for applications received on or before 28 March 2015.

## Regulatory Changes

The EU State Aid Risk Capital Guidelines were updated in May 2014, and the UK Government will need to apply for renewal of State Aid approval of the VCT scheme. Whilst it is expected that approval will be renewed, it is possible some changes will be made to the rules.

The Financial Conduct Authority approved the Company's application to become a Small Registered UK Alternative Investment Fund Manager on 21 July 2014. There has been no material change to the

arrangements or management of your Company, but your Board has adopted appropriate new procedures in respect of its custody arrangements.

## Outlook

Good progress continues to be made across the portfolio to position businesses to grow and realise shareholder value. At the same time your Company continues to see high demand for investment from across the UK regions, with £13.6 million invested in the last twelve months which has significantly increased the diversity of the portfolio. Funds raised under the recently announced prospectus offers will ensure your Company continues to take advantage of these new opportunities.

I am pleased to report that The City Partnership (UK) Limited has been appointed as Company Secretary to the Company with effect from 1 December 2014.

Helen Sinclair  
Chairman  
25 November 2014

## Objectives and Strategy

The Company's objective is to provide investors with an attractive and rising long-term tax free dividend yield while maintaining the capital value of their investment and the Company's status as a venture capital trust.

The investment strategy of the Company is to create a portfolio with a mix of companies operating in traditional industries with those that offer opportunities in the development and application of innovation.

## Investment Review

The Company currently has an increasingly diversified investment portfolio of 37 companies which at 30 September 2014 had a value of £47.23 million (excluding the gilt portfolio) of which 93 per cent related to unquoted investments with the remainder in quoted investments on the AIM market. The high recent investment rates have significantly increased the portfolio diversity with the largest single investment representing 10 per cent of the net asset value.

Over the six months to 30 September 2014 the portfolio saw an underlying value gain of £0.47 million, which comprises a £0.88 million gain from unquoted investments, a reduction of £0.44 million from quoted investments, in line with the total AIM market over the period and a £0.03 million gain over the opening value from disposals. Good progress has been made across the portfolio to position businesses to grow and realise shareholder value. This has been displayed in a mixture of strong profit growth from some businesses as well as some strategic and organisational restructuring of others to maximise profits in the year ahead. The most significant movements in valuations in the period were:

- Waterfall Services Limited (increase of £1.41 million) saw strong profit growth from new contracts last year and is now benefitting from the introduction of free school meals for under-7s.
- GO Outdoors Topco Limited (increase of £0.40 million) following improving trading and growth in consumer confidence.
- GTK (UK) Ltd Limited (increase of £0.31 million) and Mangar Health Limited (increase of £0.30 million) which both recorded strong profits in the first year since investment.
- Seven Technologies Holdings Limited (reduction of £1.10 million) suffered public sector budgetary constraints in its core US and UK markets last year which are now showing signs of easing.
- Deep-Secure Ltd (reduction of £0.70 million) experienced some public sector contract slippage and a delay in the launch of a product through a significant new strategic partnership.

## Realisation of Investments

During the six months to 30 September 2014 the Company generated proceeds from disposals of investments and repayments of loans (excluding the gilt portfolio) of £0.92 million. Of this £0.57 million of proceeds were realised from the sale of shares in the quoted portfolio resulting in a gain on disposal of investments of £0.03 million, primarily the partial sale of Pressure Technologies plc and realisation of Vianet Group plc. The remaining £0.35 million relates to repayment of loans at cost.

## New and Follow-On Investments

In the period since 1 April 2014 and up to the date of this report the Company has invested a total of £13.7 million comprising eight new investments (including one quoted company) and three follow-on investments. Background details of the new companies added to the portfolio are set out in the table below.

The follow-on investments included £1.2 million invested in the refinancing of existing profitable portfolio company, Harvey Jones Holdings Limited. The Company also made follow-on investments into AIM listed EKF Diagnostics plc and AB Dynamics plc totalling £0.3 million over the same period.

The Company had approved a further £3.4 million of new investment at the date of this report which is expected to be invested over the coming months.

<b>Name of Company</b>	<b>Business</b>	<b>Date of Investment</b>	<b>Amount invested (£m)</b>
Pre 30 September 2014			
Intelligent Office UK Limited	Support services	May 2014	2.93
The management buyout of Intelligent Office, a leading provider of business process outsourcing solutions to the UK legal sector. Its Managed Services division works within firms' own premises to help them transform and manage key administrative functions of print and mail, reception, document production and secretarial services. Its Transcription Services division provides document production services from a secure shared services centre.			
The Heritage Window Company Holdco Ltd	Manufacturing of windows	September 2014	1.90
The management buyout of and provision of development capital to The Heritage Window Company, a specialist manufacturer and supplier of slim line aluminium windows. The investment will enable increased sales resources and the launch of new energy saving products into the UK market for aluminium windows which is estimated to be worth c£250m per annum.			
Macro Art Holdings Limited	Digital printer	June 2014	1.26
The management buyout and growth capital funding for Macro Art Limited, a specialist wide-format digital printer which has printed building wraps for Selfridges and Harrods and holds the Guinness World Record for the largest printed movie poster. In recent years the business has invested in specialist UV and dye sublimation print technology and expanded into the profitable exhibitions and high-end retail sectors.			
Intamac Systems Limited	IT & Software	June 2014	0.25
The provision of growth capital funding to Intamac Limited which develops technology to connect physical products via the internet so they can be monitored and controlled using smart mobile phones and computers. The cloud-based software platform is used by several blue chip companies including Scottish Power, Securitas, TDC and Belgacom. The strategy is to partner with established hardware suppliers and embed software into their next generation products to become a key enabler of the Internet of Things. Applications range from alarms, cameras, heating controls, safety equipment,			

healthcare monitoring and white goods.			
Post 30 September 2014			
ACC Aviation (via Newacc (2014) Limited)	Aircraft lease broking	November 2014	2.07
The management buyout of ACC, a market leader in the provision of broking services on short term aircraft leases around the world. It also arranges charter services and operated a number of corporate shuttle contracts on behalf of international corporate clients. ACC does not own any aircraft but brings together clients with excesses and shortages of capacity, as well as managing a wide range of ancillary services.			
Cambrian Park & Leisure Homes Limited (via DWFco 8 Limited)	Manufacture of holiday lodges	October 2014	1.80
The management buy-in and buyout (BIMBO) of Cambrian Park & Leisure Homes Ltd, which designs and manufactures timber holiday lodges for the UK holiday park market, together with its sister company, Cambrian Kitchens. Over the last two years, Cambrian has increased its turnover by over 30% through winning new contracts with a wide range of holiday park operators.			
Springboard Research Holdings Limited	Retail data monitoring	October 2014	1.78
The management buyout of Springboard Research Holdings Limited, a leading provider of retail intelligence services such as footfall, dwell times and conversion rates. Its blue-chip client base includes British Land, who use Springboard's services to determine priorities for new investment and to help improve their tenants' performance. Retailers use Springboard's services to benchmark their stores against each other and the wider retail market, and to assess the attractiveness of different elements of their stores.			
Gamma Communications plc	Telecoms services	October 2014	0.25
The AIM market initial public placing of Gamma Communications plc, a provider of integrated voice, data and mobile telecommunication services and applications to businesses across the UK. 80 per cent of sales are to small-medium sized businesses via reseller partners with the remainder sold to blue chips. The business specialises in the conversion of historic fixed line to internet-based services and has a high proportion of recurring revenues.			

## Investment Portfolio

Sector	Name of Company	Date of initial Investment	Current cost	Realised proceeds to Date	Investment Valuation At 30 June 2014	Valuation plus proceeds to Date
			£000	£000	£000	£000
Retail	GO Outdoors Topco Limited	May 98	215	7,380	6,775	14,155
Manufacturing	President Engineering Group Ltd	Oct 10	600	400	4,008	4,408
Bus. Services	DisplayPlan Holdings Limited	Jan 12	975	422	3,812	4,234
Bus. Services	Waterfall Services Limited	Feb 07	100	900	3,784	4,684

Bus. Services	Intelligent Office UK Limited	May 14	2,934	-	2,934	2,934
Manufacturing	Mangar Health Limited	Jan 14	2,460	-	2,764	2,764
Retail	Gill Marine Holdings Limited	Sep 13	2,500	-	2,280	2,280
Retail	Harvey Jones Holdings Limited	May 07	1,984	-	2,150	2,150
Manufacturing	GTK (UK) Limited	Oct 13	1,608	142	1,921	2,063
Manufacturing	The Heritage Window Company Holdco Ltd	Sep 14	1,903	-	1,903	1,903
Top 10 Unquoted Investments			15,279	9,244	32,331	41,575
Remaining unquoted portfolio						
Software & IT	Seven Technologies Holdings Limited	Apr 12	1,984	1,524	1,495	3,019
Manufacturing	Leengate Holdings Limited	Dec 13	1,401	-	1,401	1,401
Bus. Services	Macro Art Holdings Limited	Jun 14	1,252	8	1,252	1,260
Software	Deep-Secure Ltd	Dec 09	1,000	-	1,051	1,051
Industrial	RMS Group Holdings Limited	July 07	180	897	1,027	1,924
Investment	Fairlight Bridge Limited	Apr 12	1,000	-	1,000	1,000
Retail & Manufacture	Bagel Nash Group Limited	Jul 11	1,128	110	915	1,025
Software	Insider Technologies (Holdings) Limited	Aug 12	1,170	-	880	880
Telecoms	Callstream Group Limited	Sep 10	415	130	861	991
Recruitment	Harris Hill Holdings Limited	Jun 07	600	-	711	711
Software	Selima Limited	Mar 12	600	-	574	574
Internet	Intamac Systems Limited	Jun 14	250	-	250	250
Software	PowerOasis Limited	Nov 11	425	-	212	212
	Other investments < £0.1 million		2,585	-	37	37
Total Unquoted portfolio			<b>29,269</b>	<b>11,913</b>	<b>43,997</b>	<b>55,910</b>
Quoted portfolio						
Support Services	Mattioli Woods plc	Nov 05	258	193	829	1,022
Manufacturing	Pressure Technologies plc	Jun 07	184	666	792	1,458
Manufacturing	AB Dynamics plc	May 13	380	-	619	619
Medical	EKF Diagnostics Holdings plc	Jul 10	448	226	490	716
Manufacturing	Hargreaves Services plc	Dec 07	310	505	323	828
	Other investments < £0.1 million		663	1,318	178	1,496
Total quoted portfolio			<b>2,243</b>	<b>2,908</b>	<b>3,231</b>	<b>6,139</b>
<b>Total portfolio</b>			<b>31,512</b>	<b>14,821</b>	<b>47,228</b>	<b>62,049</b>
Full disposals since March 2002			16,844	24,145	-	24,145
Full disposals to March 2002			5,748	1,899	-	1,899
<b>Total</b>			<b>54,104</b>	<b>40,865</b>	<b>47,228</b>	<b>88,093</b>

## Principal Risks and Uncertainties

In accordance with DTR 4.2.7, the Board confirms that the principal risks and uncertainties facing the Company have not materially changed from those identified in the Annual Report and Accounts for the year ended 31 March 2014. The Board acknowledges that there is regulatory risk and continues to manage the Company's affairs in such a manner as to comply with section 274 income Tax Act 2007.

In summary, the principal risks are:

- Loss of approval as a venture capital trust;
- Economic;
- Investment and strategic;
- Regulatory;
- Reputational;
- Operational;
- Financial; and
- Market/liquidity risk.

Full details of the principal risks can be found in the financial statements for the year ended 31 March 2014 on pages 30 and 31, a copy of which is available at [www.bscfunds.com](http://www.bscfunds.com).

## Directors' Responsibilities Statement

The directors of British Smaller Companies VCT plc confirm that, to the best of their knowledge, the condensed set of financial statements in this interim report have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the EU, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and that the interim management report (which consists of the Chairman's Statement and the Investment Review) includes a fair review of the information required by DTR 4.2.7R, being the important events of the first half of the year and the principal risks and uncertainties for the remaining six months of the year. The directors also confirm that there are no related party transactions to be disclosed in accordance with DTR 4.2.8R.

The directors of British Smaller Companies VCT plc are listed in Note 8 of these interim financial statements.

Helen Sinclair  
Chairman  
25 November 2014

# Independent Review Report to the members of British Smaller Companies plc

## Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2014 which comprises The condensed statement of comprehensive income, the condensed balance sheet, the condensed statement of changes in equity, the condensed statement of cash flows and the related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

## Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the company are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

## Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and

Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BDO LLP

Chartered Accountants

London

United Kingdom

25 November 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Unaudited Statement of Comprehensive Income for the six months ended 30 September 2014

	Notes	Unaudited Six months ended 30 September 2014			Unaudited Six months ended 30 September 2013		
		Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Gain on disposal of investments		-	26	26	-	126	126
Gain on investments held at fair value		-	443	443	-	3,489	3,489
Income	2	952	-	952	627	-	627
Administrative expenses:							
Investment adviser's fee		(155)	(466)	(621)	(105)	(316)	(421)
Other expenses		(223)	-	(223)	(181)	-	(181)
		(378)	(466)	(844)	(286)	(316)	(602)
<b>Profit before taxation</b>		<b>574</b>	<b>3</b>	<b>577</b>	<b>341</b>	<b>3,299</b>	<b>3,640</b>
Taxation	3	(82)	82	-	(38)	38	-
<b>Profit for the period</b>		<b>492</b>	<b>85</b>	<b>577</b>	<b>303</b>	<b>3,337</b>	<b>3,640</b>
<b>Total comprehensive income for the period attributable to equity Shareholders</b>		<b>492</b>	<b>85</b>	<b>577</b>	<b>303</b>	<b>3,337</b>	<b>3,640</b>
<b>Basic and diluted earnings per ordinary share</b>	5	<b>0.76p</b>	<b>0.13p</b>	<b>0.89p</b>	0.61p	6.75p	7.36p

The Total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IAS 34. 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.

## Unaudited Balance Sheet as at 30 September 2014

		Unaudited 30 September 2014 £000	Unaudited 30 September 2013 £000	Audited 31 March 2014 £000
<b>Assets</b>				
<b>Non-current assets</b>				
Investments		47,228	33,995	39,862
Fixed income government securities		2,405	2,427	2,403
Financial assets at fair value through profit or loss	6	49,633	36,422	42,265
Trade and other receivables		361	-	151
		<b>49,994</b>	<b>36,422</b>	<b>42,416</b>
<b>Current assets</b>				
Trade and other receivables				
Cash on fixed term deposit		325	329	243
Cash and cash equivalents		3,013	2,000	2,000
		<b>11,986</b>	<b>10,847</b>	<b>18,962</b>
<b>Liabilities</b>		<b>15,324</b>	<b>13,176</b>	<b>21,205</b>
<b>Current liabilities</b>				
Trade and other payables				
<b>Net current assets</b>		<b>(414)</b>	<b>(91)</b>	<b>(1,037)</b>
<b>Net assets</b>		<b>14,910</b>	<b>13,085</b>	<b>20,168</b>
<b>Shareholders' equity</b>				
Share capital		6,853	5,348	6,386
Share premium account		27,211	12,879	23,165
Capital redemption reserve		221	221	221
Capital reserve		13,376	17,750	16,535
Investment holding gains (losses) - net		16,541	13,006	15,879
Revenue reserve		702	303	398
<b>Total shareholders' equity</b>		<b>64,904</b>	<b>49,507</b>	<b>62,584</b>
<b>Net asset value per ordinary share</b>	7	<b>99.1p</b>	<b>99.2p</b>	<b>102.0p</b>

Signed on behalf of the Board

Helen Sinclair  
Chairman  
25 November 2014

# Unaudited Statement of Changes in Equity for the six months ended 30 September 2014

	Share capital £000	Share premium £000	Capital redemption reserve £000	Capital reserve <sup>3</sup> £000	Investment holding gains (losses) reserve £000	Revenue reserve £000	Total equity £000
<b>At 31 March 2013</b>	<b>4,661</b>	<b>7,236</b>	<b>221</b>	<b>19,349</b>	<b>9,259</b>	<b>1,363</b>	<b>42,089</b>
<i>Revenue return for the period</i>	-	-	-	-	-	341	341
<i>Capital expenses</i>	-	-	-	(316)	-	-	(316)
<i>Gain on investments held at fair value</i>	-	-	-	-	3,489	-	3,489
<i>Gain on disposal of investments</i>	-	-	-	126	-	-	126
<i>Taxation</i>	-	-	-	38	-	(38)	-
Total comprehensive income for the period	-	-	-	(152)	3,489	303	3,640
<i>Issue of share capital</i>	640	5,558	-	-	-	-	6,198
<i>Issue of shares – DRIS<sup>1</sup></i>	47	370	-	-	-	-	417
<i>Issue costs<sup>2</sup></i>	-	(285)	-	-	-	-	(285)
<i>Purchase of own shares</i>	-	-	-	(329)	-	-	(329)
<i>Dividends</i>	-	-	-	(860)	-	(1,363)	(2,223)
Total transactions with shareholders	687	5,643	-	(1,189)	-	(1,363)	3,778
Realisation of prior year investment holding losses	-	-	-	(258)	258	-	-
<b>At 30 September 2013</b>	<b>5,348</b>	<b>12,879</b>	<b>221</b>	<b>17,750</b>	<b>13,006</b>	<b>303</b>	<b>49,507</b>
<i>Revenue return for the period</i>	-	-	-	-	-	410	410
<i>Capital expenses</i>	-	-	-	(570)	-	-	(570)
<i>Gain on investments held at fair value</i>	-	-	-	-	2,480	-	2,480
<i>Gain on disposal of investments</i>	-	-	-	565	-	-	565
<i>Taxation</i>	-	-	-	67	-	(67)	-
Total comprehensive income for the period	-	-	-	62	2,480	343	2,885
<i>Issue of share capital</i>	1,159	10,744	-	-	-	-	11,903
<i>Issue of shares – DRIS<sup>1</sup></i>	22	192	-	-	-	-	214
<i>Issue costs<sup>2</sup></i>	-	(650)	-	-	-	-	(650)
<i>Purchase of own shares</i>	-	-	-	(277)	-	-	(277)
<i>Dividends</i>	-	-	-	(750)	-	(248)	(998)
<i>Treasury share cancellation</i>	(143)	-	-	143	-	-	-
Total transactions with shareholders	1,038	10,286	-	(884)	-	(248)	10,192
Realisation of prior year investment holding losses	-	-	-	(393)	393	-	-
<b>At 31 March 2014</b>	<b>6,386</b>	<b>23,165</b>	<b>221</b>	<b>16,535</b>	<b>15,879</b>	<b>398</b>	<b>62,584</b>

	Share capital £000	Share premium £000	Capital redemption reserve £000	Capital reserve <sup>3</sup> £000	Investment holding gains (losses) reserve £000	Revenue reserve £000	Total equity £000
<b>At 31 March 2014</b>	<b>6,386</b>	<b>23,165</b>	<b>221</b>	<b>16,535</b>	<b>15,879</b>	<b>398</b>	<b>62,584</b>
<i>Revenue return for the period</i>	-	-	-	-	-	574	574
<i>Capital expenses</i>	-	-	-	(466)	-	-	(466)
<i>Gain on investments held at fair value</i>	-	-	-	-	443	-	443
<i>Gain on disposal of investments</i>	-	-	-	26	-	-	26
<i>Taxation</i>	-	-	-	82	-	(82)	-
Total comprehensive income for the period	-	-	-	(358)	443	492	577
<i>Issue of share capital</i>	418	3,875	-	-	-	-	4,293
<i>Issue of shares – DRIS<sup>1</sup></i>	49	412	-	-	-	-	461
<i>Issue costs<sup>2</sup></i>	-	(241)	-	-	-	-	(241)
<i>Purchase of own shares</i>	-	-	-	(484)	-	-	(484)
<i>Dividends</i>	-	-	-	(2,098)	-	(188)	(2,286)
Total transactions with shareholders	467	4,046	-	(2,582)	-	(188)	1,743
Realisation of prior year investment holding losses	-	-	-	(219)	219	-	-
<b>At 30 September 2014</b>	<b>6,853</b>	<b>27,211</b>	<b>221</b>	<b>13,376</b>	<b>16,541</b>	<b>702</b>	<b>64,904</b>
<b>Reserves as above</b>	<b>6,853</b>	<b>27,211</b>	<b>221</b>	<b>13,376</b>	<b>16,541</b>	<b>702</b>	<b>64,904</b>
<i>Less undistributable reserves</i>	<b>(6,853)</b>	<b>(27,211)</b>	<b>(221)</b>	-	<b>(16,541)</b>	-	<b>(50,826)</b>
<i>Less Interest receivable in future</i>	-	-	-	-	-	(358)	<b>(358)</b>
<i>Less deferred proceeds</i>	-	-	-	(3)	-	-	<b>(3)</b>
<b>Reserves available for distribution<sup>4</sup></b>	-	-	-	<b>13,373</b>	-	<b>344</b>	<b>13,717</b>

1. DRIS being the dividend re-investment scheme
2. Issue costs include both fundraising costs and expenses incurred from the Company's DRIS
3. As at 31 March 2013 and 30 September 2013 the capital reserve was presented as three separate reserves in the Statement of Changes in Equity. From 31 March 2014 these have been combined so as to present the Company's distributable reserves more clearly, with the balances as at 31 March 2013 and 30 September 2013 summarised accordingly and reconciled in the table below:

	As reported in the Interim Report for six months to 30 September 2013			As reported 30 September 2014
	Capital reserve	Special Reserve	Treasury Reserve	Revised capital reserve
	£000	£000	£000	£000
Balance at 31 March 2013	(1,360)	23,462	(2,753)	19,349
Balance at 30 September 2013	1,651	19,181	(3,082)	17,750

4. Subject to filing of these half year statements at Companies House.

Following the cancellation of the share premium account on 8 October 2014 and the filing of the 31 March 2015 annual accounts the amounts available for distribution will be increased by £24.72 million.

## Unaudited Statement of Cash Flows for the six months ended 30 September 2014

	<b>Unaudited Six months ended 30 September 2014 £000</b>	Unaudited Six months ended 30 September 2013 £000	Audited Year ended 31 March 2014 £000
Profit before taxation	577	3,640	6,525
Increase in trade and other receivables	(230)	(37)	(214)
(Decrease) increase in trade and other payables	(332)	(75)	277
Profit on disposal of investments in the year	(26)	(126)	(691)
Profit on investments held at fair value	(443)	(3,489)	(5,969)
Capitalised interest	(6)	(11)	(21)
<b>Net cash outflow from operating activities</b>	<b>(460)</b>	<b>(98)</b>	<b>(93)</b>
<b>Cash flows from investing activities</b>			
Purchase of financial assets	(8,773)	(4,854)	(10,620)
Proceeds from sale of financial assets	1,815	1,997	5,093
Cash maturing from fixed term deposit	2,000	-	-
Cash placed on fixed term deposit	(3,013)	(500)	(500)
<b>Net cash outflow from investing activities</b>	<b>(7,971)</b>	<b>(3,357)</b>	<b>(6,027)</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary shares	4,222	6,098	17,712
Cost of ordinary share issue	(521)	(184)	(234)
Purchase of own shares	(489)	(466)	(466)
Dividends paid – net of dividends re-invested	(1,757)	(1,806)	(2,590)
Share premium cancellation costs	-	(9)	(9)
<b>Net cash inflow from financing activities</b>	<b>1,455</b>	<b>3,633</b>	<b>14,413</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(6,976)</b>	<b>178</b>	<b>8,293</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>18,962</b>	<b>10,669</b>	<b>10,669</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>11,986</b>	<b>10,847</b>	<b>18,962</b>

# Explanatory Notes to the Unaudited Condensed Financial Statements

## 1. General information, basis of preparation and principal accounting policies

These half year statements have been approved by the directors whose names appear at note 8, each of whom has confirmed that to the best of their knowledge:

- The Interim Management Report includes a fair review of the information required by rules 4.2.7 and 4.2.8 of the Disclosure Rules and the Transparency Rules.
- The half year statements on pages 15 to 19 constitute condensed financial statements and have been prepared in accordance with IAS 34 'Interim Financial Reporting' and the Disclosure and Transparency Rules of the Financial Conduct Authority.

The half year statements are unaudited but have been reviewed by the auditors pursuant to the Financial Reporting Council's (FRC's) guidance on Review of Interim Financial Information. The condensed financial statements do not constitute full financial statements as defined in section 435 of the Companies Act 2006. The comparative figures for the year ended 31 March 2014 do not constitute full financial statements and have been extracted from the Company's financial statements for the year ended 31 March 2014. Those accounts were reported upon without qualification by the auditors and have been delivered to the Registrar of Companies. The accounting policies and methods of computation followed in the half year statements are the same as those adopted in the preparation of the audited financial statements for the year ended 31 March 2014. The standards and interpretations applicable for the first time that have been adopted are IFRS 10,11,12 and amendments to IAS 27 and 28. The directors do not expect the accounting policies to change over the current financial year.

The financial statements for the year ended 31 March 2014 were prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. 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 IFRS, the financial statements have been prepared in compliance with the recommendations of the SORP.

Other IFRS and IFRIC standards, amendments and interpretations have been issued which will be effective for future reporting periods and are not expected to have a material impact on the Company.

Going Concern: The directors have carefully considered the issue of going concern and are satisfied that the Company has sufficient resources to meet its obligations as they fall due for a period of at least twelve months from the date these half year statements were approved. As at 30 September 2014 the Company held cash balances and fixed term deposits with a combined value of £14,999,000. Cash flow projections show the Company has sufficient funds to meet both its contracted expenditure and its discretionary cash outflows in the form of

share buy-backs and the dividend policy. The directors therefore believe that it is appropriate to continue to apply the going concern basis of accounting in preparing these half year statements.

## 2. Income

	<b>Unaudited 6 months ended 30 September 2014 £000</b>	Unaudited 6 months ended 30 September 2013 £000
Income from investments		
- Dividends from unquoted companies	143	22
- Dividends from AIM quoted companies	22	128
	<b>165</b>	150
- Interest on loans to unquoted companies	676	381
- Fixed interest Government securities	22	28
Income from investments held at fair value through profit or loss	863	559
Interest on bank deposits	89	68
	<b>952</b>	627

In addition an amount of £110,000 (30 September 2013: £101,000) of income in relation to loan interest has not been recognised due to uncertainty over its future receipt.

## 3. Taxation

	<b>Unaudited 6 months ended 30 September 2014</b>			Unaudited 6 months ended 30 September 2013		
	<b>Revenue £000</b>	<b>Capital £000</b>	<b>Total £000</b>	Revenue £000	Capital £000	Total £000
Profit before taxation	574	3	577	341	3,299	3,640
Profit before taxation multiplied by standard small company rate of corporation tax in UK of 20% (2013: 20%)	115	-	115	68	660	728
<b>Effect of:</b>						
UK dividends received	(33)	-	(33)	(30)	-	(30)
Non taxable profits on investments	-	(94)	(94)	-	(723)	(723)
Excess management expenses	-	12	12	-	25	25
Tax (credit)/ charge	82	(82)	-	38	(38)	-

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

Deferred tax assets in respect of losses 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 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:

	Unaudited			Unaudited		
	6 months ended			6 months ended		
	30 September 2014			30 September 2013		
	Revenue	Capital	Total	Revenue	Capital	Total
	£000	£000	£000	£000	£000	£000
Final dividend for the year ended 31 March 2014 of 3.5p (2013 year end 3.5p) per ordinary share	188	2,098	2,286	1,363	860	2,223
Interim dividend for the year ended 31 March 2014 of 2.0p	-	-	-	-	-	-
	<b>188</b>	<b>2,098</b>	<b>2,286</b>	1,363	860	2,223
Re-invested under the DRIS			(461)			(417)
Unclaimed dividends			(68)			-
Dividend - net			<b>1,757</b>			1,806

	Audited		
	Year ended		
	31 March 2014		
	Revenue	Capital	Total
	£000	£000	£000
Final dividend for the year ended 31 March 2014 of 3.5p (2013 year end 3.5p) per ordinary share	1,363	860	2,223
Interim dividend for the year ended 31 March 2014 of 2.0p	248	750	998
	1,611	1,610	3,221
Re-invested under the DRIS			(631)
Unclaimed dividends			-
Dividend - net			<b>2,590</b>

An interim dividend of 2.0 pence per ordinary share, amounting to £1,245,000 is proposed. The dividend has not been recognised in these half year financial statements as the obligation did not exist at the balance sheet date.

#### 5. Earnings per Ordinary Share and Changes in Share Capital

The basic and diluted earnings per ordinary share is based on the profit after tax attributable to equity shareholders of £577,000 (30 September 2013: £3,640,000) and 64,778,209 (30 September 2013: 49,425,244) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

The basic and diluted revenue return per ordinary share is based on the revenue profit attributable to equity shareholders of £492,000 (30 September 2013: £303,000) and 64,778,209 (30 September 2013: 49,425,244) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

The basic and diluted capital return per ordinary share is based on the capital return attributable to equity shareholders of £85,000 (30 September 2013: £3,337,000) and 64,778,209 (30 September 2013: 49,425,244) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

During the period the Company allotted 492,870 new ordinary shares in respect of its dividend re-investment scheme and 4,179,046 new ordinary shares under the joint offer for subscription with British Smaller Companies VCT2 plc which closed on 29 May 2014.

The Company has repurchased 536,820 of its own shares in the period and these shares are held in the capital reserve. The total of 3,006,322 treasury shares has been excluded in calculating the weighted average number of ordinary shares during the period. The Company has no securities that would have a dilutive effect and hence basic and diluted earnings per ordinary share are the same.

## 6. Financial Assets at Fair Value through Profit or Loss

IFRS 7 and IFRS 13, in respect of financial instruments that are measured in the balance sheet at fair value, requires disclosure of fair value measurements by level within the following fair value measurement hierarchy:

- Level 1: quoted prices in active markets for identical assets or liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is defined as a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1 and comprise AIM quoted investments (with one investment traded on ISDX Growth Market) or government securities and other fixed income securities classified as held at fair value through profit or loss.
- Level 2: the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The Company held no such instruments in the current or prior year.
- Level 3: the fair value of financial instruments that are not traded in an active market (for example, investments in unquoted companies) is determined by using valuation techniques such as earnings multiples. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. All of the Company's unquoted investments are included in level 3.

Each investment is reviewed at least quarterly to ensure that it has not ceased to meet the criteria of the level in which it was included at the beginning of each accounting period. There

have been no transfers between these classifications in the period (30 September 2013: one). The change in fair value for the current and previous year is recognised through profit or loss.

All items held at fair value through profit or loss were designated as such upon initial recognition.

## Valuation of Investments

*Initial Measurement:* Financial assets are initially measured at fair value. The best estimate of the initial fair value of a financial asset that is either quoted or not quoted in an active market is the transaction price (i.e. cost).

*Subsequent Measurement:* The International Private Equity and Venture Capital (IPEVC) Valuation Guidelines (“the Guidelines”) identify six of the most widely used valuation methodologies for unquoted investments. The Guidelines advocate that the best valuation methodologies are those that draw on external, objective market based data in order to derive a fair value.

Full details of the methods used by the Company were set out on page 55 of the financial statements for the year ended 31 March 2014, a copy of which can be found at [www.bscfunds.com](http://www.bscfunds.com). Where investments are in quoted stocks, fair value is set at the market price.

The primary methods used for valuing non-quoted investments, and the key assumptions relating to them are:

**Price of recent investment, reviewed for changes in fair value:** the cost of the investment, adjusted for background factors specific to the investment, is taken as a reasonable assessment of the fair value for a period of up to one year. During this period performance is monitored for evidence of changes to this initial fair value. Valuations may be re-based following substantial investment by a third party when this offers evidence that there has been a change to fair value.

**Earnings multiple:** The appropriate sector FTSE<sup>R</sup> multiples are used as a market-based indication of the enterprise value of an investment company. A discount is applied to the multiple based on perceived market interest in that company or sector and on any benefit that may be observed by holding a significant shareholding or superior rights.

Movements in investments at fair value through profit or loss during the six months to 30 September 2014 are summarised as follows:

IFRS 13 measurement classification	Level 3	Level 1	Level 1		
	Unquoted Investments	Quoted Equity Investments	Total Quoted and Unquoted	Fixed Income Securities	Total Investments
	£000	£000	£000	£000	£000
Opening cost	22,063	2,710	24,773	2,436	27,209
Opening valuation gain (loss)	13,842	1,247	15,089	(33)	15,056
<b>Opening fair value at 1 April 2014</b>	<b>35,905</b>	<b>3,957</b>	<b>39,862</b>	<b>2,403</b>	<b>42,265</b>

Additions at cost	7,553	257	7,810	963	8,773
Capitalised interest	6	-	6	-	6
Disposal proceeds	(353)	(567)	(920)	(960)	(1,880)
Net profit on disposal	-	26	26	-	26
Change in fair value	886	(442)	444	(1)	443
<b>Closing fair value at 30 Sept2014</b>	<b>43,997</b>	<b>3,231</b>	<b>47,228</b>	<b>2,405</b>	<b>49,633</b>
Closing cost	29,269	2,243	31,512	2,402	33,914
Closing valuation gain	14,728	988	15,716	3	15,719
<b>Closing fair value at 30 Sept 2014</b>	<b>43,997</b>	<b>3,231</b>	<b>47,228</b>	<b>2,405</b>	<b>49,633</b>

All of the changes in fair value during the year related to assets held at the year end. The total of fair value adjustments below cost made against unquoted investments at 30 September 2014 amounted to £4,100,000 (31 March 2014: £4,108,000). There have been no individual fair value adjustments downwards during the period that exceeded five per cent of the total assets of the Company (30 September 2013: none).

During the year three investments moved from being held at price of recent investment, reviewed for change in fair value, to an earnings multiple basis, with the net impact being a gain of £397,000.

Level 3 valuations include assumptions based on non-observable data, such as discounts applied either to reflect changes in fair value of financial assets held at the price of recent investment, or to adjust earnings multiples. IFRS 13 requires an entity to disclose quantitative information about the significant unobservable inputs used. Of the Company's Level 3 investments, 80 per cent are held on an earnings multiple basis, which have significant judgement applied to the valuation inputs. The table below sets out the range of Price Earnings ratios and discounts applied in arriving at investments valued on an earnings multiple basis. The remainder of Level 3 investments are held at cost, reviewed for change in fair value and the range of discounts applied is set out below.

	Manufacturing & Industrial Services	Retail & Brands	Software, IT and Telecommunications	Healthcare	Business Services
	<b>Earning multiple inputs</b>				
P/E Multiple Range	18.19-21.76	9.4-22.94	16.95-21.2	16.50	23.18
P/E Multiple Weighted Average	18.79	14.13	19.83	16.50	23.18
Combined P/E and/or Marketability Discount Range	52-60%	28% - 56%	44-60%	52%	60% – 63%
Combined P/E and/or Marketability Discount Weighted Average	56%	34%	55%	52%	60%

The standard also requires disclosure, by class of financial instruments, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. Each unquoted portfolio company has been

reviewed in order to identify the sensitivity of the valuation methodology to using alternative assumptions. Where discounts have been applied (for example to Earnings levels or P/E ratios) alternatives have been considered which would still fall within the IPEVC Guidelines. For each unquoted investment, two scenarios have been modelled: more prudent assumptions (downside case) and more optimistic assumptions (upside case). Applying the downside alternatives the value of the unquoted investments would be £4.25 million or 9.7 per cent lower. Using the upside alternative the value would be increased by £4.10 million or 9.3 per cent.

Of the Company's equity investments, 6.8 per cent are quoted on AIM (31 March 2014: 9.9 per cent). A five per cent increase in stock prices as at 30 September 2014 would have increased the net assets attributable to the Company's shareholders and the total profit for the year by £0.16 million (31 March 2014: £198,000). An equal change in the opposite direction would have decreased the net assets attributable to the Company's shareholders and the total profit for the period by an equal amount.

Of the Company's equity investments 93.2 per cent are in unquoted companies held at fair value (31 March 2014: 90.1 per cent). The valuation methodology for these investments includes the application of externally produced FTSE<sup>R</sup> multiples. Therefore the value of the unquoted element of the portfolio is also indirectly affected by price movements on the listed market. Those using an earnings multiple methodology include judgements regarding the level of discount applied to that multiple. A 10 per cent decrease in the discount applied would have increased the net assets attributable to the Company's Shareholders and the total profit by £3.39 million (5.2 per cent of net assets). A change in the opposite direction would have decreased net assets attributable to the Company's shareholders and the total profit for the period by the same amount.

Fixed income securities comprise UK Government stocks and are classified as financial assets through profit or loss. Their use is as temporary holdings until capital investment opportunities arise.

The following disposals took place during the period (all companies are unquoted unless otherwise stated).

	Net proceeds from Sale	Cost	Opening carrying value as at 1 April 2014	Gain over opening carrying value	Loss on original cost
	£000	£000	£000	£000	£000
<b>Loan repayments</b>					
President Engineering Group Ltd	200	200	200	-	-
GTK (UK) Limited	85	85	85	-	-
Bagel Nash Group Limited	60	60	60	-	-
Macro Art Holdings Limited	8	8	8	-	-
	<b>353</b>	<b>353</b>	<b>353</b>	<b>-</b>	<b>-</b>
<b>Equity disposals (all AIM quoted)</b>					

Vianet Group plc	289	405	279	10	(116)
Pressure Technologies plc	151	32	154	(3)	119
Cambridge Cognition Holdings plc	65	122	61	4	(57)
Belgravium Technologies plc	62	165	47	15	(103)
	<b>567</b>	<b>724</b>	<b>541</b>	<b>26</b>	<b>(157)</b>
<b>Total proceeds from portfolio</b>	<b>920</b>	<b>1,077</b>	<b>894</b>	<b>26</b>	<b>(157)</b>
Fixed Income Securities	960	997	960	-	(37)
<b>Total</b>	<b>1,880</b>	<b>2,074</b>	<b>1,854</b>	<b>26</b>	<b>(194)</b>

## 7. Net Asset Value per Ordinary Share

The basic and diluted net asset value per ordinary share is calculated on attributable assets of £64,904,000 (30 September 2013 and 31 March 2014: £49,507,000 and £62,584,000 respectively) and 65,520,783 (30 September 2013 and 31 March 2014: 49,885,991 and 61,385,687 respectively) ordinary shares in issue at 30 September 2014.

The 3,006,322 (30 September 2013: 3,592,658 and 31 March 2014: 2,469,502) treasury shares have been excluded in calculating the number of ordinary shares in issue at 30 September 2014. The Company has no securities that would have a dilutive effect and hence basic and diluted net asset value per ordinary share are the same.

## 8. Directors

The directors of the Company are: Mrs H Sinclair (non-executive Chairman), Mr CWER Buchan (non-executive director) and Mr PS Cammerman (non-executive director).

## 9. Post Balance Sheet Events

On 10 October 2014, the amount standing to the credit of the share premium account as at 29 May 2014 was cancelled pursuant to an order of court and the credit arising transferred to the capital reserve. This cancellation will increase the reserves available for distribution to shareholders by £24.72 million once the annual financial statements to 31 March 2015 have been filed.

## 10. Other Information

Copies of the interim report can be obtained from the Company's registered office: 5th Floor, Valiant House, 14 South Parade, Leeds LS1 5QS or from [www.bscfunds.com](http://www.bscfunds.com).

## 11. Interim Dividend for the six months ended 30 September 2014

Further to the announcement of its interim results for the 6 months to 30 September 2014, the Company confirms that an interim dividend of 2.0 pence per ordinary share ("Interim Dividend") will be paid on 7 January 2015 to those shareholders on the Company's register at the close of business on 5 December 2014. The ex-dividend date for the Interim Dividend will be 4 December 2014.

## 12. Dividend Re-investment Scheme ("DRIS")

The Company operates a dividend reinvestment scheme ("DRIS"). The latest date for receipt of DRIS elections so as to participate in the DRIS in respect of the Interim Dividend is the close of business on 19 December 2014.

For further information, please contact:

David Hall

YFM Equity Partners Limited

Tel: 0113 244 1000

Gillian Martin

Nplus 1 Singer Advisory LLP

Tel: 0207 496 3000

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

### Completion of a new investment

The Company announces that it has recently completed an investment of £2.01 million to support the management buy-out of Business Collaborator Limited.

This brings the aggregate portfolio investment during the first eight months of the current financial year into both new and existing companies to £15.72 million.

For further information please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 244 1000
Gillian Martin	Nplus 1 Singer Advisory LLP	Tel: 020 7496 3000

**British Smaller Companies VCT plc and British Smaller Companies VCT2 plc  
(together “the Companies”)**

**Publication of Prospectus and Circular re: offers**

The Companies today announce that they are planning to raise, in aggregate, up to £30 million, with an over allotment facility of up to a further £10 million in aggregate, by way of prospectus offers of new ordinary shares for subscription (“the Offers”) in order to increase their investment capacity.

On 20 October 2014, the Companies issued a prospectus (which is comprised of a securities note, a registration document and a summary document) and a circular relating to the Offers. The proceeds will be allocated between the Companies in accordance with the terms set out in the prospectus.

Applications will be considered on a first come first served basis subject to the directors’ discretion. Investors will be permitted to make applications for new shares in either or both of the 2014/15 and 2015/16 tax years and to invest in either or both of the two Companies. The Offers in relation to the 2014/15 tax year will close at 11:00 am on 4 April 2015 (11:00 am on 1 April 2015 for investors subscribing through CREST) and the Offers in relation to the 2015/16 tax year will close at 11:00 am on 30 April 2015, unless fully subscribed at an earlier date and subject to the directors’ right to close the Offers at any time on or before 19 October 2015.

The issue of shares under the Offers will be subject to the approval of the Companies’ shareholders of resolutions relating to the Offers at a general meeting and those shareholders will receive a circular explaining the details of the Offers and giving notice of those general meetings in due course.

For further information please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 244 1000
Gillian Martin	Nplus 1 Singer Advisory LLP	Tel: 020 7496 3000

**British Smaller Companies VCT plc (“the Company”)****Investment Portfolio as at 30 June 2014**

The Company gives below further details of its investment portfolio as at 30 June 2014. This information provides further analysis of that given in the interim management statement released at 15:22 on 28 July 2014 under RNS number 5246N.

The investment portfolio at 30 June 2014 was comprised as follows:

	<b>Carrying cost £000</b>	<b>Valuation £000</b>	<b>Valuation as a % of net assets</b>
GO Outdoors Topco Limited	215	6,473	9.7
President Engineering Group Ltd	700	4,371	6.6
DisplayPlan Holdings Limited	975	3,830	5.7
Waterfall Services Limited	100	3,164	4.7
Intelligent Office UK Limited	2,934	2,934	4.4
Gill Marine Holdings Limited	2,500	2,500	3.8
Mangar Health Limited	2,460	2,460	3.7
Seven Technologies Holdings Limited	1,984	1,984	3.0
GTK (UK) Limited	1,650	1,650	2.5
Leengate Holdings Limited	1,401	1,401	2.1
Deep-Secure Ltd	1,000	1,287	1.9
Macro Art Holdings Limited	1,260	1,260	1.9
RMS Group Holdings Limited	180	1,024	1.5
Fairlight Bridge Limited	1,000	1,000	1.5
Bagel Nash Group Limited	1,157	918	1.4
Harvey Jones Holdings Limited	777	901	1.4
Pressure Technologies plc	184	890	1.3
Insider Technologies (Holdings) Limited	1,170	880	1.3
Mattioli Woods plc	258	847	1.3
Callstream Group Limited	415	771	1.2
Harris Hill Holdings Limited	600	666	1.0
Selima Holding Company Ltd	600	600	0.9
AB Dynamics plc	380	564	0.8

EKF Diagnostics Holdings plc	448	534	0.8
Hargreaves Services plc	310	424	0.6
Intamac Systems Limited	250	250	0.4
Vianet Group plc	302	217	0.3
PowerOasis Limited	425	213	0.3
Cambridge Cognition Holdings plc	325	139	0.2
Woodspeen Training plc	250	63	0.1
Belgravium plc	165	53	0.1
Dryden Human Capital Limited	610	50	0.1
TeraView Limited	375	-	-
<b>Total Quoted and Unquoted</b>	<b>27,360</b>	<b>44,318</b>	<b>66.5</b>
Gilt investments	2,405	2,390	3.6
<b>Total investments</b>	<b>29,765</b>	<b>46,708</b>	<b>70.1</b>

17 October 2014

**For further information please contact:**

David Hall            YFM Private Equity Limited  
Gillian Martin        N+1 Singer

Tel: 0161 832 7603  
Tel: 0207 496 3000



British Smaller Companies VCT plc (“the Company”)  
Interim Management Statement for the quarter  
ended 30 June 2014

British Smaller Companies VCT plc presents its interim management statement for the quarter ended 30 June 2014. 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 2015, 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).

**Total Return and Net Asset Value**

The total return at 30 June 2014, calculated by reference to the net asset value (NAV) per ordinary share and the cumulative dividends paid, was 192.7 pence per ordinary share (equal to its value as at 31 March 2014). Cumulative dividends represent 90.7 pence per ordinary share (31 March 2014: 90.7 pence per ordinary share).

The unaudited NAV per ordinary share as at 30 June 2014 was 102.0 pence per ordinary share (equal to its value as at 31 March 2014). There were no significant underlying NAV movements in the quarter.

The number of ordinary shares in issue at 30 June 2014 was 65,334,598 (31 March 2014: 61,385,687). In addition, the Company held 2,699,637 shares (31 March 2014: 2,469,502 shares) in Treasury.

Net assets at 30 June 2014 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	40,587	60.9
Quoted investment at bid price	3,731	5.6
Total private equity investments	<u>44,318</u>	66.5
Fixed income securities	2,390	3.6
<b>Total investments</b>	<u>46,708</u>	70.1
Cash and cash equivalents	19,667	29.5
Other net current assets	237	0.4
<b>Net assets</b>	<u>66,612</u>	100.0

The ten largest investments by valuation and other investments at 30 June 2014 were:

	<b>£000</b>	<b>% of net assets</b>
GO Outdoors Limited	<b>6,473</b>	9.7
President Engineering Group Ltd	<b>4,371</b>	6.6
DisplayPlan Holdings Limited	<b>3,830</b>	5.7
Waterfall Services Limited	<b>3,164</b>	4.7
Intelligent Office UK Limited	<b>2,934</b>	4.4
Gill Marine Holdings Limited	<b>2,500</b>	3.8
Mangar Health Limited	<b>2,460</b>	3.7
Seven Technologies Holdings Limited	<b>1,984</b>	3.0
GTK (UK) Limited	<b>1,650</b>	2.5
Leengate Holdings Limited	<b>1,401</b>	2.1
Top ten investments	<b>30,767</b>	46.2
Other investments	<b>13,551</b>	20.3
Total private equity investments	<b>44,318</b>	66.5

### **Investment Portfolio**

The Company continues to see an increasing level of investment opportunities. During the quarter the Company invested a total of £4.70 million which included three new investments totalling £4.44 million. In May 2014 £2.93 million was invested into Intelligent Office UK Limited, a leading business process outsourcing firm specialising in the legal sector. In June 2014 £1.26 million was invested into Macro Art Holdings Limited (a specialist wide-format digital printer) and £0.25 million into Intamac Systems Limited (a pioneer within the Internet of Things/Connected Home space). The Company has also made a further £0.26 million of follow-on investments in support of existing companies in the portfolio.

In the quarter the Company has received a total of £0.40 million from the part disposal of investments, with £0.17 million relating to payment of loan capital/associated redemption premiums and £0.23 million in respect of partial disposals of quoted shareholdings, which was in line with their March 2014 carrying value and gave rise to a £0.09 profit above their original cost.

Quoted investments are carried at bid price. Unquoted investments are carried at fair value as determined by the Board.

### **Performance**

Over the 3 months to 30 June 2014 the unquoted portfolio saw an overall increase in unrealised valuations of £0.41 million equating to a 1.1 per cent increase on the opening value. This comprised an increase in the value of a number of the portfolio companies including Waterfall Services Limited, GO Outdoors Limited and President Engineering Group Limited. The quoted portfolio value fell by £0.26 million (7.0 per cent decrease on opening value) in the 3 months, which represented an outperformance of the AIM All-Share index by 2.0 per cent.

The Board continues to follow a policy of maintaining a diversified portfolio; as at 30 June 2014 only three investments represented more than five per cent each of the Company's NAV with the largest investment comprising 9.7 per cent.

## **Issue and Purchases of Ordinary Shares**

During the quarter the Company has issued a total of 4,179,046 ordinary shares at prices of between 100.75 to 106.76 pence per ordinary share depending on the adviser charge (if applicable) pursuant to the joint offer with British Smaller Companies VCT2 plc, which is now closed. In aggregate the joint offers raised total gross proceeds of £26.9 million, of which £16.2 million was raised by the Company.

During the quarter the Company purchased 230,135 ordinary shares of 10 pence each at a price of 92.05 pence per share. These shares were placed in Treasury.

## **Regulatory Changes**

The EU Commission's Alternative Investment Fund Managers Directive (AIFMD) became part of UK law in July 2013, with a 12 month transitional period to July 2014. The Directive regulates the management of alternative investment funds, including venture capital funds such as VCTs. The Board is pleased to announce that the Financial Conduct Authority approved the Company's application to become a Small Registered UK Alternative Investment Fund Manager on 21<sup>st</sup> July 2014.

As expected, the 2014 Finance Bill, which received Royal Assent on 17 July 2014, included measures relating to "enhanced" share buy-backs, , restrictions on income tax relief for subscriptions of shares where an investor disposes of shares in the same VCT within six months of the subscription and, with effect from 6th April 2014, the prevention from paying dividends out of share capital or distributable reserves created by cancelling the share premium account arising on the allotment of such shares for three years after the shares are issued. The Company's balance sheet already has ample distributable reserves and we do not expect the new rules to have any impact on future dividend streams.

## **Fundraising**

The Company has invested £4.70 million during the quarter with a further £6.3 million approved as at the date of this statement. This represents a 100% increase on the rate of investment achieved in 2013/14. The Fund Manager continues to see an increase in new investment opportunities. In order for the Company to continue to take advantage of these new opportunities the Board will be seeking to raise further funds, details of which will follow in due course.

## **Shareholder Workshop**

Following the success of the 19th Shareholder workshop in February 2014, the Company is pleased to announce that its next workshop will be held at Freemasons Hall, London on 4 February 2015

## **Outlook**

Good progress continues to be made across the Company's investment portfolio and there continues to be a strong pipeline of new investment opportunities to support management teams with growth strategies or looking to lead management buy-outs. The increase in the annual investment limits to

£5 million for Venture Capital Trusts has further increased the investment rates which is translated into an increasingly diversified portfolio.

**28 July 2014**

**For further information please contact:**

David Hall

YFM Private Equity Limited

Tel: 0113 294 5039

Gillian Martin

Nplus1 Singer Advisory LLP

Tel: 0203 7496 3000

# British Smaller Companies VCT plc

## Payment of Final Dividend and Allotment of Shares

British Smaller Companies VCT plc (“the Company”) announces that on 1 August 2014 it paid a gross dividend (“Final Dividend”) of 3.5 pence per ordinary share to shareholders on the register of members of the Company as at the record date of 4 July 2014.

The Company further announces that on 1 August 2014 it allotted 492,870 ordinary shares of 10 pence each pursuant to its dividend re-investment scheme (“Dividend Re-investment Scheme”) at a price of 93.575 pence per share to shareholders of the Company who elected to receive shares instead of the Final Dividend. Of the Final Dividend paid by the Company, 20 per cent was as a result reinvested in shares in the Company via the Dividend Re-investment Scheme.

As part of this allotment, Edward Buchan, a non-executive director of the Company, was allotted 224 ordinary shares of 10 pence each in the Company. This takes his total shareholding to 12,231 ordinary shares in the Company representing 0.019% of the issued ordinary shares of the Company.

As part of this allotment the employees of the fund manager, YFM Private Equity Limited, have been allotted 3,939 ordinary shares of 10 pence each in the Company bringing their aggregate total shareholding to 258,039 ordinary shares of 10 pence in the Company.

Application is now being made for the ordinary shares which were allotted on 1 August 2014 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 15 August 2014.

Following such allotment the Company’s issued share capital consists of 65,827,468 ordinary shares with voting rights (“Voting Capital”) and 2,699,637 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 FCA’s Disclosure and Transparency Rules.

For further information, please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 294 5039
Gillian Martin	Nplus1 Singer Advisory LLP	Tel: 020 7496 3000

## 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 22 July 2014 all the resolutions proposed at the meeting (“AGM Resolutions”) were duly passed.

The full text of the AGM Resolutions were included in the notice of the Annual General Meeting contained within the Company’s Annual Report for the year ended 31 March 2014, 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 AGM Resolutions passed 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).

22 July 2014

**For further information, please contact:**

David Hall	YFM Private Equity	Tel: 0113 294 5055
Gillian Martin	Nplus1 Singer Advisory LLP	Tel: 0207 496 3000

## **BRITISH SMALLER COMPANIES VCT PLC**

Annual General Meeting on 22 July 2014

Note of Proxies Received

The full text of the Resolutions is contained in the notice of the Annual General Meeting dated 12 June 2014, a copy of which can be found on pages 74 and 75 of the Company's annual report and accounts for the year ended 31 March 2014.

### **ORDINARY RESOLUTIONS**

#### Resolution 1 – To receive the Annual Report and Accounts

In order to comply with the UK Code of Corporate Governance, for your information, the proxy votes received on this resolution were 7,542,919 in favour, 4,437 against, 351,318 at the Chairman's discretion and none withheld.

#### Resolution 2 – To approve a Final Dividend of 3.5p per ordinary share

In order to comply with the UK Code of Corporate Governance, for your information, the proxy votes received on this resolution were 7,535,838 in favour, 11,518 against, 351,318 at the Chairman's discretion and none withheld.

#### Resolution 3 – To approve the Directors' Remuneration Report other than the Directors' Remuneration Policy set out in that Report

In order to comply with the UK Code of Corporate Governance, for your information, the proxy votes received on this resolution were 7,010,219 in favour, 365,718 against, 388,225 at the Chairman's discretion and 134,512 withheld.

#### Resolution 4 – To approve the Directors' Remuneration Policy

In order to comply with the UK Code of Corporate Governance, for your information, the proxy votes received on this resolution were 7,032,455 in favour, 375,465 against, 383,225 at the Chairman's discretion and 107,529 withheld.

Resolution 5 – To re-elect as a Director Ms H Sinclair

In order to comply with the UK Code of Corporate Governance, for your information, the proxy votes received on this resolution were 7,346,923 in favour, 187,226 against, 335,192 at the Chairman's discretion and 29,333 withheld.

Resolution 6 – To re-elect as a Director Mr C W E R Buchan

In order to comply with the UK Code of Corporate Governance, for your information, the proxy votes received on this resolution were 7,288,409 in favour, 187,324 against, 391,225 at the Chairman's discretion and 31,716 withheld.

Resolution 7 – To re-elect as a Director Mr P S Cammerman

In order to comply with the UK Code of Corporate Governance, for your information, the proxy votes received on this resolution were 7,303,403 in favour, 172,330 against, 391,225 at the Chairman's discretion and 31,716 withheld.

Resolution 8 – To appoint BDO LLP as auditors

In order to comply with the UK Code of Corporate Governance, for your information, the proxy votes received on this resolution were 7,449,628 in favour, 30,984 against, 383,225 at the Chairman's discretion and 34,837 withheld.

Resolution 9 – To grant the Directors authority to allot shares (other than pursuant to the Company's dividend reinvestment scheme)

In order to comply with the UK Code of Corporate Governance, for your information, the proxy votes received on this resolution were 7,398,559 in favour, 102,850 against, 351,318 at the Chairman's discretion and 45,947 withheld.

Resolution 10 – To continue the Company's dividend reinvestment scheme for a further period

In order to comply with the UK Code of Corporate Governance, for your information, the proxy votes received on this resolution were 7,482,607 in favour, 15,618 against, 295,285 at the Chairman's discretion and 105,164 withheld.

## **SPECIAL RESOLUTIONS**

Resolution 11 – To authorise the Directors to waive pre-emption rights in relation to the allotment of shares under resolution 9

In order to comply with the UK Code of Corporate Governance, for your information, the proxy votes received on this resolution were 7,249,222 in favour, 219,954 against, 377,196 at the Chairman's discretion and 52,302 withheld.

Resolution 12 – To authorise the Company to make market purchases of its ordinary shares

In order to comply with the UK Code of Corporate Governance, for your information, the proxy votes received on this resolution were 6,849,059 in favour, 697,145 against, 352,470 at the Chairman's discretion and none withheld.

Resolution 13 – To, subject to the sanction of the High Court, authorise the cancellation of the Company's share premium account

In order to comply with the UK Code of Corporate Governance, for your information, the proxy votes received on this resolution were 7,442,848 in favour, 64,026 against, 328,125 at the Chairman's discretion and 63,675 withheld.

Resolution 14 – To amend the Company's Articles of Association to extend the life of the VCT

In order to comply with the UK Code of Corporate Governance, for your information, the proxy votes received on this resolution were 7,379,573 in favour, 142,482 against, 328,125 at the Chairman's discretion and 48,494 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 will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

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

### Purchase of Own Securities and Total Voting Rights

The Company announces that on 27 June 2014 it purchased 230,135 ordinary shares of 10 pence each at a price of 92.05 pence per share. These shares will be held in Treasury.

If these shares had been purchased prior to the quarter ended 31 March 2014, the Net Asset Value per ordinary share of the Company at that date would have been unaltered at 102.0 pence per ordinary share.

The Company's issued share capital now consists of 65,334,598 ordinary shares of 10 pence each with voting rights. In addition, the Company holds 2,699,637 ordinary shares of 10 pence 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 FCA's Disclosure and Transparency Rules.

In addition, in accordance with DTR5.6, during the month of June 2014 the Company has only repurchased the shares detailed in this announcement. Therefore, the total number of voting rights and number of shares held in Treasury as at 27 June 2014 are as stated in this announcement.

27 June 2014

For further information, please contact:

David Hall                      YFM Equity Partners Limited

Tel: 0113 294 5039

Gillian Martin                Nplus1 Singer Advisory LLP

Tel: 0203 7496 3000

# BRITISH SMALLER COMPANIES VCT PLC

## Annual Financial Report Announcement for the Year to 31 March 2014

British Smaller Companies VCT plc ("the Company") today announces its audited results for the year to 31 March 2014.

### **Financial Highlights**

- An increase in total return of 6.3 per cent to 192.7 pence per ordinary share.
- An increase in net asset value of 11.9 per cent prior to the payment of dividends.
- Underlying growth in the investment portfolio of £6.66 million. This included £5.97 million of unrealised value growth and £0.69 million of gain over the opening value from disposals. The realised profit over original cost is £1.06 million
- Total dividends paid during the year ended 31 March 2014 were 6.5 pence per ordinary share. This comprises a final dividend relating to the year to 31 March 2013 of 3.5 pence, a special interim dividend of 1.0 pence following realised gains from the portfolio and an interim dividend for the year to 31 March 2014 of 2.0 pence per ordinary share.
- Proposed final dividend of 3.5 pence per ordinary share in respect of the year ended 31 March 2014.
- Shareholders who subscribed in the Company's first fundraising round for the 1995/96 and 1996/97 Tax Year have received 90.7 pence per ordinary share of dividends to date with the Total Return of 192.7 pence per ordinary share representing a 92.7 per cent uplift on their original investment, excluding tax relief.
- The cash position has been enhanced by the joint fundraising with British Smaller Companies VCT2 plc, which raised gross proceeds of £26.9 million in aggregate, of which £16.2 million was raised by the Company.
- The Company invested a total of £10.16 million into ten companies during the year, including £8.33 million into five new companies and £1.83 million of follow-on investment to support the existing portfolio.

### **Chairman's Statement**

I am pleased to be able to report another strong year for your Company with total return (net asset value plus cumulative dividends) rising by 11.5 pence per ordinary share over the year to 31 March 2014. This equates to an increase of 11.9 per cent on the opening net asset value at 31 March 2013. The recent joint fundraising with British Smaller Companies VCT2 plc (which closed in May 2014) was also a success, raising gross proceeds of £26.9 million in aggregate of which £16.2 million was raised by your Company.

These results have enabled your Company to continue to hold its ranking as a top performing VCT, with Citywire reporting it as the best performing VCT over five years and in the top ten over the last one and ten years. (Source: Citywire data as at 15 May 2014 - based on NAV performance)

### **Financial Results**

The movement in net asset value per ordinary share and the dividends paid in the year are summarised in the table below:

	Pence per ordinary share	£000
31 March 2013	97.0	42,089
Net underlying increase in portfolio	10.9	6,660
Net expenses	(0.2)	(135)
Buy-back of shares	0.1	(606)
Issue of new shares	0.7	17,797
	11.5	23,716
Dividends paid	(6.5)	(3,221)
	5.0	20,495
31 March 2014	102.0	62,584

The overall value of the investments and the fixed interest securities portfolios has increased by £6.66 million from an opening value at 31 March 2013 of £30.03 million. This return comprises a gain on the revaluation of the portfolios of £5.97 million and a gain over the opening value from the realisation of investments of £0.69 million. Strong value gains were seen across many portfolio businesses, as a result of the clear growth strategies they have been following as well as a general improvement in market conditions.

During the year the Company has paid total dividends of 6.5 pence per ordinary share, bringing the total cumulative dividends paid since inception to 90.7 pence per ordinary share. The total return (being net asset value plus cumulative dividends) increased to 192.7 pence per ordinary share at 31 March 2014 from 181.2 pence at the start of the year.

The chart on page 11 of the Financial Statements shows in greater detail the movement in total return, net asset value and dividends paid over time.

Your Company has seen investment levels rising steadily throughout the year completing investments of £10.16 million in aggregate, of which £8.26 million was completed in the latter part of the year. This rate of investment has continued into the current financial year.

## Shareholder Relations

### *Dividends*

Your Board remains committed to achieving the objective of a consistent and, where possible, increasing dividend stream over time. Dividends paid in the year comprise a final dividend of 3.5 pence per ordinary share in respect of the year ended 31 March 2013, an interim dividend of 2.0 pence per ordinary share in respect of the financial year just ended and a 1.0 pence per ordinary share special interim dividend, totalling 6.5 pence per ordinary share. This represents 6.7 per cent of the opening net asset value per ordinary share and brings the cumulative dividends paid to 90.7 pence per ordinary share.

The Board is pleased to propose a final dividend of 3.5 pence per ordinary share for the year ended 31 March 2014. This final dividend is subject to approval by the Shareholders at the forthcoming Annual General Meeting and if approved will then be paid on 1 August 2014 to Shareholders on the register at 4 July 2014.

### *Dividend Re-Investment Scheme (DRIS)*

The Company operates a DRIS, which gives Shareholders the opportunity to re-invest any cash dividends. The DRIS is open to all Shareholders, including those who invested under the recent joint offers. In total £0.6 million was raised for the financial year ending 31 March 2014 via the DRIS.

### *Fundraising*

In April 2013 £5.9 million was raised by the Company under the linked offer with British Smaller Companies VCT2 plc which was launched on 16 November 2012.

The Company has seen a continued increase in investment rates coupled with a strong pipeline of prospective investments, primarily as a result of improving economic conditions and favourable legislation changes. In order to take advantage of this a joint fundraising offer with British Smaller Companies VCT2 plc was launched on 14 January 2014.

On 31 March 2014 £11.3 million was raised through an allotment of shares in respect of this joint offer, bringing the total raised in the year to 31 March 2014 to £17.2 million net of costs. Since the year end the Company has made three further allotments representing further net funds raised of £4.0 million. The joint offer closed on 29 May 2014.

#### *Shareholder Communications*

Your Board remains committed to enhancing Shareholder communications and holds Shareholder workshops 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. Our 19<sup>th</sup> Shareholder workshop was held at Central Hall Westminster on 12 February 2014 and achieved the highest ever attendance with over 200 Shareholders attending. Presentations at the workshop were made by David Hall on behalf of YFM Private Equity Limited, Mark Henley (Managing Director of President Engineering Limited) and Angela Lane (former Chairman of Fishawack Communications). After lunch David Hall, David Bell and Paul Cannings, all of YFM Private Equity Limited, hosted a Question and Answer Session which was attended by over 70 Shareholders.

The Annual General Meeting of the Company will be held at 12.00 noon on 22 July 2014 at 33 St James Square, London, SW1Y 4JS. Full details of the agenda for this meeting are included in the Notice of the Annual General Meeting on pages 74 to 76 of the Annual Report.

### **Regulatory**

The Board has applied to the Financial Conduct Authority for approval to become a Self-managed Alternative Investment Fund as defined under the new Alternative Investment Fund Manager's Directive following the implementation of the EU's directive on self-managed investment funds. It is not envisaged that this will result in any material change to the operation of the Company.

The Company has complied with the new reporting regulations throughout this Annual Report. The Board hopes these changes will help Shareholders gain a greater understanding of the Company's performance and strategy.

### **Changes to Investment Management and Incentive Agreements**

Your Board has agreed with YFM Private Equity Limited a number of changes to the investment management and incentive agreements. In particular it has added clauses that:

- i. cap any deal fees paid by investee companies to the Fund Manager at the point of investment;
- ii. limit annual monitoring and directors fees paid by investee companies to the Fund Manager; and
- iii. limit the performance incentive fee to be paid in any one year.

Your Board believes that these amendments should help to enhance returns to Shareholders by limiting the absolute amount of fees charged to investee companies, and also smooth the payment of any particularly large incentive fees earned over several years.

### **Subsequent Events**

Since the end of the reporting period, the Company has completed five additional investments totalling £4.70 million and has approval for two further investments totalling £2.94 million.

Subsequent to the year end the Company allotted a total of 4,179,046 ordinary shares on 4 April 2014, 5 April 2014 and 29 May 2014 pursuant to the joint offer detailed under "Fundraising".

### **Outlook**

Our portfolio companies are on the whole well-funded and have focused strategies to maximise the market opportunities open to them. The Company remains well placed to continue to support the portfolio businesses in the year ahead.

The Company's new investment activity is focused on small UK businesses with clearly differentiated business models, whether through an established brand, a niche position in a growing market, or an innovative application of services and products. The significant level of investments made during the year to 31 March 2014 has further

increased the diversification of the portfolio, with the largest investment representing just 10.2 per cent of net asset value compared to 32.8 per cent three years ago. The UK economy has seen further growth again this year. This is one of the factors encouraging small businesses to invest and consequently demand for equity capital remains strong. In the first two months of the 2014/15 financial year your Company has already completed five investments and approved two others for a total of £7.64 million.

The Board remains of the opinion that this investment strategy will provide good returns throughout the economic cycle but in particular that the current market conditions are favourable to making good investments. In the short term the current levels of funds available for investment should enable the Company to take advantage of this opportunity and to continue to maintain its leading performance in terms of investor returns.

Helen Sinclair  
Chairman

## **Strategic Report**

### **Introduction**

The Company is pleased to present its Strategic Report for the year ended 31 March 2014. The purpose of this report is to inform Shareholders and help them to assess how the directors have performed in their duty to promote the success of the Company. This Report has been prepared by the directors in accordance with section 414 of the Companies Act 2006.

### **Objectives and Key Policies**

The Company's objective is to provide investors with an attractive long-term tax free dividend yield while maintaining the capital value of their investment and the Company's status as a Venture Capital Trust.

#### **Investment Policy**

The investment strategy of the Company is to create a portfolio with a mix of companies operating in traditional industries and those that offer opportunities in the development and application of innovation.

The legislation governing VCTs requires that at least 70 per cent by value of its holdings must be in qualifying holdings. The maximum value of any single investment is 15 per cent at the time of investment.

#### *Diversification*

The Company invests in UK businesses across a broad range of sectors including, but not limited to, Software, IT & Telecommunications, Business Services, Manufacturing & Industrial Services, Retail & Brands and Healthcare, in VCT qualifying and non-qualifying unquoted and AIM traded securities.

The Company invests in a range of securities including but not limited to ordinary and preference shares, corporate bonds and other fixed income securities. Unquoted investments are structured so as to spread risk and enhance revenue yields, usually as a combination of ordinary shares, preference shares and loan stocks, while AIM securities are generally held in ordinary shares.

#### *Borrowing*

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

#### *Co-investment*

Investment opportunities are offered to the Company alongside British Smaller Companies VCT2 plc. The agreed initial basis for allocation is 60 per cent to the Company and 40 per cent to British Smaller Companies VCT2 plc. The Board of the Company has discretion as to whether to take up their allocation of such investment opportunities, or to take up a different participation.

#### *Asset mix*

Pending investment in VCT-qualifying and non-VCT qualifying unquoted or AIM traded securities, surplus cash is primarily held in interest bearing instant access, notice and fixed term bank accounts or in UK Gilts.

## Remuneration Policy

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

## Other Key Policies

Details of the Company's policies on the payment of dividends, the dividend re-investment scheme and the buy-back of shares are given on page 2 of the Annual Report. In addition to these the Company's anti-bribery and environmental and social responsibilities policies can be found on page 32 of the Annual Report.

## Fund Management and Key Contracts

The Fund Manager is responsible for the sourcing and screening of initial enquiries, carrying out suitable due diligence investigations and making submissions to the Board regarding potential investments. Once approved, further due diligence is carried out as necessary and HM Revenue & Customs clearance is obtained for approval as a qualifying VCT investment.

The Board approves all investment and divestment decisions save in that of certain investments up to £250,000 in companies whose shares are to be traded on AIM and where the decision is required urgently, in which case the Chairman of the Board of Directors, if appropriate, may act in consultation with the Fund Manager.

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

The Board reviews the terms of YFM Private Equity Limited's appointment as Fund Manager on a regular basis. Three changes since 31 March 2013 have been agreed:-

- i. for investments made on or after 1 October 2013 YFM Private Equity Limited has agreed that, where fees it receives from an investee company on the completion of new and follow-on investments to 31 March each year are above a set percentage of the amount invested, the excess will be rebated back to the Company;
- ii. for investments made on or after 1 October 2013 any annual monitoring or directors fees received by the Fund Manager from an investee company must be no greater than £40,000 per annum; and
- iii. effective from 1 April 2014, the amount of any incentive fee payable in any one year shall be capped such that, when combined with other costs, the Total Expense Ratio will not exceed 5.0 per cent of the net asset value after taking account of realised gains. Details of the performance incentive arrangement changes are given in note 3.

## Administration

YFM Private Equity Limited has acted as Fund Manager and performed administrative and secretarial duties for the Company since its inception on 28 February 1996. The principal terms of the agreement under which these services are performed are set out in note 3 to the Financial Statements.

## Performance Incentive

The Fund Manager will receive an incentive payment equal to 20 per cent of the amount by which dividends paid in the relevant accounting period exceed 4.0 pence per ordinary share (increasing in line with RPI) once cumulative dividends of 10.0 pence per ordinary share from 1 April 2009 have been paid. These incentive payments are subject to cumulative shortfalls in any prior accounting periods being made up and the average net asset value per ordinary share in the relevant accounting period being not less than 94.0 pence per ordinary share, as adjusted for the impact of share issues and buy-backs. More detail on the agreement as amended from time to time is given in note 3 to the Financial Statements.

No payment can be made in respect of the year to 31 March 2014 under the Incentive Agreement unless the average quarterly adjusted net asset value of the Company is a minimum of 92.8 pence per ordinary share and, in addition, at least 4.7 pence per ordinary share in dividends has been paid to Shareholders. The Fund Manager

has met the adjusted targets for the year under review and a performance fee of £220,531 has accrued to the Fund Manager (31 March 2013: £38,678).

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

#### Administration of the UK Fixed Income Securities Portfolio

Reporting to the Fund Manager, this portfolio is managed by Brewin Dolphin Limited on a discretionary basis. The Board receives regular reports on the make-up and market valuation of this portfolio.

#### Key Performance Indicators

The Company monitors a number of key performance indicators, which are typical for VCTs, as detailed below:

##### Total Return

The recognised measurement of financial performance in the VCT industry is that of total return (expressed in pence per share) calculated by adding the total cumulative dividend paid to shareholders from the date a company is launched to its current reporting date, inclusive of any tax credits, to the net asset value at that date. The chart on page 11 of the Financial Statements shows the five year total return of your Company, calculated by reference to the net asset value per ordinary share plus cumulative dividends paid per ordinary share.

The evaluation of comparative success of the Company's total return is by way of reference to the Share Price Total Return for approximately 60 generalist VCTs as published by the Association of Investment Companies. This is the Company's stated benchmark index. A comparison and explanation of the calculation of this return is shown in the Directors' Remuneration Report on pages 44 and 45 of the Financial Statements.

##### Shareholder Returns

The table below shows the cumulative dividends, the total return on each fundraising round per ordinary share and the total return if a Shareholder had opted to participate in the Company's DRIS. The cumulative dividend and total return figures in this table exclude the benefits of all tax reliefs.

Fundraising round	Offer price	Offer price net of tax	Net asset value at 31 March 2014	Cumulative dividends paid since fundraising	Total return since fundraising <sup>1</sup>	Overall return (not in DRIS) <sup>2</sup>	Overall return (in DRIS) <sup>3</sup>
	Pence	Pence	Pence	Pence	Pence	Pence	Pence
1995/96 & 1996/97 Tax Years	100.0	80.0	102.0	90.7	192.7	212.7	258.5
1996/97 & 1997/98 Tax Years	100.0	80.0	102.0	87.7	189.7	209.7	257.6
1997/98 & 1998/99 Tax Years	105.0	84.0	102.0	84.0	186.0	207.0	257.5
2004/05 Tax Year (C share <sup>4</sup> )	100.0	60.0	114.7	63.2	177.9	217.9	261.0
2005/06 Tax Year	99.5	59.7	102.0	60.3	162.3	202.1	255.7
2006/07 & 2007/08 Tax Years	102.5	71.8	102.0	55.8	157.8	188.5	235.1
2007/08 & 2008/09 Tax Years	106.3	74.4	102.0	50.8	152.8	184.7	224.3
2009/10 & 2010/11 Tax Years	97.3	68.1	102.0	40.7	142.7	171.9	198.0
2010/11 & 2011/12 Tax Years	128.0	89.6	102.0	34.5	136.5	174.9	194.1
2011/2012 Tax Year	99.8	69.8	102.0	11.5	113.5	143.5	149.0
2012/13 & 2013/14 Tax Year	95.8	67.0	102.0	6.5	108.5	137.3	140.0

##### Notes

<sup>1</sup> This assumes that at the time of investment the tax relief given on the investment was not invested in shares of the Company.

<sup>2</sup> NAV plus cash dividends paid plus tax relief on the initial subscription.

<sup>3</sup> NAV plus tax relief on the initial subscription plus additional tax relief and NAV on DRIS shares purchased. Assuming all dividends since inception were invested under terms of current DRIS.

<sup>4</sup> All figures have been adjusted for conversion of C shares into ordinary shares in May 2007.

## Expenses

The Board monitors expenses using the Ongoing Charges Ratio, as calculated in line with the Association of Investment Companies (AIC) recommended methodology. This figure shows Shareholders the annual percentage reduction in net asset value as a result of recurring operational expenses and, whilst based on historical information, provides an indication of the likely level of costs that will be incurred in managing the fund in the future. The Ongoing Charges Ratio has fallen since 31 March 2013 as the raising of additional capital in the year has spread the fixed costs over a larger asset base.

	Year to 31 March 2014 (%)	Year to 31 March 2013 (%)
Ongoing Charges Ratio	2.26	2.64
Ongoing Charges Ratio – adjusted for performance incentive fees	2.68	2.58

The Ongoing Charges Ratio replaces the Total Expense Ratio (TER%) previously reported. This is calculated as the annual ongoing charges (excluding any performance related fees, VAT and trail commission payable to financial intermediaries) over total net asset value as at the relevant period end and forms the basis of any expenses in excess of the operating costs cap described in note 3. There was no breach of the expenses cap in the current or prior year.

## Compliance with VCT Legislative Tests

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

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

### *Income Test*

The Company's income in the period must be derived wholly or mainly (70 per cent) from shares or securities. The Company complied with this test in the period, with 92.7 per cent (2013: 90.9 per cent) of income being derived from such sources. Included within this calculation is £57,000 of interest income which has been fully provided against in the Statement of Comprehensive Income.

### *Retained Income Test*

The Company must not retain more than 15 per cent of its income from shares and securities. The Company complied with this test in the period, with 13.6 per cent (2013: nil per cent) of income being retained in the period subject to payment of the final dividend to be approved at the Annual General Meeting on 22 July 2014.

### *Qualifying Holdings Test*

At least 70 per cent by value of the Company's investments must be represented throughout the period by shares or securities comprised in qualifying holdings of investee companies. The Company complied with this test, with 82.6 per cent (2013: 74.3 per cent) of value being in qualifying holdings.

### *Eligible Shares Test*

At least 30 per cent of the Company's qualifying holdings must be represented throughout the period by holdings of non-preferential ordinary shares. The Company complied with this test, with 44.2 per cent (2013: 53.8 per cent) of value being in holdings of non-preferential ordinary shares.

For monies raised from 6 April 2011 onwards the eligible shares test highlighted above increases to at least 70 per cent of qualifying holdings that must be represented by eligible shares.

In addition, monies raised from share issues from 6 April 2012 onwards are not permitted to be used to finance buy-outs or otherwise to acquire existing shares. There is also an annual limit for each investee company which provides that they may not raise more than £5.0 million of state aid investment (including from VCTs) in the 12 months ending on the date of each investment.

The Board and Fund Manager are mindful of these additional requirements and of balancing investments to ensure continued compliance.

### *Maximum Single Investment Test*

The value of any one investment has, at any time in the period, not represented more than 15 per cent of the Company's total investment value. This is calculated at the time of investment and further additions and therefore cannot be breached passively. The Company has complied with this test with the highest such value being 4.7 per cent (2013: 7.6 per cent).

#### Other

The Finance Bill published in March 2014 proposes further conditions/restrictions with respect to the use of monies in respect of VCT's. In particular, no dividends can be paid out of cancelled share premium arising from shares allotted on or after 6 April 2014 until at least three financial years have elapsed. In the case of the Company this is 31 March 2018.

### Investment Performance

#### Investment Review

The improving economic outlook and changes in EU restrictions on qualifying VCT investments are all contributing to an increase in the volume and scale of investment opportunities with the trend continuing into 2014/15.

Considerable progress has been made by many of the businesses in the Company's investment portfolio during the year with an overall value gain of £6.73 million excluding movements due to investments and realisations. This has enabled the Company to maintain its strong investor returns and is further analysed in the table below.

	£000	%
Unquoted value gain	4,666	69.8
Quoted value gain	1,373	20.1
Gain on disposal over opening value	686	10.0
	6,725	99.9
Deferred proceeds	7	0.1
<b>Total Value Movement (excluding gilt portfolio)</b>	<b>6,732</b>	<b>100.0</b>

This was offset by a fall in the gilt portfolio of £0.07 million to give the reported value gain on investments of £6.66 million.

At 31 March 2014 the investment portfolio (excluding the fixed income securities portfolio) was valued at £39.9 million, representing 63.7 per cent of net assets (65.4 per cent at 31 March 2013). Cash and gilt investments at 31 March 2014 were £23.4 million representing 37.3 per cent of net assets (34.8 per cent at 31 March 2013).

#### Significant Investment Movements

The £4.66 million unrealised value gain from the unquoted portfolio is as a result of good progress by a number of businesses which have seen profits grow despite the continuing economic uncertainty. The key movements were:

- GO Outdoors Limited (value gain of £1.67 million) following improving trading after an increase in consumer confidence;
- Waterfall Services Limited (value gain of £1.30 million) following a period of improved trading;
- DisplayPlan Holdings Limited (value gain of £1.15 million) after strong cash generation was used to significantly reduce group debt;
- President Engineering Group Ltd (value gain of £1.00 million) following another strong year of profits and cash generation;
- Seven Technologies Holdings Limited (value gain of £0.58 million) following the significant strategic acquisition of Datong plc during the year; and
- These were offset by smaller falls in value for seven companies totalling £1.39 million.

The £1.37 million increase from the AIM quoted portfolio movements was in large part a result of a gain of £0.80 million from Pressure Technologies plc following strong trading results and a successful diversification strategy. Other robust value gains were seen from Mattioli Woods plc (£0.31 million) and AB Dynamics plc (£0.22 million).

#### New Investments

During the year ended 31 March 2014 the Company completed ten investments totalling £10.16 million (excluding capitalised interest and non-cash proceeds received on the sale of investments). This comprised five new investments in unquoted companies and five follow-on investments into existing portfolio companies and is broken down in the table below.

		<b>£million</b>
<b>New Investments :</b>	Gill Marine Holdings Limited	2.50
	Mangar Health Limited	2.46
	GTK (UK) Limited	1.75
	Leengate Holdings Limited	1.40
	AB Dynamics plc	0.22
		<b>8.33</b>
<b>Follow-on Investments:</b>	Seven Technologies Holdings Limited	0.98
	Bagel Nash Group Limited	0.59
	EKF Diagnostics plc	0.10
	Dryden Human Capital Limited	0.09
	GO Outdoors Limited	0.07
		<b>1.83</b>
	<b>Total cash investments</b>	<b>10.16</b>
	Capitalised interest and non-cash proceeds	0.05
	<b>Total invested</b>	<b>10.21</b>

The new investments during the year totalled £8.33 million:

- In May 2013 the Company invested £0.22 million as part of a £5.0 million AIM placing to support the expansion of AB Dynamics plc; a designer, manufacturer and supplier of advanced testing products to the global automotive industry.
- In September 2013 the Company invested £2.50 million as part of the management buyout of Gill Marine Holdings Limited, the market leading manufacturer of branded sailing clothing and accessories.
- In October 2013 the Company invested £1.75 million to support the management buyout of GTK (UK) Limited, a global manufacturer of cable assemblies, connectors, optoelectronics and manufacturing solutions for high technology customers.
- In December 2013 the Company invested £1.40 million into Leengate Holdings Limited; a wholesaler, stockist and distributor of industrial valves to fund the management buyout from the Linde Group.
- In January 2014 the Company invested £2.46 million to fund the management buyout of Mangar Health Limited, a world leader in inflatable lifting, handling and bathing equipment for the elderly, disabled and emergency services markets.

The five investments into existing portfolio companies during the year totalled £1.83 million, the largest of which are described below.

- In June 2013 a significant investment of £0.98 million was made into Seven Technologies Holdings Limited, a manufacturer of specialist electronic and communications equipment, as part of the funding package for its £7.0 million acquisition of Datong plc, a manufacturer and international supplier of specialist communications products.
- In July 2013 a further £0.59 million was invested into Bagel Nash Group Limited to support the expansion of its bakery and its retail roll out strategy.

### Disposal of Investments

During the year to 31 March 2014 the Company received proceeds from disposals, repayments of loans and deferred consideration of £5.11 million. Overall this resulted in a value gain on disposal of investments of £0.69 million and a realised gain on cost of £1.06 million. This is broken down in the table below.

	<b>Net proceeds from sales of investments £000</b>	<b>Cost of investments £000</b>	<b>Opening value 31 March 2013 £000</b>	<b>Gain on opening value £000</b>	<b>Gain on cost £000</b>
Sale of portfolio investments	4,636	3,592	3,950	686	1,044
Deferred proceeds received & accrued	11	-	4	7	11
Investment portfolio disposals	4,647	3,592	3,954	693	1,055
Fixed income securities disposals	459	451	461	(2)	8
<b>Total Investment and Fixed Income Securities Disposals</b>	<b>5,106</b>	<b>4,043</b>	<b>4,415</b>	<b>691</b>	<b>1,063</b>

The most significant proceeds related to:

- In June 2013 £1.30 million of non-qualifying loans to Seven Technologies Holdings Limited were repaid as part of the refinancing package ahead of its purchase of Datong plc.
- During the year the Company sold 49.5 per cent of its holding in Pressure Technologies plc for £0.52 million realising a gain on its opening 1 April 2013 carrying value of £0.28 million and a profit on cost of £0.30 million.
- In November 2013 the £0.67 million investor loan to Waterfall Services Limited was repaid following a period of strong trading.
- In January 2014 the Company received £0.43 million from DisplayPlan Holdings Limited as part of an agreed early loan repayment giving rise to a £0.10 million early redemption premium.
- In March 2014 the Company sold part of its holding in GO Outdoors Limited which was under an option to 3i Group plc linked to repayment of shareholder loans. This gave rise to proceeds of £0.35 million, a profit on the 1 April carrying value of £0.03 million and a profit on cost of £0.35 million. The Company also received non-cash proceeds in the form of additional equity valued at £0.03 million.

A detailed analysis of all investments sold in the year can be found in note 7 to the Financial Statements on page 64 of the Annual Report.

### Portfolio Composition

As at 31 March 2014 the portfolio of quoted and unquoted investments had a value of £39.9 million of which the unquoted businesses make up 90 per cent of the value and the quoted investments make up 10 per cent of the value. An analysis of the movements in the year is shown on page 19 of the Annual Report.

The objective of increasing diversification within the portfolio continues to be successful, with the biggest single investment representing 10.2 per cent of the net asset value. Three years ago the largest investment represented 32.8 per cent.

The charts on page 14 of the Financial Statements show the composition of the portfolio as at 31 March 2014 by industry sector, age of investment, asset class and the stage of financing at the point of investment. This demonstrates representation across a wide range of industry sectors.

The Company has continued to hold a proportion of its surplus cash in fixed income Government Gilts and A-rated best deposit accounts.

### Valuation Policy

Unquoted investments are valued in accordance with the valuation policy set out in note 1 of the Financial Statements, which takes account of current industry guidelines for the valuation of venture capital portfolios. Provision against cost is made where an investment is significantly under-performing. As at 31 March 2014 the number of investments falling into each valuation category is shown in the table below:

	Valuation £000	% of portfolio by value
Earnings multiple	26,565	66
Cost of recent investment reviewed for impairment	9,054	23
Original cost less provision	286	1
Quoted investments at bid price	3,957	10
<b>Total</b>	<b>39,862</b>	<b>100</b>

### Summary and Outlook

The early part of the year saw continuation of recent uncertain market conditions although in the latter part of the year there were clearer signs of economic recovery. Many of the portfolio companies have delivered improved results, focusing on proven brands, niche growth sectors or rolling out new technology. We are optimistic that the improvement in economic conditions will continue but we will maintain a cautious approach; only backing successful business models. The increasing diversification of the portfolio, which has continued into the 2014/15 financial year, should also help to reduce any volatility of returns.

We have seen a marked increase in new investment enquiries which has resulted in significant levels of investment in 2013/14, with £10.16 million invested in the year as a whole of which £8.26 million was invested in the latter part of the year. The improving economic outlook and changes in EU restrictions on qualifying VCT

investments are all contributing to an increase in the volume and scale of investment opportunities with the trend continuing into 2014/15.

We believe that the increasing level of investment, combined with several good exit prospects over the next few years, should allow the Board to achieve its aim of a constant dividend stream whilst preserving and enhancing the underlying net asset value.

## Investment Portfolio Summary and Disposal History to 31 March 2014

<u><i>Current Investments</i></u>	Date of Initial Investment	Industry Sector	Current Cost £000	Proceeds to Date* £000	Investment Valuation at 31 March 2014 £000	Return to Date £000
<b><i>Unquoted portfolio</i></b>						
GO Outdoors Limited	May-98	Retail	215	7,380	6,371	13,751
President Engineering Group Ltd	Sep-10	Manufacturing	800	200	4,078	4,278
DisplayPlan Holdings Limited	Feb-10	Retail	975	422	3,854	4,276
Seven Technologies Holdings Limited	Apr-12	Telecommunications	1,984	1,524	2,596	4,120
Waterfall Services Limited	Feb-07	Support Services	100	900	2,372	3,272
Gill Marine Holdings Limited	Sep-13	Retail	2,500	-	2,500	2,500
Mangar Health Limited	Jan-14	Manufacturing	2,460	-	2,460	2,460
RMS Group Holdings Limited	Jul-07	Industrial	180	897	878	1,775
Deep-Secure Ltd	Dec-09	Software	1,000	-	1,751	1,751
GTK (UK) Limited	Oct-13	Manufacturing	1,693	57	1,693	1,750
Leengate Holdings Limited	Dec-13	Manufacturing	1,401	-	1,401	1,401
Fairlight Bridge Limited	Apr-12	Turnaround Services	1,000	-	1,000	1,000
Bagel Nash Group Limited	Jul-11	Food Retail & Manufacture	1,182	50	897	947
Harvey Jones Holdings Limited	May-07	Consumer Retail	777	-	900	900
Callstream Group Limited**	Sep-10	Telecommunications	415	130	752	882
Insider Technologies (Holdings) Limited	Aug-12	Software	1,170	-	880	880
Harris Hill Holdings Limited	Jun-07	Recruitment	600	-	643	643
Selima Limited	Mar-12	Software	600	-	593	593
PowerOasis Limited	Nov-11	Energy Infrastructure	425	-	212	212
Other	-	-	2,586	-	74	74
			<b>22,063</b>	<b>11,560</b>	<b>35,905</b>	<b>47,465</b>
<b><i>Quoted portfolio</i></b>						
Pressure Technologies plc	Jun-07	Manufacturing	216	515	1,038	1,553
Other	-	-	625	1,275	110	1,385
Mattioli Woods plc	Nov-05	Support Services	258	193	857	1,050
Hargreaves Services plc	Dec-07	Manufacturing	310	505	454	959
EKF Diagnostics Holdings plc	Jul-10	Medical Instruments	348	226	614	840
AB Dynamics plc	May-13	Manufacturing	224	-	442	442
Vianet Group plc	Oct-06	Business Services	404	-	279	279
Cambridge Cognition Holdings plc	May-02	Healthcare Software	325	-	163	163
			<b>2,710</b>	<b>2,714</b>	<b>3,957</b>	<b>6,671</b>

	24,773	14,274	39,862	54,136
Full disposals since 31 March 2002	16,275	23,772	-	23,772
Full disposals prior to 31 March 2002	5,748	1,899	-	1,899
<b>Total investment portfolio</b>	<b>46,796</b>	<b>39,945</b>	<b>39,862</b>	<b>79,807</b>

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

\*\*Formerly Bluebell Telecoms Group Limited.

## Summary of Investment Portfolio Movement since 31 March 2013

Name of company	Investment Valuation at 31 March 2013	Disposal proceeds	Additions including capitalised Interest	Valuation gains (losses) including profits (losses) on disposal	Investment Valuation at 31 March 2014
	£000	£000	£000	£000	£000
<b>Unquoted portfolio</b>					
GO Outdoors Limited	4,955	(384)	104	1,696	6,371
President Engineering Group Ltd	3,281	(200)	-	997	4,078
DisplayPlan Holdings Limited	3,042	(422)	-	1,234	3,854
Seven Technologies Holdings Limited	2,557	(1,302)	984	357	2,596
Gill Marine Holdings Limited	-	-	2,500	-	2,500
Mangar Health Limited	-	-	2,460	-	2,460
Waterfall Services Limited	1,736	(667)	-	1,303	2,372
Deep-Secure Ltd	1,940	-	-	(189)	1,751
GTK (UK) Limited	-	(57)	1,750	-	1,693
Leengate Holdings limited	-	-	1,401	-	1,401
Harvey Jones Holdings Limited	836	-	-	64	900
Bagel Nash Group Limited	600	(50)	603	(256)	897
Callstream Group Limited	608	(130)	-	274	752
Harris Hill Holdings Limited	701	-	-	48	749
Other investments	4,189	-	90	(748)	3,531
<b>Total unquoted investments</b>	<b>24,445</b>	<b>(3,212)</b>	<b>9,892</b>	<b>4,780</b>	<b>35,905</b>
<b>Quoted portfolio</b>					
Pressure Technologies plc	468	(515)	-	1,084	1,038
AB Dynamics plc	-	-	224	218	442
Other investments	2,647	(909)	97	643	2,477
<b>Total quoted investments</b>	<b>3,115</b>	<b>(1,424)</b>	<b>321</b>	<b>1,945</b>	<b>3,957</b>
<b>Total investment portfolio</b>	<b>27,560</b>	<b>(4,636)</b>	<b>10,213</b>	<b>6,725</b>	<b>39,862</b>

## Principal Risks

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

### Loss of Approval as a VCT

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

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

### Economic

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

*Mitigation* - As well as the response to 'Investment and Strategic' risk below the Company has a clear investment policy and a diversified portfolio operating in a range of sectors. The Fund Manager actively monitors investee performance which provides quality information for the monthly review of the portfolio.

### Investment and Strategic

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

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

### Regulatory

*Risk* - The Company is required to comply with the Companies Act 2006, the rules of the UK Listing Authority, the Prospectus Rules made by the Financial Conduct Authority and International Financial Reporting Standards as adopted by the European Union and will be (assuming its application to become a Self-managed Alternative Investment Fund is accepted by the Financial Conduct Authority) subject to the EU's Alternative Investment Fund Manager's Directive with effect from 22 July 2014. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.

*Mitigation* - The Fund Manager has procedures in place to ensure recurring Listing Rules requirements are met and actively consults with brokers, solicitors and external compliance advisers as appropriate. The key controls around regulatory compliance are explained on page 42 of the Annual Report.

### Reputational

*Risk* - Inadequate or failed controls might result in breaches of regulations or loss of Shareholder trust.

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

### Operational

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

Mitigation - The Fund Manager has a documented disaster recovery plan.

### **Financial**

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

*Mitigation* - The key controls around financial reporting are described on page 42 of the Annual Report.

### **Market/Liquidity**

*Risk* – Lack of liquidity in both the venture capital and public markets. Investment in AIM quoted 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. The fact that a share is traded on AIM does not guarantee its liquidity. The spread between the buying and selling price of such shares may be wide and thus the price used for valuation may not be achievable. In addition, the market for stock in smaller companies is often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock.

*Mitigation* - Overall liquidity risks are monitored on an ongoing basis by the Fund Manager and on a quarterly basis by the Board. Sufficient investments in cash and fixed income securities are maintained to pay expenses as they fall due.

The Board seeks to mitigate its principal risks by setting policy, regularly reviewing performance and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies rigorously the principles detailed in section C.2: "Risk Management & Internal Control" of The UK Corporate Governance Code issued by the Financial Reporting Council in September 2012. Details of the Company's internal controls are contained in the Corporate Governance and Internal Control sections on pages 41 and 42 of the Annual Report and further information on exposure to risks including those associated with financial instruments is given in note 17a of the Financial Statements.

### **Other Matters**

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

The Company seeks to ensure that its business is conducted in a manner that is responsible to the environment. The management and administration of the Company is undertaken by the Fund Manager.

YFM Private Equity Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment and implements policies to reduce any damage that might be caused by its activities. Initiatives of the Fund Manager designed to minimise its and the Company's impact on the environment include recycling and reducing energy consumption.

Given the size and nature of the Company's activities and the fact that it has no employees, the Board considers there is limited scope to develop and implement social and community policies.

### **Anti-Bribery and Corruption Policy**

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

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

The Company had no employees during the year. The Board is composed of three non-executive directors, one female and two male. For a review of the policies used when appointing directors to the Board of the Company please refer to the Directors' Remuneration Report in the Annual Report.

## **Directors' Responsibilities Statement**

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### *Website publication*

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

### *Directors' Responsibilities Pursuant to DTR4*

The directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company; and
- The annual report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.

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

The names and functions of all the directors are stated on page 33 of the Annual Report.

This statement was approved by the Board and signed on its behalf on 12 June 2014.

Helen Sinclair  
Chairman

## Financial Statements

### Statement of Comprehensive Income for the year to 31 March 2014

	Notes	2014			2013		
		Revenue	Capital	Total	Revenue	Capital	Total
		£000	£000	£000	£000	£000	£000
Gain on disposal of investments		-	691	691	-	699	699
Gains on investments held at fair value		-	5,969	5,969	-	233	233
Income		1,341	-	1,341	1,323	-	1,323
Administrative expenses:	3						
Fund management fee		(221)	(665)	(886)	(188)	(564)	(752)
Incentive fee		-	(221)	(221)	-	(39)	(39)
Other expenses		(369)	-	(369)	(341)	-	(341)
		(590)	(886)	(1,476)	(529)	(603)	(1,132)
<b>Profit before taxation</b>		<b>751</b>	<b>5,774</b>	<b>6,525</b>	<b>794</b>	<b>329</b>	<b>1,123</b>
Taxation	4	(105)	105	-	(138)	138	-
<b>Profit for the year</b>		<b>646</b>	<b>5,879</b>	<b>6,525</b>	<b>656</b>	<b>467</b>	<b>1,123</b>
<b>Total comprehensive income for the year</b>		<b>646</b>	<b>5,879</b>	<b>6,525</b>	<b>656</b>	<b>467</b>	<b>1,123</b>
<b>Basic and diluted earnings per ordinary share (p)</b>	6	<b>1.30</b>	<b>11.84</b>	<b>13.14</b>	1.62p	1.16p	2.78p

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. 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 as at 31 March 2014

	Notes	2014	2013
		£000	(restated) £000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments		39,862	27,560
Fixed income government securities		2,403	2,474
Financial assets at fair value through profit or loss	7	42,265	30,034
Trade and other receivables		151	-
		42,416	30,034
<b>Current assets</b>			
Trade and other receivables		243	197
Cash on fixed term deposit		2,000	1,500
Cash and cash equivalents		18,962	10,669
		21,205	12,366
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		(1,037)	(311)
<b>Net current assets</b>		<b>20,168</b>	<b>12,055</b>
<b>Net assets</b>		<b>62,584</b>	<b>42,089</b>

<b>Shareholders' equity</b>		
Share capital	6,386	4,661
Share premium account	23,165	7,236
Capital redemption reserve	221	221
Capital reserve	16,535	19,349
Investment holding gains	15,879	9,259
Revenue reserve	398	1,363
<b>Total Shareholders' equity</b>	<b>62,584</b>	<b>42,089</b>
<b>Basic and diluted net asset value per ordinary share</b>	<b>8</b>	<b>102.0p</b>
		<b>97.0p</b>

### Statement of Changes in Equity for the year to 31 March 2014

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Capital reserve £000	Investment holding gains (losses) £000	Revenue reserve £000	Total equity £000
<b>Balance at 31 March 2012</b>	<b>4,039</b>	<b>23,176</b>	<b>221</b>	<b>360</b>	<b>7,432</b>	<b>2,666</b>	<b>37,894</b>
Prior Period Adjustment (note 1)	-	-	-	(1,578)	1,578	-	-
<b>Restated at 31 March 2012</b>	<b>4,039</b>	<b>23,176</b>	<b>221</b>	<b>(1,218)</b>	<b>9,010</b>	<b>2,666</b>	<b>37,894</b>
<i>Revenue return for the year</i>	-	-	-	-	-	656	656
<i>Capital expenses</i>	-	-	-	(465)	-	-	(465)
<i>Gain on investments held at fair value</i>	-	-	-	-	233	-	233
<i>Gain on disposal of investments in the year</i>	-	-	-	699	-	-	699
Total comprehensive income for the year	-	-	-	234	233	656	1,123
<i>Issue of share capital</i>	577	5,091	-	-	-	-	5,668
<i>Issue costs</i>	-	(300)	-	-	-	-	(300)
<i>Issue of shares – DRIS</i>	45	356	-	-	-	-	401
<i>Issue costs - DRIS</i>	-	(23)	-	-	-	-	(23)
<i>Purchase of own shares</i>	-	-	-	(705)	-	-	(705)
<i>Dividends</i>	-	-	-	-	-	(1,959)	(1,959)
Total transactions with owners	622	5,124	-	(705)	-	(1,959)	3,082
Reduction in share premium account	-	(21,064)	-	21,064	-	-	-
Reduction in share premium account expenses	-	-	-	(10)	-	-	(10)
Realisation of prior year investment holding losses	-	-	-	(16)	16	-	-
<b>Balance at 31 March 2013</b>	<b>4,661</b>	<b>7,236</b>	<b>221</b>	<b>19,349</b>	<b>9,259</b>	<b>1,363</b>	<b>42,089</b>
<i>Revenue return for the year before tax</i>	-	-	-	-	-	751	751
<i>Capital expenses</i>	-	-	-	(886)	-	-	(886)
<i>Gain on investments held at fair value</i>	-	-	-	-	5,969	-	5,969
<i>Gain on disposal of investments in the year</i>	-	-	-	691	-	-	691
<i>Taxation</i>	-	-	-	105	-	(105)	-
Total comprehensive income for the year	-	-	-	(90)	5,969	646	6,525
<i>Issue of share capital</i>	1,799	16,302	-	-	-	-	18,101
<i>Issue costs</i>	-	(915)	-	-	-	-	(915)
<i>Issue of shares – DRIS</i>	69	562	-	-	-	-	631

Issue costs - DRIS	-	(20)	-	-	-	-	(20)
Purchase of own shares	-	-	-	(606)	-	-	(606)
Dividends	-	-	-	(1,610)	-	(1,611)	(3,221)
Treasury share cancellation	(143)	-	-	143	-	-	-
Total transactions with owners	1,725	15,929	-	(2,073)	-	(1,611)	13,970
Realisation of prior year investment holding losses	-	-	-	(651)	651	-	-
<b>Balance at 31 March 2014</b>	<b>6,386</b>	<b>23,165</b>	<b>221</b>	<b>16,535</b>	<b>15,879</b>	<b>398</b>	<b>62,584</b>

The capital reserve and revenue reserve are both distributable reserves. These reserves total £16,933,000 (2013: £20,712,000) representing a decrease of £3,779,000 (2013: £19,264,000 increase) during the year. This change arises from the profit in the year of £556,000 (2013: £890,000), a transfer of valuation losses from the investment holding reserve of £651,000 (2013: £16,000 transfer of valuation profits), dividends of £3,221,000 (2013: £1,959,000), transfer of £143,000 (2013: £nil) on the cancellation of treasury shares and the purchase of own ordinary shares of £606,000 (2013: £705,000). The directors also take into account the level of the investment holding gains (losses) reserve and the future requirements of the Company when determining the level of dividend payments. The revenue reserve includes £148,000 (2013: £nil) of interest receivable in 2018 which should be excluded in the calculation of the Company's distributable reserves at 31 March 2014.

As at 31 March 2013 the capital reserve was presented as three separate reserves in the Statement of Changes in Equity. As at 31 March 2014 these have been combined so as to present the Company's distributable reserves more clearly, with the balances as at 31 March 2012 and 31 March 2013 summarised accordingly and reconciled in the table below:

	As reported in the Interim Report for six months to 30 September 2013			As reported 31 March 2014
	Capital reserve	Special Reserve	Treasury Reserve	Revised capital reserve
	£000	£000	£000	£000
Balance at 31 March 2012	(1,578)	2,408	(2,048)	<b>(1,218)</b>
Balance at 31 March 2013	(1,360)	23,462	(2,753)	<b>19,349</b>

## Statement of Cash Flows for the year ended 31 March 2014

	2014	2013
	£000	£000
<b>Net cash outflow from operating activities</b>	<b>(93)</b>	<b>(1,098)</b>
<b>Cash flows from investing activities</b>		
Cash maturing from / (placed on) fixed term deposit	(500)	3,500
Purchase of financial assets at fair value through profit or loss	(10,620)	(6,097)
Proceeds from sale of financial assets at fair value through profit or loss	5,093	3,801
<b>Net cash from investing activities</b>	<b>(6,027)</b>	<b>1,204</b>
<b>Cash flows from (used in) in financing activities</b>		
Issue of ordinary shares	17,712	5,668
Costs of ordinary share issues*	(234)	(349)
Purchase of own ordinary shares	(466)	(569)
Share premium reduction costs	(9)	(1)
Dividends paid – net of dividends re-invested	(2,590)	(1,558)
<b>Net cash from (used in) financing activities</b>	<b>14,413</b>	<b>3,191</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,293</b>	<b>3,297</b>

<b>Cash and cash equivalents at the beginning of the year</b>	<b>10,669</b>	7,372
<b>Cash and cash equivalents at the end of the year</b>	<b>18,962</b>	10,669

\*Issue costs include both fundraising costs and expenses incurred from the Company's dividend re-investment scheme.

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

	<b>2014</b>	2013
	<b>£000</b>	£000
Profit before taxation	<b>6,525</b>	1,123
(Increase) decrease in trade and other receivables	<b>(214)</b>	246
Increase (decrease) in trade and other payables	<b>277</b>	(1,517)
Profit on disposal of investments in the year	<b>(691)</b>	(699)
Profit on investments held at fair value	<b>(5,969)</b>	(233)
Capitalised interest	<b>(21)</b>	(18)
<b>Net cash outflow from operating activities</b>	<b>(93)</b>	(1,098)

## Notes to the Financial Statements

### 1. Basis of Accounting

This announcement of the annual results of the Company for the year ended 31 March 2014 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 IFRS.

The Financial Statements have been prepared in compliance with the recommendations set out in the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies in January 2009 (SORP) to the extent that they do not conflict with IFRSs as adopted by the European Union.

The Financial Statements are prepared in accordance with IFRSs and interpretations in force at the reporting date. The only new standard effective for the year ended 31 March 2014 which has had a material impact on the financial statements is IFRS 13 "Fair Value Measurement". Note 7 of the financial statements includes investments disclosed in the fair value hierarchy classification under IFRS 13 and includes the relevant fair value disclosures as required by IFRS 13. There has been no material change to the measurement of fair values of investments from the implementation of IFRS 13.

Other standards and interpretations have been issued which will be effective for future reporting periods but have not been adopted early in these Financial Statements. These include amendments to IFRS 9, IFRS 10, IFRS 11 and IFRS 12 and amendments to IAS 24, IAS 27, IAS 28, IAS 32 and IAS 36. A full impact assessment has not yet been completed in order to assess whether these new standards will have a material impact on the Financial Statements.

#### Prior Period Adjustment

The full background to the prior period adjustment is described in the Interim Report of the Company to 30 September 2013. Whilst not impacting the Company's net asset value during this time, the consequent reclassification of losses had a material impact on the Company's distributable reserves. As a result the Company has restated the balance sheets as at 31 March 2012 and 31 March 2013 (this adjustment was recognised in the Interim Report of the Company to 30 September 2013) to transfer net realised losses of £1.578 million arising between 2006 and 2008 from the Investment Holding Gains (Losses) Reserve to the Capital Reserve. A third balance sheet has not been prepared as the prior period adjustment related to a reclassification of reserves, which is shown in the Statement of Changes in Equity.

The Company was advised that the payment of dividends and buy back of shares in the period since 31 March 2011 should be sanctioned by the passing of certain special resolutions, followed by an application to the Court to approve a reduction in share capital. The Company put the relevant resolutions to Shareholders at a General

Meeting held in January 2014 which were approved. Following the passing of these resolutions 1,431,373 ordinary shares bought back in the period between 20 September 2011 and 19 June 2013 were cancelled pursuant to an order of the High Court on 12 February 2014. This had no impact on the net asset value of the Company.

## 2. Income

	2013 £000	2013 £000
Dividends from unquoted companies	156	20
Dividends from quoted companies	70	87
	<b>226</b>	107
Interest on loans to unquoted companies	952	1,017
Fixed interest Government securities	54	58
	<b>1,232</b>	1,182
Income from investments held at fair value through profit or loss	109	141
	<b>1,341</b>	1,323

In addition, an amount of £158,000 (2013: £228,000) of income in relation to loan interest has not been recognised due to uncertainty over its future receipt.

## 3. Administrative expenses and Fund Manager Fees

	2014 £000	2013 £000
Fund management fee (net of rebate)	886	752
Other expenses:		
Administration fee	58	56
Incentive fee	221	39
Directors' remuneration	83	81
Auditor's remuneration – audit of the statutory financial statements	22	18
General expenses:		
Trail commission paid to financial intermediaries	60	30
Other expenses	126	138
Irrecoverable VAT	20	18
	<b>1,476</b>	1,132

### Fund Administration

YFM Private Equity Limited provides fund management services to the Company under a subscription rights agreement dated 28 February 1996 ("Subscription Rights Agreement") as varied by agreements dated 1 July 2009 and 16 November 2012. The agreement may be terminated by not less than 12 months' notice given by either party at any time. No notice has been issued to or by YFM Private Equity Limited terminating the contract as at the date of this Report.

The key features of the agreement are:

- YFM Private Equity Limited receives a fund management fee, calculated at half-yearly intervals as at 31 March and 30 September, at the rate of 2 per cent of gross assets less current liabilities. The fund management fee is allocated between capital and revenue as described in note 1. The fee is payable quarterly in advance. This fee totalled £886,000 for the year ended 31 March 2014 (2013: £752,000), net of the rebate set out below;
- Under this same agreement YFM Private Equity Limited also provides administrative and secretarial services to the Company for a fee based on £35,000 (at 28 February 1996) per annum plus annual adjustments to reflect movements in the Retail Prices Index. This fee is charged fully to revenue and totalled £58,000 for the year to 31 March 2014 (2013: £56,000); and

- Under a deed of variation dated 16 November 2012 YFM Private Equity Limited shall bear the annual operating costs (excluding VAT and trail commissions payable to financial intermediaries) of the Company to the extent that these costs, calculated on a TER basis, exceed 3.25 per cent of its Net Asset Value. The excess expenses during the year payable to the Company from YFM Private Equity Limited amounted to £nil (2013: £nil).

When the Company makes investments into its unquoted portfolio the Fund Manager charges that investee an arrangement fee, calculated by applying a percentage to the investment amount. During the year the company and Fund Manager agreed that, with effect from 1 October 2013, if the average of the relevant fees during the Company's financial year exceeds 3.0 per cent of the total invested into new portfolio companies and 2.0 per cent into follow-on holdings this excess will be rebated to the Company. As at 31 March 2014, the Company was due a rebate from the Fund Manager of £29,800.

The Board has also agreed with the Fund Manager that the monitoring and directors fees it receives from investee companies will be limited to a range between £20,000 to £40,000 (excluding VAT) per annum per company.

Following approval of the relevant resolution at the Annual General Meeting of the Company held in August 2009, the incentive scheme set out in the Subscription Rights Agreement was replaced by a revised incentive agreement dated 7 July 2009 ("the Incentive Agreement"). Under the Incentive Agreement the Fund Manager will receive an incentive payment equal to 20 per cent of the amount by which dividends paid in the relevant accounting period exceed 4 pence per ordinary share (increasing in line with RPI) once cumulative dividends of 10 pence per ordinary share from 1 April 2009 have been paid. These incentive payments are also subject to cumulative shortfalls in any prior accounting periods being made up and the average Net Asset Value per ordinary share in the relevant accounting period being not less than 94.0 pence per ordinary share, as adjusted for the impact of share issues and buy-backs.

No payment can be made in respect of the year to 31 March 2014 under the Incentive Agreement unless the average quarterly adjusted Net Asset Value of the Company is a minimum of 92.8 pence per ordinary share and in addition at least 4.7 pence per ordinary share in dividends has been paid to Shareholders. Payment is made five business days after the relevant Annual General Meeting at which the audited accounts are presented to Shareholders.

With effect from 1 April 2014 the Board has agreed that the amount of the incentive payment paid to the Fund Manager for any one year shall, when taken with all other relevant costs, ensure that the Total Expenses Ratio is no greater than 5 per cent of the Net Asset Value at the end of the financial year (as adjusted for all realised gains that have been distributed during that year). Any unpaid incentive payment will be carried over to subsequent financial years and be included in the calculation of the Total Expenses Ratio.

Both in the current and prior year, the Fund Manager had achieved its adjusted targets and £220,531 (2013: £38,678) has been accrued within trade and other payables. The incentive fee is payable following the Annual General Meeting on 22 July 2014.

There are also provisions for a compensatory fee in circumstances where the Company is taken over or the Incentive Agreement is terminated, which is calculated as a percentage of the fee that would otherwise be payable under the Incentive Agreement by reference to the accounting period following its termination. In this instance 80 per cent is payable in the first accounting period after such an event, 55 per cent in the second, 35 per cent in the third and nothing is payable thereafter. The maximum fee payable in any 12 month period cannot exceed an amount which would represent 25 per cent or more of the Net Asset Value or market capitalisation of the Company.

Under the terms of the joint offer with British Smaller Companies VCT2 plc launched on 16 November 2012 (which closed on 30 April 2013), YFM Private Equity Limited was entitled to 5.5 per cent of gross subscriptions, less the cost of incentive shares and re-investment of intermediary commission, for all applications on or before 28 December 2012. After this date YFM Private Equity Limited was entitled to 5.5 per cent of gross subscriptions from execution brokers and 3.5 per cent of gross subscriptions for applications directly from applicants or through intermediaries offering financial advice, less the cost of incentive shares and re-investment of intermediary commission. This net amount totalled £217,035, with £182,436 in the year to 31 March 2014 (2013: £34,599).

Under the terms of the joint offers with British Smaller Companies VCT2 plc launched on 14 January 2014 (which closed on 5 April 2014 and 29 May 2014 respectively) YFM Private Equity Limited was entitled to 5.5 per cent of gross subscriptions from execution brokers and 3.5 per cent of gross subscriptions for applications through intermediaries offering financial advice or directly from applicants, less the cost of incentive shares and re-investment of intermediary commission. The net amount payable to YFM Private Equity amounted to £313,048 in total, with £251,871 in the year to 31 March 2014.

YFM Private Equity Limited met all costs and expenses arising from these offers out of these fees, including any early investment incentive and any payment or re-investment of initial intermediary commission (excluding permissible trail commission, which will continue to be met by the Company).

## 4. Taxation

	Revenue £000	2014 Capital £000	Total £000	Revenue £000	2013 Capital £000	Total £000
Profit before taxation	751	5,774	6,525	794	329	1,123
Profit before taxation multiplied by standard small company rate of corporation tax in the UK of 20%	150	1,155	1,305	159	66	225
<b>Effect of:</b>						
UK dividends received	(45)	-	(45)	(21)	-	(21)
Non taxable profits on investments	-	(1,332)	(1,332)	-	(187)	(187)
Excess management expenses	-	72	72	-	(17)	(17)
Tax charge (credit)	105	(105)	-	138	(138)	-

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

Deferred tax assets of £688,000 (2013: £618,000) calculated at 20 per cent in respect of unrelieved management expenses of £3,442,000 as at 31 March 2014 (31 March 2013: £3,087,000) 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.

## 5. Dividends

Amounts recognised as distributions to equity holders in the year to 31 March:

	2014			2013		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Final dividend for 2013 of 3.5p per ordinary share and a special dividend of 1.0p per (2013: 3.0p per ordinary share)	1,363	860	2,223	1,176	-	1,176
Interim dividend for 2014 of 2.0p per ordinary share (2013: 2.0p per ordinary share)	248	750	998	783	-	783
	1,611	1,610	3,221	1,959	-	1,959
Re-invested under the DRIS			(631)			(401)
Dividends paid in the Statement of Cash Flows			2,590			1,558

The final dividend of 3.5 pence per ordinary share, plus the special dividend of 1.0 pence per ordinary share in respect of the year to 31 March 2013 was paid on 13 August 2013 to Shareholders on the register at 12 July 2013.

The interim dividend of 2.0 pence per ordinary share was paid on 18 March 2014 to Shareholders on the register at 21 February 2014.

A final dividend of 3.5 pence per ordinary share in respect of the year to 31 March 2014 has been proposed, amounting to £2.15 million. This dividend has not been recognised in the year ended 31 March 2014 as the obligation will not exist until the dividend is approved by Shareholders at the Annual General Meeting on 22 July 2014.

## 6. Basic and Diluted Earnings per Ordinary Share

The basic and diluted earnings per ordinary share is based on the profit after tax attributable to equity Shareholders of £6,525,000 (2013: £1,123,000) and 49,655,831 (2013: 40,389,708) ordinary shares, being the weighted average number of ordinary 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 £656,000 (2013: £656,000) and 49,655,831 (2013: 40,389,708) ordinary shares being the weighted average number of ordinary 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 £5,879,000 (2013: £467,000) and 49,655,831 (2013: 40,389,708) ordinary shares being the weighted average number of ordinary shares in issue during the year.

During the year the Company issued 18,680,132 new ordinary shares. The Company also repurchased 685,217 of its own ordinary shares, which are held in treasury.

Treasury shares have been excluded in calculating the weighted average number of ordinary shares during the year. The Company has no securities that would have a dilutive effect in either period and hence the basic and diluted earnings per ordinary share are the same.

After the year end the Company issued 4,179,046 new ordinary shares (note 11). If these ordinary shares had been issued on 31 March 2014 the weighted average number of ordinary shares in issue during the year would have been unchanged 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.

## 7. Financial Assets at Fair Value through Profit or Loss

Movements in investments at fair value through profit or loss during the year to 31 March 2014 are summarised as follows:

IFRS 7 measurement classification	Level 3	Level 1	Total Quoted and Unquoted £000	Level 1	Total Investments £000
	Unquoted Investments £000	Quoted Equity Investments £000		Fixed Income Securities £000	
Opening cost	15,084	3,366	18,450	2,427	20,877
Opening valuation gain	9,553	(443)	9,110	47	9,157
<b>Opening fair value at 1 April 2013</b>	<b>24,637</b>	<b>2,923</b>	<b>27,560</b>	<b>2,474</b>	<b>30,034</b>
Transfer between Level 1 & Level 3 <sup>1</sup>	(192)	192	-	-	-
Additions at cost	9,871	321	10,192	460	10,652
Capitalised interest	21	-	21	-	21
Disposal proceeds	(3,212)	(1,424)	(4,636)	(459)	(5,095)
Net profit (loss) on disposal <sup>2</sup>	114	572	686	(2)	684
Change in fair value	4,666	1,373	6,039	(70)	5,969
<b>Closing fair value at 31 March 2014</b>	<b>35,905</b>	<b>3,957</b>	<b>39,862</b>	<b>2,403</b>	<b>42,265</b>
Closing cost	22,063	2,710	24,773	2,436	27,209
Closing valuation gain (loss)	13,842	1,247	15,089	(33)	15,056
<b>Closing fair value at 31 March 2014</b>	<b>35,905</b>	<b>3,957</b>	<b>39,862</b>	<b>2,403</b>	<b>42,265</b>

1. During the year Cambridge Cognition was listed on AIM becoming Cambridge Cognition Holdings plc.
2. The net profit on disposal in the table above is £684,000 whereas that shown in the Statement of Comprehensive Income is £691,000. The difference comprises deferred proceeds of £7,000 in respect of assets which have been disposed and are not included within the investment portfolio at the year end.

All of the changes in fair value during the year related to assets held at the year end. The total of fair value adjustments below cost made against unquoted investments at 31 March 2014 amounted to £4,108,000 (2013: £1,655,000). There have been no individual fair value adjustments downwards during the year that exceeded five per cent of the total assets of the Company (2013: none).

During the year four investments moved from being held at price of recent investment, reviewed for change in fair value, to an earnings multiple basis. Each company was valued upwards, with the net impact being a gain of £8,227,000. One investment has moved from an earnings multiple basis to be valued at price of recent investment, reviewed for change in fair value and has decreased in value by £130,000.

## 8. Basic and Diluted Net Asset Value per Ordinary Share

The basic and diluted net asset value per ordinary share is calculated on attributable assets of £62,584,000 (2013: £42,089,000) and 61,385,687 (2013: 43,390,772) ordinary shares with voting rights in issue at the year end. The treasury shares have been excluded in calculating the number of ordinary shares in issue at 31 March

2014. 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.

## **9. Total Return per Ordinary Share**

The total return per ordinary share is calculated on cumulative dividends paid of 90.7 pence per ordinary share (2013: 84.2 pence per ordinary share) plus the net asset value as calculated in note 8.

## **10. 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 2014. Full details of related party transactions are shown in note 15 to the Annual Report and Accounts which can be obtained as described in note 13.

## **11. Events after the Balance Sheet Date**

Since the end of the reporting period, the Company has completed five additional investments totalling £4.70 million and approved further investments totalling £2.94 million.

Subsequent to the year end the Company allotted a total of 4,179,046 ordinary shares on 4 April 2014, 5 April 2014 and 29 May 2014 pursuant to the joint offer detailed under "Fundraising" in the Chairman's Statement.

## **12. Financial Information**

The financial information set out in this announcement for the year ended 31 March 2014 does not constitute full statutory accounts as defined in section 434 of the Companies Act 2006 but has been extracted from the Company's full statutory accounts for that period. Statutory accounts for the year ended 31 March 2014 will be delivered to the Registrar of Companies following the Company's Annual General Meeting on 22 July 2014. Those accounts have been reported upon without qualification by the Company's independent auditor and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

## **13. Annual Report and Accounts**

Copies of the statutory accounts for the year ended 31 March 2014 will shortly be submitted to the National Storage Mechanism and will be available to the public for viewing online at [www.hemscott.com/msn/do](http://www.hemscott.com/msn/do). They can also shortly be viewed on the Fund Manager's website at [www.yfmep.com](http://www.yfmep.com). Hard copies of the statutory accounts for the year ended 31 March 2014 will be distributed by post to Shareholders and will be available thereafter to members of the public from the Company's registered office.

## **14. Directors**

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

## **15. Annual General Meeting**

The Annual General Meeting of the Company will be held at 33 St James Square, London, SW1Y 4JS, on 22 July 2014 at 12.00 noon.

## **16. Final Dividend for the year ended 31 March 2014**

Further to the announcement of its final results for the year ended 31 March 2014, the Company confirms that, subject to its approval by Shareholders at the forthcoming Annual General Meeting to be held on 22 July 2014, the final dividend of 3.5 pence per ordinary share ("Final Dividend") will be paid on 1 August 2014 to those Shareholders on the Company's register at the close of business on 4 July 2014. The ex-dividend date will be 2 July 2014.

## **17. Dividend re-investment scheme**

The Company operates a dividend reinvestment scheme ("DRIS"). The latest date for receipt of DRIS elections so as to participate in the DRIS in respect of the Final Dividend is the close of business on 18 July 2014.

For further information, please contact:

David Hall

YFM Equity Partners Limited

Tel: 0113 294 5039

Gillian Martin

Nplus 1 Singer Advisory LLP

Tel: 0207 496 3000

# British Smaller Companies VCT plc

## Offers for Subscription: Allotment of Shares

British Smaller Companies VCT plc (the “Company”) and British Smaller Companies VCT2 plc launched joint offers for subscription (“Offers”) on 14 January 2014. Full details of the Offers are contained in a prospectus issued by the Company and British Smaller Companies VCT2 plc on that date (the “Prospectus”).

The Offers in relation to the tax year 2014/15 were intended to close on 30 April 2014 unless fully subscribed by an earlier date. However, in view of the ambiguity regarding proposed changes to regulations (contained in the Finance Bill 2014 published on 27 March 2014), which would have applied to VCT shares issued on or after 6 April 2014, the Company announced on 29 April 2014 that, in the interest of its shareholders, the Directors were postponing the allotment of new ordinary shares under the Offers pending resolution of these issues.

As a result of clarification from HM Revenue & Customs of the operation of these proposed changes to regulations the Company is satisfied that any potential for ambiguity has been removed. The Company therefore announces that on 29 May 2014 it made the fourth issue of ordinary shares pursuant to these Offers by allotting an aggregate of 2,400,125 ordinary shares of 10 pence each, raising gross proceeds of £2.5 million. This allotment was made in respect of the tax year 2014/2015 and is the final allotment to be made pursuant to the Offers, which are now closed. In accordance with the pricing formula set out in the Prospectus the new ordinary shares were allotted at offer prices of between 100.75 to 105.51 pence per ordinary share depending on the adviser charge (if applicable) and the number of shares issued pertaining to each application.

Together the Company and British Smaller Companies VCT2 plc have in total raised gross proceeds of £26.9 million and, after taking into consideration the costs of the Offers, this gives net total proceeds of approximately £25.5 million. The Company has raised net proceeds of approximately £15.3 million and British Smaller Companies VCT2 plc has raised net proceeds of approximately £10.2 million. The new funds will be used to support the strong levels of demand for investment that have been evident since early 2013.

In this allotment Edward Buchan, non-executive Director of the Company, has been allotted 6,044 ordinary shares of 10 pence in the Company which takes his total shareholding to 12,007 ordinary shares in the Company.

Employees of the fund manager, YFM Private Equity Limited, have to date subscribed £0.21 million under the Offers for 240,128 ordinary shares in both the Company and British Smaller Companies VCT2 plc.

Applications are now being made by the Company for the ordinary shares allotted on 29 May 2014 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 June 2014.

Following the allotment of 2,400,125 ordinary shares, the Company's issued share capital consists of 65,564,733 ordinary shares with voting rights ("Voting Capital") and 2,469,502 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 FCA's Disclosure and Transparency Rules.

30 May 2014

For further information, please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 294 5055
Gillian Martin	Nplus1 Singer Advisory LLP	Tel: 020 7496 3000

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

### **Postponement of Issue of Equity under the Joint Offers for Subscription and Extension of Closing Date of the Joint Offers for Subscription**

On 27 March 2014, the Government published the Finance Bill 2014. Following the publication of the 2014 Finance Bill on 27 March 2014 we have been advised that there is some ambiguity around the drafting of certain of the provisions relating to VCTs which, depending on interpretation, could have an adverse effect on VCT investors’ tax reliefs for allotments taking place after 5 April 2014. To remove this ambiguity certain amendments to the legislation are being discussed with HM Revenue & Customs, and our current expectation is that this issue will be satisfactorily resolved by the end of May 2014. In the meantime we are therefore taking the following actions:

#### **Postponement of allotment of shares**

On 14 January 2014, the Company and British Smaller Companies VCT2 plc issued a prospectus (which is comprised of a securities note, a registration document and a summary document, together “the Prospectus”) and circulars relating to joint offers for subscription to raise up to £30 million in aggregate (“the Offers”). While we await clarification from HM Revenue & Customs, our advisers have suggested that it would be sensible to postpone the allotment of the tax year 2014/15 shares applied for under the Offers from the closing date of 30 April 2014 as stated in the Prospectus. We expect this situation will be resolved in May 2014, and hope the allotment can take place around the end of that month, unless further advised. The closing date of the Offers is hereby extended accordingly.

Further announcements will be made should it become necessary to revise the above proposal.

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

David Hall	YFM Private Equity Limited	Tel: 0113 294 5039
Matthew Thomas	Nplus1 Singer Advisory LLP	Tel: 0207 496 3000

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

### Joint Offers for Subscription - Supplementary Prospectus

The Company announces that it has today published a supplementary prospectus with British Smaller Companies VCT2 (“BSC2”) plc in respect of the joint offers for subscription of up to, in aggregate, £30 million (the “Supplementary Prospectus”).

The Supplementary Prospectus is required as a consequence of BSC2 having published on 28 March 2014 its annual report and accounts for the year ended 31 December 2013.

The Supplementary Prospectus has been approved by the UK Listing Authority and will shortly be available to view at the online viewing facility of the National Storage Mechanism at the following website address: <http://www.morningstar.co.uk/uk/NSM>.

A copy of the Prospectus and Supplementary Prospectus is available, free of charge, from the registered office of the Company at:

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

or from the website of the Company at [www.bscfunds.com](http://www.bscfunds.com) .

or from the Company’s Sponsors, Howard Kennedy Corporate Services LLP, from its offices which are situated at:

19 Cavendish Square  
London W1A 2AW.

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

David Hall	YFM Private Equity Limited	Tel: 0113 294 5039
Matthew Thomas	Nplus1 Singer Advisory LLP	Tel: 0207 496 3000

## British Smaller Companies VCT plc

### Offers for Subscription: Allotment of Shares

British Smaller Companies VCT plc (the "Company") and British Smaller Companies VCT2 plc are seeking to raise up to a maximum of £30 million in aggregate by way of joint offers for subscription ("Offers"). Full details of the Offers are contained in a prospectus issued by the Company and British Smaller Companies VCT2 plc on 14 January 2014 (the "Prospectus").

The Company announces that on 5 April 2014 it made the third issue of ordinary shares pursuant to these Offers by allotting an aggregate of 466,746 ordinary shares of 10 pence each raising gross proceeds of £0.5 million. These allotments were made in respect of valid subscriptions received by 11:00 am on 5 April 2014, for the tax year 2013/2014 pursuant to the Offers. In accordance with the pricing formula set out in the Prospectus the new ordinary shares were allotted at offer prices of between 100.75 to 106.06 depending on the adviser charge (if applicable) and the number of shares issued pertaining to each application.

Together the Company and British Smaller Companies VCT2 plc have in total to date raised gross proceeds of £22.8 million and, after taking into consideration the costs of the Offers, this gives net total proceeds of approximately £21.8 million. The Company has raised net proceeds of approximately £13.1 million and British Smaller Companies VCT2 plc has raised net proceeds of approximately £8.7 million.

Employees of the fund manager, YFM Private Equity Limited, have to date subscribed £0.21 million under the Offers for 234,196 ordinary shares in both the Company and British Smaller Companies VCT2 plc. Currently the employees of YFM Private Equity hold 359,656 shares across both VCTs.

Applications are now being made by the Company for the ordinary shares which were allotted on 4 April 2014 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 21 April 2014.

Following the allotment of 466,746 ordinary shares, the Company's issued share capital consists of 63,164,608 ordinary shares with voting rights ("Voting Capital") and 2,469,502 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 FCA's Disclosure and Transparency Rules.

The Offers remain open. A copy of the Prospectus was submitted to the National Storage Mechanism and is available to the public for viewing online at the following web-site address:

<http://www.hemscott.com/nsm.do>. It can also be viewed on the Company's website  
<http://www.yfmep.com>.

7 April 2014

For further information, please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 294 5055
Matthew Thomas	Nplus1 Singer Advisory LLP	Tel: 020 7496 3000

## British Smaller Companies VCT plc

### Offers for Subscription: Allotment of Shares

British Smaller Companies VCT plc (the "Company") and British Smaller Companies VCT2 plc are seeking to raise up to a maximum of £30 million in aggregate by way of joint offers for subscription ("Offers"). Full details of the Offers are contained in a prospectus issued by the Company and British Smaller Companies VCT2 plc on 14 January 2014 (the "Prospectus").

The Company announces that on 4 April 2014 it made the second issue of ordinary shares pursuant to these Offers by allotting an aggregate of 1,312,175 ordinary shares of 10 pence each raising gross proceeds of £1.3 million. These allotments were made in respect of valid subscriptions received on or before 3 April 2014, for the tax year 2013/2014 pursuant to the Offers. In accordance with the pricing formula set out in the Prospectus the new ordinary shares were allotted at offer prices of between 100.75 to 106.76 depending on the adviser charge (if applicable) and the number of shares issued pertaining to each application.

Together the Company and British Smaller Companies VCT2 plc have in total to date raised gross proceeds of £22.1 million and, after taking into consideration the costs of the Offers, this gives net total proceeds of approximately £21.1 million. The Company has raised net proceeds of approximately £12.7 million and British Smaller Companies VCT2 plc has raised net proceeds of approximately £8.4 million.

Employees of the fund manager, YFM Private Equity Limited, have to date subscribed £0.21 million under the Offers for 234,196 ordinary shares in both the Company and British Smaller Companies VCT2 plc. Currently the employees of YFM Private Equity hold 359,656 shares across both VCTs.

Applications are now being made by the Company for the ordinary shares which were allotted on 4 April 2014 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 18 April 2014.

Following the allotment of 1,312,175 ordinary shares, the Company's issued share capital consists of 62,697,862 ordinary shares with voting rights ("Voting Capital") and 2,469,502 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 FCA's Disclosure and Transparency Rules.

The Offers remain open. A copy of the Prospectus was submitted to the National Storage Mechanism and is available to the public for viewing online at the following web-site address:

<http://www.hemscott.com/nsm.do>. It can also be viewed on the Company's website  
<http://www.yfmep.com>.

7 April 2014

For further information, please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 294 5055
Matthew Thomas	Nplus1 Singer Advisory LLP	Tel: 020 7496 3000

## British Smaller Companies VCT plc

### Offers for Subscription: Allotment of Shares

British Smaller Companies VCT plc (the “Company”) and British Smaller Companies VCT2 plc are seeking to raise up to a maximum of £30 million in aggregate by way of joint offers for subscription (“Offers”). Full details of the Offers are contained in a prospectus issued by the Company and British Smaller Companies VCT2 plc on 14 January 2014 (the “Prospectus”).

The Company announces that on 31 March 2014 it made the first issue of ordinary shares pursuant to these Offers by allotting an aggregate of 11,592,132 ordinary shares of 10 pence each raising gross proceeds of £11.9 million. These allotments were made in respect of valid subscriptions received on or before 28 March 2014, for the tax year 2013/2014 pursuant to the Offers. In accordance with the pricing formula set out in the Prospectus the new ordinary shares were allotted at offer prices of between 100.75 to 105.55 depending on the adviser charge (if applicable) and the number of shares issued pertaining to each application.

Together the Company and British Smaller Companies VCT2 plc have in total raised gross proceeds of £19.9 million in this first allotment and, after taking into consideration the costs of the Offers, this gives net total proceeds of approximately £19.0 million. The Company has raised net proceeds of approximately £11.4 million and British Smaller Companies VCT2 plc has raised net proceeds of approximately £7.6 million.

Philip Cammerman, non-executive Director of the Company, has been allotted 12,174 ordinary shares of 10 pence in the Company which takes his total shareholding to 67,975 ordinary shares in the Company.

Employees of the fund manager, YFM Private Equity Limited, have subscribed £0.21 million under the Offers for 234,196 ordinary shares in both the Company and British Smaller Companies VCT2 plc. Following this allotment the employees of YFM Private Equity hold 359,656 shares across both VCTs.

Applications are now being made by the Company for the ordinary shares which were allotted on 31 March 2014 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 14 April 2014.

Following the allotment of 11,592,132 ordinary shares, the Company’s issued share capital consists of 61,385,687 ordinary shares with voting rights (“Voting Capital”) and 2,469,502 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 FCA’s Disclosure and Transparency Rules.

The Offers remain open. A copy of the Prospectus was submitted to the National Storage Mechanism and is available to the public for viewing online at the following web-site address: <http://www.hemscott.com/nsm.do>. It can also be viewed on the Company's website <http://www.yfmep.com>.

1 April 2014

For further information, please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 294 5055
Matthew Thomas	Nplus1 Singer Advisory LLP	Tel: 020 7496 3000

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

### Purchase of Own Securities and Total Voting Rights

The Company announces that on 25 March 2014 it purchased 308,217 ordinary shares of 10 pence each at a price of 89.80 pence per share. These shares will be held in Treasury.

Adjusting for the allotment of 215,781 shares under the Company’s Dividend Re-investment Scheme on 21 March 2014, if these shares had been purchased prior to the quarter ended 31 December 2013, the Net Asset Value per ordinary share of the Company at that date would have increased by 0.1 pence from 101.5 to 101.6 pence per ordinary share.

The Company’s issued share capital now consists of 49,793,555 ordinary shares with voting rights. In addition, the Company holds 2,469,502 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.

The Company is about to enter into a close period on account of its year ended 31 March 2014 and the Directors and the Company consider that all price sensitive information has been declared to the market.

27 March 2014

For further information, please contact:

David Hall                      YFM Equity Partners Limited

Tel: 0113 294 5039

Matthew Thomas              Nplus1 Singer Advisory LLP

Tel: 0203 7496 3000

## British Smaller Companies VCT plc

### Payment of Dividends and Allotment of Shares

British Smaller Companies VCT plc (“the Company”) announces that on 21 March 2014 it paid a gross interim dividend (“Interim Dividend”) of 2.0 pence per ordinary share to shareholders on the register of members of the Company as at the record date of 21 February 2014.

The Company further announces that on 21 March 2014 it allotted 215,781 ordinary shares of 10 pence each pursuant to its dividend re-investment scheme (“the Scheme”) at a price of 94.53 pence per share to shareholders of the Company who elected to receive shares instead of the Interim Dividend. Of the Interim Dividend paid by the Company, 20 per cent was as a result re-invested in shares in the Company via the Scheme.

As part of this allotment, Edward Buchan, a non-executive director of the Company, was allotted 123 ordinary shares of 10 pence each in the Company. This takes his total shareholding to 5,968 ordinary shares in the Company representing 0.012% of the issued ordinary shares of the Company.

Application is now being made for the ordinary shares which were allotted on 21 March 2014 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 4 April 2014.

Following such allotment the Company’s issued share capital consists of 50,101,772 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
Matthew Thomas	Nplus1 Singer Advisory LLP	Tel: 020 7496 3000

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

### **Adjustment to Offer Price for Shares under the Joint Offers for Subscription**

On 14 January 2014, the Company and British Smaller Companies VCT2 plc issued a prospectus (“the Prospectus”, which is comprised of a securities note, a registration document and a summary document) and circulars relating to joint offers for subscription to raise up to £30 million in aggregate (“the Offers”).

On 13 February 2014 the Company declared an interim dividend of 2.0 pence per ordinary share to be paid on 21 March 2014 to Shareholders on the register on 21 February 2014. In order to reflect the fact that any allotment of ordinary shares under the Offers will be after the record date, and thus holders of such ordinary shares are not entitled to receive the interim dividend, the Offer Price (as defined in the Prospectus) has been reduced in accordance with the Pricing Mechanism (as defined in the Prospectus) to take account of this interim dividend and will be:

- For applications through execution only brokers: at an offer price of 103.0 pence per ordinary share, being the unaudited net asset value as at 30 September 2013 less the amount of interim dividend paid per share adjusted for the costs of the Offers of 5.5% (rounded to the nearest 0.25 pence per ordinary share).
- For applications through financial advisers or for direct applications: at an offer price of 100.75 pence per ordinary share, being the unaudited net asset value as at 30 September 2013 less the amount of interim dividend paid per share adjusted for the costs of the Offers of 3.5% (rounded to the nearest 0.25 pence per ordinary share).

The Directors reserve the right to make allotments other than those described below should it be deemed appropriate, and to extend the closing date of the 2014/2015 Offers.

An allotment of ordinary shares will be made by the Company on 31 March 2014 in respect of valid subscriptions for the tax year 2013/2014 received and accepted by the Company up to and including 28 March 2014. A further allotment of ordinary shares will be made by the Company on 5 April 2014 in respect of valid subscriptions for the tax year 2013/2014 received and accepted by the Company on or after 29 March 2014 and before the close of the Offers in respect of the tax year 2013/2014 at 11:00am on Saturday 5 April 2014.

An allotment of ordinary shares will be made by the Company on 30 April 2014 in respect of valid subscriptions for the tax year 2014/2015 received and accepted by the Company before the close of the Offers in respect of the tax year 2014/2015 at 11:00am on Wednesday 30 April 2014 (or earlier should the Offers become fully subscribed).

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

David Hall	YFM Private Equity Limited	Tel: 0113 294 5039
Matthew Thomas	Nplus1 Singer Advisory LLP	Tel: 0207 496 3000

# British Smaller Companies VCT plc

## Result of General Meeting

British Smaller Companies VCT plc (“the Company”) announces that the ordinary and special resolutions put to the shareholders of the Company (“Resolutions”) at its general meeting held today on 18 February 2014 (“General Meeting”) were duly passed.

The full text of the Resolutions are included in the notice of General Meeting dated 14 January 2014, contained within the circular of the same date issued to shareholders, in connection with the Company’s current joint fundraising with British Smaller Companies VCT2 plc, which is available for on-line viewing by the public either at [www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do) or on the website of the Company’s fund manager at [www.yfmep.com](http://www.yfmep.com).

Details of the proxy votes received for the Resolutions in advance of the General Meeting are also available on the website of the Company’s fund manager at [www.yfmep.com](http://www.yfmep.com).

In accordance with the Company’s obligations under Listing Rule 9.6.2, a copy of the Resolutions passed at the General Meeting has been submitted to the National Storage Mechanism and is available for viewing at [www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do).

For further information, please contact:

David Hall	YFM Equity Partners Limited	Tel: 0113 294 5039
Matthew Thomas	Nplus1 Singer Advisory LLP	Tel: 020 7496 3000

## **BRITISH SMALLER COMPANIES VCT PLC**

General Meeting on 18 February 2014

### **Note of Proxies Received**

The Company announces that all the resolutions put to the shareholders of the Company ('Resolutions') at a General Meeting held on 18 February 2014 were duly passed.

The full text of the Resolutions were contained in the notice of the General Meeting dated 14 January 2014, a copy of which is also available on this website.

### **ORDINARY RESOLUTIONS**

**Resolution 1** – To authorise the Directors to allot Ordinary Shares pursuant to Section 551 of the Companies Act 2006 in connection with the Offers, rights issue and generally

The total proxy votes received on this resolution were 4,542,618: 4,467,947 in favour (including votes at the Chairman's discretion), 68,297 against, and 6,374 withheld.

### **SPECIAL RESOLUTIONS**

**Resolution 2** – To dis-apply Section 561(1) of the Companies Act 2006 in respect of the allotment of Ordinary Shares pursuant to the Offer, rights issue and generally

The total proxy votes received on this resolution were 4,542,618: 4,448,962 in favour (including votes at the Chairman's discretion), 91,611 against, and 2,045 withheld.

**Resolution 3** – To amend article 191 of the Company's articles of association with respect to the Company's status as a VCT

The total proxy votes received on this resolution were 4,542,618: 4,453,363 in favour (including votes at the Chairman's discretion), 73,056 against, and 16,199 withheld.

**Resolution 4** – To cancel, subject to the sanction of the High Court, the share premium account

The total proxy votes received on this resolution were 4,542,618: 4,518,723 in favour (including votes at the Chairman's discretion), 23,895 against, and none withheld.

**Resolution 5** – to cancel, subject to the sanction of the High Court, the capital redemption reserve

The total proxy votes received on this resolution were 4,542,618: 4,523,875 in favour (including votes at the Chairman's discretion), 14,714 against, and 4,029 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 will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

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

## Interim Dividend

The directors are pleased to announce the payment of an interim dividend of two pence per ordinary share (“Interim Dividend”). The dividend will be paid on 21 March 2014 to Shareholders on the register on 21 February 2014.

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”).

Shareholders who wish to participate in the Scheme should visit the YFM Equity Partners website ([www.yfmep.com/bsc-vct-existing-investors-dris.930/](http://www.yfmep.com/bsc-vct-existing-investors-dris.930/)). In order for the Scheme to apply to the interim dividend, application needs to be returned by 7 March 2014.

Shareholders who do not wish to join the Scheme need take no further action and dividends will continue to be paid in cash.

13 February 2014

For further information, please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 294 5039
Matthew Thomas	Nplus 1 Singer Advisory LLP	Tel: 0207 496 3000

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

### Reduction of Capital

The directors are pleased to announce that, on 12 February, the High Court approved a reduction of the Company’s share capital. As a result the Company’s share capital has been reduced by £143,137.30 as resolved on and effected by a special resolution of the Company passed at a general meeting on 13 January 2014. The Company’s issued share capital is now 52,047,276 ordinary shares of 10p each and the Company now holds 2,161,285 treasury shares. The total number of shares in issue is 49,885,991.

13 February 2014

For further information, please contact:

David Hall

YFM Private Equity Limited

Tel: 0113 294 5039

Matthew Thomas

Nplus 1 Singer Advisory LLP

Tel: 0207 496 3000

# British Smaller Companies VCT plc (“the Company”) Interim Management Statement and Change of Auditor

## Interim Management Statement for the quarter ended 31 December 2013

British Smaller Companies VCT plc presents its interim management statement for the quarter ended 31 December 2013. 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 2014, 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).

### Total Return and Net Asset Value

The Total Return at 31 December 2013, calculated by reference to the Net Asset Value (NAV) per ordinary share and the cumulative dividends paid, was 190.2 pence per ordinary share compared to 187.9 pence per ordinary share at 30 September 2013. The increase is due to the movement in NAV discussed below. Cumulative dividends represent 88.7 pence per ordinary share (30 September 2013: 88.7 pence per ordinary share).

The unaudited NAV per ordinary share as at 31 December 2013 was 101.5 pence (30 September 2013: 99.2 pence per share). The increase in the quarter of 2.3 pence per ordinary share in NAV per ordinary share is due to the net upward movement in the unquoted portfolio valuation.

The number of ordinary shares in issue at 31 December 2013 was 49,885,991 (30 September 2013: 49,885,991). In addition, the Company held 3,592,658 shares in Treasury.

### Issue and Purchases of Ordinary Shares

During the quarter the Company has not issued or bought back any shares.

Net assets at 31 December 2013 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	33,266	65.7%
Quoted investment at bid price	3,929	7.8%
Total private equity investments	37,195	73.5%
Fixed income securities	2,407	4.7%
<b>Total investments</b>	<b>39,602</b>	<b>78.2%</b>
Cash and cash equivalents	10,975	21.7%
Other net current assets	71	0.1%
Net assets	50,648	100.0%

The ten largest investments by valuation and other investments at 31 December 2013 were:

	<b>£000</b>	<b>% of net assets</b>
GO Outdoors Limited	<b>6,130</b>	12.1%
Displayplan Holdings Limited	<b>3,977</b>	7.9%
President Engineering Group Limited	<b>3,976</b>	7.9%
Seven Technologies Limited	<b>2,728</b>	5.4%
Douglas Gill International Limited	<b>2,500</b>	4.9%
Waterfall Services Limited	<b>1,952</b>	3.9%
GTK (UK) Limited	<b>1,736</b>	3.4%
Deep-Secure Ltd	<b>1,680</b>	3.3%
Leengate Valves Limited	<b>1,401</b>	2.8%
Bagel Nash Group Limited	<b>1,100</b>	2.1%
Top ten investments	<b>27,180</b>	53.7%
Other investments	<b>10,015</b>	19.8%
Total private equity investments	<b>37,195</b>	73.5%

### **Investment Portfolio**

The Company continues to see increasing level of investment opportunities. During the quarter the Company made two new investments totalling £3.15 million. In October 2013 £1.75 million was invested into GTK (UK) Limited, a global provider and manufacturer of electronic components. In December 2013 £1.40 million was invested into Leengate Valves Limited, a specialist wholesaler and distributor of industrial valves.

In the quarter the Company has received a total of £1.18 million from the part disposal of investments, with £0.87 million relating to payment of loan capital/associated redemption premiums and £0.31 million in respect of partial disposals of quoted shareholdings, which gave rise to a small profit above their September carrying value.

Quoted investments are carried at bid price. Unquoted investments are carried at fair value as determined by the Board.

### **Performance**

Over the 3 months to 31 December 2013 the portfolio saw an overall increase in unrealised valuations of £0.89 million equating to a 3.0% increase on the opening value. This comprised an increase in the value of a number of the portfolio company's following strong trading results including GO Outdoors Limited, Seven Technology Limited, President Engineering Group Limited and Waterfall Services Limited. The AIM quoted portfolio also delivered a solid performance with a value gain of £0.33 million (8.4%) in the 3 months, dominated by a sharp increase in the share price of Pressure Technologies plc following further positive trading results.

The Board continues to follow a policy of maintaining a diversified portfolio; as at 31 December 2013 only 4 investments represented more than five per cent each of the NAV with the largest investment comprising 12.1 per cent.

### **Fundraising**

The Fund Manager has, in recent months, seen a marked increase in new investment opportunities. To take advantage of these new opportunities on 14 January 2014 the Board announced a joint offer (with British Smaller Companies VCT2 plc) to raise up to £30 million.

### **Outlook**

Good progress continues to be made across the Company's investment portfolio and there is currently a strong pipeline of new investment opportunities to support management teams with growth strategies or looking to lead management buy-outs. The increase in the annual investment limits to £5 million for Venture Capital Trusts is expected to further increase the investment rates in the year ahead.

## **Change of auditors**

In accordance with Section 520(2) of the Companies Act 2006 a letter will be sent to shareholders in the Company next week, for information only, in relation to the statutory statement received from Grant Thornton LLP in connection with its resignation as the Company's auditor. The resignation follows a competitive tender process.

The Company also announces that it has appointed BDO LLP as auditor to fill the casual vacancy. BDO LLP will be eligible for appointment as auditor at the next Annual general Meeting.

**31 January 2014**

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

David Hall            YFM Private Equity Limited  
Matthew Thomas    Nplus1 Singer Advisory LLP

Tel: 0113 294 5039  
Tel: 0207 496 3000

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

**If you are in any doubt about the action to be taken, you should immediately consult your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all of your shares in British Smaller Companies VCT plc, please send this document and accompanying documents, as soon as possible, to the purchaser or transferee or to the stockbroker, independent financial adviser or other person through whom the sale or transfer was effected for delivery to the purchaser or transferee.

### **British Smaller Companies VCT plc**

(Registered in England and Wales with registered number 03134749)

**Recommended proposals in connection with a joint offer for subscription relating to the authorities to allot Ordinary Shares, the amendment of the articles of association and the cancellation of the share premium account and capital redemption reserve**

Your attention is drawn to the letter from the chairman of the Company set out on pages 3 to 5 which contains a recommendation to vote in favour of the Resolutions to be proposed at the General Meeting.

You will find set out at the end of this document a notice of the General Meeting to be held on 18 February 2014 at 10:30 am to approve the Resolutions. The General Meeting will be held at The Berkeley Room, First Floor, Regus Lounge, 17 Bruton Street, London W1J 6QB.

To be valid, the form of proxy accompanying this document for the meeting should be returned not less than 48 hours (excluding weekends and public holidays) before the General Meeting, either by post or by hand to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham BR3 4TU.

# Contents

	<b>Page</b>
Part I: Letter from the Chairman	3
Part II: Additional Information	6
Part III: Definitions	10
Part IV: Notice of General Meeting	11

# Part I: Letter from the Chairman

## British Smaller Companies VCT plc

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

14 January 2014

Dear Shareholder

### **Recommended proposals in connection with a joint offer for subscription relating to the authorities to allot Ordinary Shares, the amendment of the articles of association and the cancellation of the share premium account and capital redemption reserve.**

#### **The Offers**

The Company and British Smaller Companies VCT2 plc are seeking to raise additional funds by way of joint offers of up to £30 million in aggregate, with an over allotment facility of up to £10 million in aggregate, to allow further expansion of their diverse investment portfolios.

The Fund Manager receives a high level of investment opportunities from its national network of offices and the Offers, helped by the perceived reluctance of UK banks to lend to small and medium-sized businesses, should enable the Companies to capitalise on these opportunities.

The Offers will enable new and existing Shareholders to invest in a mature and diversified portfolio of businesses that will be supplemented with new investments in line with the Companies' investment strategy. Recent investments by the Company include technical clothing specialist Douglas Gill International Limited (£2.5 million in September 2013), specialist electronic components manufacturer GTK (UK) Limited (£1.8 million in October 2013) and valves wholesaler Leengate Valves Limited (through its holding company HLWKH 556 Limited) (£1.4 million in December 2013).

Subject to a maximum of £24 million being raised by BSC2, investors will have the option to invest in either of the Companies or a combination of the two and if no preference is stated, each investor's subscription will be allocated 60% to the Company and 40% to BSC2, broadly reflecting the relative sizes of each fund. If £24 million is raised by BSC2, an announcement will be made to that effect by the Companies and subscription monies that would otherwise have been allocated to BSC2 will be returned to applicants, or subject to the consent of the applicant, be allocated to the Company.

The objectives of both Companies are to provide investors with an attractive long-term tax free dividend yield while maintaining the capital value of their investment and their venture capital trust status. An increase in the size of each of the Companies will enable the fixed element of each of the Companies' running costs to be spread over a wider capital base.

The net proceeds of the Offers will be invested by the Companies in accordance with their stated investment policies. Prior to the investment of funds in suitable Qualifying Investments, those funds will be invested in a portfolio of Government stocks or other similar fixed interest securities, including fixed term and instant access bank deposits.

The Offer Shares will be issued on a fully paid up basis in registered form and evidence of title will be through possession of a share certificate in the Shareholder's name. Alternatively, the Offer Shares may be held in an account through the CREST system. An application has been made to the UK Listing Authority and will be made to the London Stock Exchange for the Offer Shares to be admitted to the premium segment of the Official List of the UKLA and to trading on the London Stock Exchange's main market for listed securities. It is expected that such admission will become effective and that dealings in the Offer Shares will commence within ten business days of their allotment. The Company will apply for the Offer Shares to be admitted to CREST and it is expected that the Offer Shares will be so admitted, and accordingly enabled for settlement in CREST. Offer Shares will be allotted and issued on 31 March 2014 and 5 April 2014 in respect of valid applications received in respect of the 2013/2014 Offers and on 30 April 2014 for all valid applications received in respect of the 2014/2015 Offers. At the Directors' discretion, they may make earlier allotments should it be deemed appropriate or extend the closing date of the Offers to a date not later than 13 January 2015.

## Expected Timetable

Offers open	
Offers open	14 January 2014
First allotment	31 March 2014*
Dealings commence	10 business days following allotment
Share and Tax certificates issued	within 10 business days of allotment
Offers close**	
2013/2014 Offers	11.00 am on 5 April 2014
2014/2015 Offers	11.00 am on 30 April 2014***

\* At the Directors' discretion, they may make earlier allotments should it be deemed appropriate.

\*\* In the event that the maximum subscription is reached before either closing date, the Offers will be individually or jointly closed early.

\*\*\* The Directors reserve the right to extend the closing date of the 2014/2015 Offers (to a date not later than 13 January 2015).

The Directors reserve the right to increase the size of the Offers at their discretion to £40 million, in aggregate.

Shareholder approval is required under the Companies Act 2006 in respect of the Resolutions. The issue of Offer Shares by the Company under the Offers is conditional upon the passing of Resolutions 1 to 3 at the General Meeting.

## Ordinary Resolution

Resolution 1 will, if passed, give the Board authority to allot Shares in connection with the Offers up to an aggregate nominal amount of £3,000,000, a rights issue and an additional 10 per cent of the issued Share capital of the Company immediately following the final closing of the Offers.

This authority will expire on the later of (i) the Company's next annual general meeting or (ii) 15 months from the passing of the Resolution.

## Special Resolutions

Resolution 2 will, if passed, give the Board authority to allot the Shares referred to in Resolution 1 whilst disapplying the statutory pre-emption rights. This authority will expire on the later of (i) the Company's next annual general meeting or (ii) 15 months from the passing of this Resolution.

Resolution 3 will, if passed, amend article 191 of the Company's articles of association which refers to the duration of the Company. This article provides that at the annual general meeting of the Company held in 2018 and, if the Company has not then been wound-up or reconstructed or re-organised, at each fifth annual general meeting thereafter, the Directors shall procure that an ordinary resolution will be proposed to the effect that the Company shall continue in being a venture capital trust.

In view of the five year VCT qualifying period for tax relief that will relate to the further Shares that will be issued under the Offers, Resolution 3 proposes that article 191 is amended so that the year 2020 replaces 2018.

Resolution 4 will, if passed, approve, subject to the sanction of the High Court, the cancellation of the amount standing to the credit of the share premium account of the Company immediately after the final closing date of the Offers.

Resolution 5 will, if passed, approve, subject to the sanction of the High Court, the cancellation of the amount standing to the credit of the capital redemption reserve of the Company immediately after the final closing date of the Offers.

With regards to Resolutions 4 and 5, the Directors consider it appropriate to obtain the approval of Shareholders at the General Meeting to cancel the share premium account and capital redemption reserve (subject to the sanction of the High Court) to create further distributable reserves to fund distributions to Shareholders and Share buy-backs, to set off or write off losses and for other corporate purposes of the Company. Application to court will be made if and when the Board feels this is appropriate. These authorities are being taken now to provide flexibility to the Board in the future without a further general meeting having to be convened.

## **Action to be Taken**

Shareholders will find a form of proxy at the rear of this document for the General Meeting. Whether or not you propose to attend the General Meeting, you are requested to complete and return the form of proxy so as to be received not less than 48 hours before the time appointed for holding the General Meeting. Completion and return of the form of proxy will not prevent a Shareholder from attending and voting in person at the General Meeting should a Shareholder wish to do so.

## **Recommendation**

The Board considers that the Resolutions are in the best interests of the Shareholders as a whole and unanimously recommends you to vote in favour of the Resolutions. The Directors intend voting in favour of the Resolutions in respect of their own beneficial shareholdings in the Company which, at the date of this Circular, total 78,645 Shares (representing approximately 0.16% of the issued Shares).

Yours sincerely

A handwritten signature in black ink, appearing to read 'H S', is positioned above the printed name of Helen Sinclair.

**Helen Sinclair**  
**Chairman**

# Part II: Additional Information

## 1. Responsibility and Registered Office

The Company, and the Directors whose names appear below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who 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.

Helen Sinclair (Chairman)  
Philip Cammerman  
Edward Buchan

The registered office of the Company is Saint Martins House, 210-212 Chapeltown Road, Leeds, West Yorkshire LS7 4HZ.

## 2. Authorised and Issued Share Capital

- 2.1 As at 30 September 2013 (being the end of the last financial period of the Company for which unaudited interim financial information has been published) there were 165,000,000 authorised and 49,885,991 issued Ordinary Shares, each ranking pari passu. All of the Ordinary Shares are listed on the Official List of the UK Listing Authority. The Company held an additional 3,592,658 Shares in the treasury account at 30 September 2013.
- 2.2 Immediately following the close of the Offers, assuming £30,000,000 is raised in aggregate under the Offers, that the price per Offer Share for the Company is 103.0p and that Offer Shares are allocated 60 per cent to the Company and 40 per cent to BSC2 with 17,475,728 Shares being allotted by the Company under the Offers, the issued share capital of the Company, fully paid or credited as fully paid, will be £7,095,438 divided into 70,954,377 Ordinary Shares (of which 3,592,658 Ordinary Shares will be held in treasury), and there will remain authorised but un-issued a minimum of £9,404,562 of share capital divided into 94,045,623 Ordinary Shares.

## 3. Directors' and Other Interests

- 3.1 The interests of the Directors, or persons connected with such Directors, (all of which are beneficial unless otherwise stated) in the issued share capital of the Company as at 13 January 2014 (being the latest practicable date before publication of this Circular) were:

Director	Ordinary Shares
Helen Sinclair	17,004
Philip Cammerman	55,801
Edward Buchan	5,840

- 3.2 The interests of the Directors, or persons connected with such Directors, (all of which are beneficial unless otherwise stated) in the issued share capital of the Company as at the close of the Offers (assuming £30,000,000 is raised in aggregate under the Offers, that the price per Offer Share for the Company is 103.0p, that Offer Shares are allocated 60 per cent to the Company and 40 per cent to BSC2 and that the Directors are issued Loyalty Bonus Shares) will be:

Director	Ordinary Shares
Helen Sinclair	17,004
Philip Cammerman	59,742
Edward Buchan	9,781

- 3.3 Save as disclosed above, no Director nor (so far as is known to the relevant Director) any person connected with a Director, has any interest in the share capital of the Company.

#### **4. Significant Shareholdings**

As at 13 January 2014 (being the latest practicable date prior to the publication of this Circular) the Directors were not aware of any holdings of 3 per cent or more of the Company's issued share capital or of any person who, directly or indirectly, jointly or severally, exercises control over the Company.

#### **5. Material Contracts**

- 5.1 The Company has entered into the following material contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Circular or under which the Company has any obligation or entitlement which is material to it as at the date of this Circular:
- 5.1.1 An offer agreement dated 14 January 2014 ("the Offer Agreement") between the Companies (1), the Directors (2) and the Fund Manager (3) under which, the Fund Manager has undertaken, as agent of the Companies, to use its reasonable endeavours to procure subscribers under the Offers. As is usual in contracts of this type, the Fund Manager agreed to indemnify the Companies against the costs of the Offers exceeding the Offer Costs Percentage, excluding VAT and trail commission and will receive a percentage of the value of the gross proceeds relating to each applicant under the Offers that is equal to the Offer Costs Percentage relating to that applicant's subscription. Under the Offer Agreement, warranties have been given by each Company, the Directors and the Fund Manager, subject to certain limitations, which are in the usual form for a contract of this type.
- 5.1.2 An agreement between the Companies and Howard Kennedy dated 12 November 2013 under which Howard Kennedy agreed to act as sponsor to the Offers. The Companies agreed to indemnify Howard Kennedy in respect of losses incurred by Howard Kennedy and which arise, directly or indirectly, from its role as sponsor.
- 5.1.3 An offer agreement dated 16 November 2012 ("the 2012 Offer Agreement") between the Companies (1), the Directors (2) and YFM Private Equity (3) under which, as is usual in contracts of this type, YFM Private Equity agreed to indemnify the Companies against the costs of the offers launched by the Companies on 16 November 2012 (the "2012 Offers") exceeding the Offer Costs Percentage, as defined in the prospectus relating to the 2012 Offers ("2012 Prospectus"), and received a percentage of the value of the gross proceeds received from each applicant by the Companies under the 2012 Offers that is equal to the Offer Costs Percentage in respect of that applicant's subscription, less the initial commission paid by the Companies to recognised intermediaries in respect of accepted applications as set out in the 2012 Prospectus. Under the 2012 Offer Agreement YFM Private Equity, the Companies and the Directors gave certain warranties which were subject to certain limitations. The warranties were in the usual form for a contract of this type.
- 5.1.4 An agreement between the Companies and Howard Kennedy dated 18 August 2012 under which Howard Kennedy agreed to act as sponsor to the offers set out in 5.1.3. The Companies agreed to indemnify Howard Kennedy in respect of losses incurred by Howard Kennedy and which arise, directly or indirectly, from its role as sponsor.
- 5.1.5 By an administration and investment advisory agreement dated 28 February 1996 between the Company and YFM Private Equity (the "IAA"), as varied by an agreement dated 16 November 2012, YFM Private Equity agreed to provide administrative, company secretarial and investment advisory services to the Company in relation to the Company's qualifying portfolio. The IAA took effect on 4 April 1996 for an initial period of three years and thereafter is terminable by either party on not less than 12 months' notice or, inter alia, on the others' breach or insolvency.
- 5.1.6 Under the IAA, YFM Private Equity is entitled to receive an annual investment advisory fee of 2.0 per cent of the net assets of the Company (as determined on 31 March and 30 September each year), payable quarterly in advance on 1 January, 1 April, 1 July and 1 October in each year together with an annual secretarial fee of £35,000 (subject to annual adjustment and currently £57,702). The Fund Manager is also entitled to all arrangement, syndication and monitoring fees payable in respect of unquoted investments. The Company indemnifies the Fund Manager against all things lawfully and properly done under the IAA. The total remuneration payable to YFM Private Equity in the period to 31 March 2013 was £808,000. Pursuant to the deed of variation dated 16 November 2012, the Fund Manager shall bear the annual operating costs of the Company to the extent that those costs exceed 3.25 per cent of the net asset value of the Company, a reduction from the previous level of 3.5 per cent.

5.1.7 An incentive agreement (the "Incentive Agreement") dated 7 July 2009 between the Company, the YFM Private Equity Carried Interest Trust (an employee benefit trust established for the benefit of employees of the Fund Manager) and the Fund Manager under which, with effect from 1 April 2009 ("Effective Date") the Fund Manager is entitled to receive a fee, calculated by reference to each accounting period of the Company, equal to 20 per cent of the amount by which dividends paid to Shareholders exceed 4.0 pence per Share per accounting period (as increased or decreased, as applicable, in each accounting period by the percentage increase or decrease (if any) in the retail prices index in the previous accounting period) ("Target Rate"), once cumulative dividends per Share of 10.0 pence or more have been paid to Shareholders. The Target Rate is further adjusted by reference to any cumulative shortfall in dividends paid per Share from any previous accounting period after the Effective Date. The payment is also conditional upon the net asset value per Share in the relevant accounting period being not less than 94.0 pence per Share, as adjusted for the impact of share issues and buy-backs. A compensatory payment is due if the Incentive Agreement is terminated without cause or if the Company is taken over. The compensatory payment is calculated as a percentage of the fee that would otherwise be payable under the Incentive Agreement by reference to the accounting period following the Incentive Agreement being so terminated; 80 per cent is payable in the first accounting period after such event, 55 per cent in the second, 35 per cent in the third, and nil thereafter. The maximum fee payable in any 12 month period cannot exceed an amount which would represent 25 per cent or more of the net asset value or market capitalisation of the Company at such time. The Target Rate at 31 March 2013 was 4.6 pence, and the calculation was verified by independent auditors. The total incentive payment to YFM Private Equity in respect of the year to 31 March 2013 was £38,678 (in respect of the year to 31 March 2012: £1,415,058).

Mr Cammerman, as a former employee of YFM Private Equity, is one of the beneficiaries of that Trust, and received £14.82 in August 2013 (£735.78 in August 2012).

5.1.8 Under the terms of a letter from Brewin Dolphin Limited ("Brewin") to the Company dated 25 October 2004, Brewin agreed to act as investment manager to the Company in relation to its portfolio of short-term Government securities and to produce monthly portfolio valuations. In return for such services, Brewin are entitled to receive a management fee based on an ad valorem charge of 0.2 per cent per annum (plus VAT) of funds under management, payable quarterly, subject to a maximum annual fee of £25,000 (plus VAT). This cost is borne by the Fund Manager.

5.1.9 By a deed of novation dated 9 November 2012 (to the agreement dated 3 September 2004 as novated on 1 April 2009) between the Company and Nplus1 Singer Advisory LLP ("Singer"), Singer agreed to act as brokers to the Company, and, inter alia, to act as a market maker in the Shares of the Company and to carry out share purchases on the Company's behalf. Singer are entitled to receive an annual fee of £10,000, plus VAT if applicable, payable quarterly in arrears on 30 September, 31 December, 31 March and 30 June. Under the terms of the novated agreement the Company indemnifies Singer against losses arising out of Singer's appointment except where such losses arise from Singer's breach of agreement, negligence or wilful default.

## 6. Directors' Service Contracts and Remuneration

None of the Directors has a service contract with the Company and the services of the Directors are provided to the Company pursuant to letters of appointment, under which they are required to devote such time to the affairs of the Company as the Board reasonably requires consistent with their role as a non-executive director.

The Directors are each currently entitled to receive the following annual fees:

Director	£
Helen Sinclair	35,000
Philip Cammerman	20,000
Edward Buchan	20,000
	<b>75,000</b>

## **7. Significant Changes**

Since 30 September 2013 (being the end of the last financial period of the Company for which unaudited interim financial information has been published), there has been no significant change in the financial or trading position of the Company.

## **8. Documents Available for Inspection**

Copies of the following documents will be available for inspection from the date of this Circular until the conclusion of the General Meeting during normal business hours and on any weekday (Saturdays and public holidays excepted) at the registered office of the Company at Saint Martins House, 210-212 Chapeltown Road, Leeds, West Yorkshire LS7 4HZ:

- 8.1 the audited accounts of the Company for the years ended 31 March 2010, 2011 and 2012;
- 8.2 the unaudited interim financial statements for the 6 month periods to 30 September 2012 and 30 September 2013;
- 8.3 the Company's articles of association;
- 8.4 the Directors' letters of appointments referred to in paragraph 6 above; and
- 8.5 this Circular.

14 January 2014

# Part III: Definitions

<b>"2013/2014 Offers"</b>	the offers for subscription of Ordinary Shares to a value not exceeding £40 million, in respect of the tax year 2013/2014, details of which are set out in this document;
<b>"2014/2015 Offers"</b>	the offers for subscription of Ordinary Shares to a value not exceeding £40 million, in respect of the tax year 2014/2015, details of which are set out in this document;
<b>"Board" or "Directors"</b>	Helen Sinclair, Philip Cammerman and Edward Buchan;
<b>"BSC2"</b>	British Smaller Companies VCT2 plc, registered with the Registrar of Companies of England and Wales with registered number 04084003 and whose registered office is Saint Martins House, 210-212 Chapeltown Road, Leeds, West Yorkshire LS7 4HZ;
<b>"the Circular"</b>	this document;
<b>"the Company"</b>	British Smaller Companies VCT plc, registered with the Registrar of Companies of England and Wales with registered number 03134749 and whose registered office is Saint Martins House, 210-212 Chapeltown Road, Leeds, West Yorkshire LS7 4HZ;
<b>"the Companies"</b>	the Company and BSC2;
<b>"the Prospectus"</b>	the prospectus dated the date of this Circular relating to the Offers;
<b>"Financial Advisers"</b>	an authorised intermediary offering investment advice to his client;
<b>"Fund Manager" or "YFM Private Equity"</b>	YFM Private Equity Limited, registered number 02174994 and whose registered office is Saint Martins House, 210-212 Chapeltown Road, Leeds, West Yorkshire LS7 4HZ;
<b>"General Meeting"</b>	the general meeting of the Company to be held on 18 February 2014 (or any adjournment thereof);
<b>"Howard Kennedy"</b>	Howard Kennedy Corporate Services LLP, registered number OC354088;
<b>"Offer Costs Percentage"</b>	(i) 5.5 per cent of gross funds raised by the Companies in respect of applications received through execution only brokers and (ii) 3.5 per cent of gross funds raised by the Companies in respect of applications received through Financial Advisers or for direct applications;
<b>"Offers"</b>	the 2013/2014 Offers and the 2014/2015 Offers;
<b>"Offer Shares"</b>	Shares to be issued under the Offers;
<b>"Resolutions"</b>	the resolutions to be proposed at the General Meeting;
<b>"Shareholders"</b>	holders of Shares;
<b>"Shares" or "Ordinary Shares"</b>	ordinary shares of 10.0 pence each in the capital of the Company;
<b>"VCT"</b>	a venture capital trust as defined in Section 259 Income Taxes Act 2007.

# Part IV:

# British Smaller Companies VCT plc

(registered number 03134749)

## Notice of General Meeting

NOTICE IS HEREBY GIVEN that a General Meeting of British Smaller Companies VCT plc will be held at The Berkeley Room, First Floor, Regus Lounge, 17 Bruton Street, London W1J 6QB at 10:30 am on 18 February 2014 to consider and, if thought fit, pass the following Resolutions which will be proposed as an ordinary Resolution as to Resolution 1 and as special Resolutions as to Resolutions 2 to 5:

### Ordinary Resolution

- (1) THAT the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company in connection with:
- (i) the Offers up to an aggregate nominal amount of £3,000,000;
  - (ii) an offer of securities by way of a rights issue;
  - (iii) the allotment for cash (otherwise than pursuant to sub-paragraphs (i) to (ii) above) of equity securities up to an aggregate nominal amount of 10 per cent of the issued Ordinary Share capital of the Company immediately following the final closing of the Offers, during the period commencing on the passing of this Resolution and expiring on the later of 15 months from the date hereof or the next annual general meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting), but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted, or rights to subscribe for or to convert any security into shares to be granted, after such expiry and that all previous authorities given to the Directors be and they are hereby revoked, provided that such revocation shall not have retrospective effect

### Special Resolutions

- (2) THAT the Directors be and are hereby empowered in accordance with Section 570(1) of the Act during the period commencing on the passing of this Resolution and expiring at the conclusion of the Company's next annual general meeting, or on the expiry of 15 months following the passing of the Resolution, whichever is the later, (unless previously revoked, varied or extended by the Company in general meeting), to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the general authority conferred upon the Directors in Resolution (1) above as if Section 561 of the Act did not apply to any such allotment provided that this power is limited to the allotment of equity securities in connection with:
- (i) the Offers;
  - (ii) an offer of securities by way of rights;
  - (iii) the allotment for cash (otherwise than pursuant to sub-paragraph (i) to (ii) above) of equity securities up to an aggregate nominal amount of 10 per cent of the issued share capital of the Company immediately following the final closing of the Offers but so that this authority shall allow the Company to make offers or agreements before the expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if the powers conferred hereby had not so expired. This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of Section 560(2) of the Act as if in the first paragraph of this Resolution the words "pursuant to the general authority conferred upon the Directors in Resolution (1) above" were omitted;
- (3) THAT article 191 of the Company's articles of association be amended to delete the reference to "2018" in line 1 and substitute "2020" therefor;
- (4) THAT, subject to the sanction of the High Court, the amount standing to the credit of the share premium account of the Company immediately after the final closing date of the Offers be cancelled;
- (5) THAT, subject to the sanction of the High Court, the amount standing to the credit of the capital redemption reserve of the Company immediately after the final closing date of the Offers be cancelled.

**BY ORDER OF THE BOARD**

KHM Secretarial Services Limited  
Secretary

**Registered Office:**

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

Information regarding the General Meeting, including the information required by Section 311A of the Companies Act 2006, is available from **[www.yfmep.com](http://www.yfmep.com)**

14 January 2014

## Notes

- (a) Any member of the Company entitled to attend and vote at the General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the General Meeting in order to represent his appointor. A member entitled to attend and vote at the General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (h) below. Under Section 319A of the Companies Act 2006, the Company must answer any question a member asks relating to the business being dealt with at the General Meeting unless:
- answering the question would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information;
  - the answer has already been given on a website in the form of an answer to a question; or
  - it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.
- (b) To be valid, a Form of Proxy must be completed and signed and together with the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham BR3 4TU not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote.
- (c) In order to revoke a proxy instruction a member will need to inform the Company by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Capita Asset Services before the General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.
- (d) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the General Meeting in person, the proxy appointment will automatically be terminated.
- (e) Copies of the Directors' Letters of Appointment, the Register of Directors' interests in the Ordinary Shares of the Company kept, a copy of the amended Articles of Association (marked up to show the proposed changes) and a copy of the current Articles of Association will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday and Public Holidays excluded) from the date of this notice, until the end of the General Meeting for at least 15 minutes prior to and during the meeting.
- (f) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's Shares registered on the Register of Members of the Company as at 6 pm on 14 February 2014 or, in the event that the General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said General Meeting in respect of such Shares registered in their name at the relevant time. Changes to entries on the Register of Members after 6 pm on 14 February 2014 or, in the event that the General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the General Meeting.
- (g) As at 13 January 2014, the Company's issued share capital comprised 49,885,991 Ordinary Shares with a further 3,592,658 Ordinary Shares held in treasury. The total number of voting rights in the Company as at 13 January 2014 is 49,885,991. The website referred to above will include information on the number of Ordinary Shares and voting rights.

- (h) If you are a person who has been nominated under Section 146 of the Companies Act 2006 to enjoy information rights (“Nominated Person”):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (“Relevant Member”) to be appointed or to have someone else appointed as a proxy for the General Meeting;
  - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights;
  - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- (i) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same Share.
- (j) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the Resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
- (k) Members may not use any electronic address provided either in this notice of General Meeting, or any related documents (including the letter from the Chairman and proxy form), to communicate with the Company for any purposes other than those expressly stated.
- (l) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear UK & Ireland’s specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer’s agent (ID RA10) not less than 48 hours (excluding weekends and public holidays) before the time of the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

# Form of Proxy

## British Smaller Companies VCT plc

(Registered in England and Wales with registered number 03134749)

For use at the General Meeting of the above-named Company to be held on 18 February 2014  
at The Berkeley Room, First Floor, Regus Lounge, 17 Bruton Street, London W1J 6QB at 10:30 am

I/We\* \_\_\_\_\_ (in BLOCK CAPITALS please)

of \_\_\_\_\_

being a member of the above-named Company, hereby appoint the Chairman of the General Meeting (see note 2)

or \_\_\_\_\_

of \_\_\_\_\_

as my/our\* proxy to attend for me/us\* on my/our\* behalf at the General Meeting of the Company to be held as detailed above or at any adjournment thereof.

Number of Ordinary Shares proxy is appointed over \_\_\_\_\_

Please tick here if you are appointing more than one proxy

I/ We\* desire to vote on the Resolutions as indicated in the appropriate column below. Please indicate with an "X" how you wish your vote to be cast.

Details of the Resolutions are set out in the Notice of the General Meeting

	FOR	AGAINST	WITHHELD
<b>ORDINARY RESOLUTION</b>			
1. To authorise the Directors to allot Ordinary Shares pursuant to Section 551 of the Companies Act 2006 in connection with the Offers, rights issue and generally	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>SPECIAL RESOLUTIONS</b>			
2. To disapply Section 561(1) of the Companies Act 2006 in respect of the allotment of Ordinary Shares pursuant to the Offer, rights issue and generally	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To amend article 191 of the Company's articles of association with respect to the Company's status as a VCT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To cancel, subject to the sanction of the High Court, the share premium account	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To cancel, subject to the sanction of the High Court, the capital redemption reserve	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* Delete as appropriate

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature(s) \_\_\_\_\_ / \_\_\_\_\_



## NOTES

1. The Notice of the General Meeting is set out on pages 11 to 14 of the Circular.
2. Any member of the Company entitled to attend and vote at the General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the General Meeting in order to represent his appointor. A member entitled to attend and vote at the General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person.
3. If you wish to appoint a proxy of your own choice delete the words "the Chairman of the General Meeting" and insert the name and address of the person whom you wish to appoint in the space provided.
4. Any alterations to the Form of Proxy should be initialled.
5. To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham BR3 4TU not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote.
6. In order to revoke a proxy instruction a member will need to inform the Company by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Capita Asset Services before the General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note 9 below, the proxy appointment will remain valid.
7. In the case of a corporation, this form must be executed under its common seal or signed on its behalf by its attorney or a duly authorised officer of the corporation.
8. In the case of joint Shareholders, any one of them may sign. The vote of the person whose name stands first in the register of members will be accepted to the exclusion of the votes of the other joint holders.
9. Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the General Meeting in person, the proxy appointment will automatically be terminated.
10. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the Resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

# British Smaller Companies VCT plc

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

T: 0113 294 5000  
F: 0113 294 5002  
E: [info@yfmep.com](mailto:info@yfmep.com)

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

Publication of Prospectus and Circular re: joint offers

On 14 January 2014, the Company and British Smaller Companies VCT2 plc issued a prospectus (which is comprised of a securities note, a registration document and a summary document) and circulars relating to joint offers for subscription to raise up to £30 million in aggregate (“the Offers”).

The Offers opened on 14 January 2014. The Offers in relation to the 2013/2014 tax year will close at 11:00 am on Saturday 5 April 2014 and the Offers in relation to the 2014/2015 tax year will close at 11:00 am on Wednesday 30 April 2014 (or such later date to which the Directors extend the 2014/2015 Offers) or earlier should the Offers become fully subscribed.

Copies of these documents have been submitted to the National Storage Mechanism and will be available to the public for viewing online at the following web-site address:

<http://www.hemscott.com/nsm.do>. They will also be available for viewing on the Fund Manager’s website <http://www.yfmep.com>.

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

David Hall                      YFM Private Equity Limited                      Tel: 0113 294 5039

Matthew Thomas      Nplus1 Singer Advisory LLP                      Tel: 0207 496 3000

# British Smaller Companies VCT plc

## Result of General Meeting

British Smaller Companies VCT plc (“the Company”) announces that the ordinary and special resolutions put to the shareholders of the Company (“Resolutions”) at its general meeting held today on 13 January 2014 (“General Meeting”) were duly passed.

The full text of the Resolutions are included in the Notice of General Meeting dated 12 December 2013 contained within the Circular issued to shareholders of the same date, which is available for on-line viewing by the public either at [www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do) or on the website of the Company’s Fund Manager at [www.yfmep.com](http://www.yfmep.com).

Details of the proxy votes received for the Resolutions in advance of the General Meeting are also available on the website of the Company’s Fund Manager at [www.yfmep.com](http://www.yfmep.com).

In accordance with the Company’s obligations under Listing Rule 9.6.2, a copy of the Resolutions passed at the General Meeting has been submitted to the National Storage Mechanism and is available for viewing at [www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do).

For further information, please contact:

David Hall	YFM Equity Partners Limited	Tel: 0113 294 5039
Matthew Thomas	Nplus1 Singer Advisory LLP	Tel: 020 7496 3000

## **BRITISH SMALLER COMPANIES VCT PLC**

Annual General Meeting on 13 January 2014

### **Note of Proxies Received**

The Company announces that all the resolutions put to the shareholders of the Company ('Resolutions') at a General Meeting held on 13 January 2014 were duly passed.

The full text of the Resolutions were contained in the notice of the Annual General Meeting dated 12 December 2013, a copy of which is also available on this website.

### **SPECIAL RESOLUTIONS**

**Resolution 1** – To approve the reduction of capital

The total proxy votes received on this resolution were 8,740,398: 8,683,439 in favour (including votes at the Chairman's discretion), 42,193 against, and 14,766 withheld.

**Resolution 2** – To approve the appropriation of reserves and the release of the claims against shareholders arising from the payment of the Relevant Dividends

The total proxy votes received on this resolution were 8,740,398: 8,690,584 in favour (including votes at the Chairman's discretion), 37,041 against, and 12,773 withheld.

### **ORDINARY RESOLUTIONS**

**Resolution 3** – To approve the release of the Directors in respect of the Relevant Share Buybacks

The total proxy votes received on this resolution were 8,740,398: 8,185,105 in favour (including votes at the Chairman's discretion), 366,160 against, and 189,133 withheld.

**Resolution 4** – To approve the release of the Directors in respect of the Relevant Dividends

The total proxy votes received on this resolution were 8,740,398: 8,179,788 in favour (including votes at the Chairman's discretion), 357,160 against, and 203,450 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 will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.