

British Smaller Companies VCT2 plc

Offer for Subscription

The Board of British Smaller Companies VCT2 plc ("the Company") is pleased to announce that the Company has today launched a new share offer (the "Offer") to raise up to £4.25 million. Full details of the Offer are contained in an offer document (the "Offer Document") issued by the Company, dated 3 January 2017.

The Offer will be open to existing shareholders until 31 January 2017 and, unless the Offer has been fully subscribed, the Offer will then be also be available to new investors from 1 February 2017.

The Offer Document is available from the Company's website: www.bscfunds.com and will be posted to existing shareholders on 6 January 2017.

The Offer opens on 3 January 2017 and will close on 5 April 2017. The Offer will close earlier if it is fully subscribed.

Pursuant to the Offer, YFM Private Equity Limited, the Company's investment adviser, will receive a fee of 3 per cent (of the gross proceeds of the Offer) in respect of subscriptions received either direct or through an adviser and 5 per cent (of the gross proceeds of the Offer) for subscriptions received through an execution only platform or broker. This constitutes a related party transaction under Listing Rule 11.1.10R.

The Offer Document will shortly be available for inspection at the National Storage Mechanism, which is located at:

<http://www.morningstar.co.uk/uk/NSM>

3 January 2017

For further information please contact:

David Hall	YFM Private Equity Limited	0113 244 1000
Jonathan Becher	Panmure Gordon (UK) Limited	0207 886 2715

British Smaller Companies VCT2 plc

Close of Offer to New Subscriptions

On 3 January 2017 British Smaller Companies VCT2 plc (the “Company”) launched an Offer for Subscription (the “Offer”) to raise up to £4.25 million.

The Board is pleased to announce, within a week of its launch, that the Offer has been fully subscribed from existing shareholders demonstrating their excellent support for the Company and, as a consequence, the Offer is now closed to new applications.

The allotment of new ordinary shares is expected to take place on 27 January 2017 and dealings in these shares are expected to commence on or around 10 February 2017.

A copy of the Offer Document was submitted to the National Storage Mechanism and is available to the public for viewing online at the following web-site address: <http://www.morningstar.co.uk/uk/NSM>.

10 January 2017

For further information, please contact:

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Jonathan Becher	Panmure Gordon (UK) Limited	Tel: 0207 866 2715

British Smaller Companies VCT2 plc

Offer for Subscription

The Board of British Smaller Companies VCT2 plc ("the Company") announces that the allotment of new ordinary shares pursuant to its Offer for Subscription (the "Offer") is now expected to take place on 10 February 2017 and dealings in these shares are expected to commence on or around 17 February 2017.

A copy of the Offer Document was submitted to the National Storage Mechanism, and is now available to the public for viewing online at the following website address:

<http://www.morningstar.co.uk/uk/NSM>

30 January 2017

For further information please contact:

David Hall	YFM Private Equity Limited	0113 244 1000
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British Smaller Companies VCT2 plc

Issue of Equity and Close of Offer

British Smaller Companies VCT2 plc (the “Company”) launched an Offer for Subscription (the “Offer”) on 3 January 2017 to raise up to £4.25 million which was closed to new applications on 10 January 2017.

The Company announces that on 10 February 2017 it made the first and final issue of ordinary shares pursuant to the Offer by allotting 6,787,231 ordinary shares of 10 pence each raising gross proceeds of £4.25 million. In accordance with the pricing formula set out in the Offer Document the new ordinary shares were allotted at offer prices of 62.165 pence and 63.407 pence per share depending on whether applications were received direct, through an adviser or through an execution only broker or platform. After taking into consideration the costs of the Offer, net proceeds were approximately £4.1 million.

The net asset value (“NAV”) used for the calculation of the issue price on 10 February 2017 is 60.3 pence per share, being the last reported NAV as at 30 September 2016.

Applications are now being made by the Company for the ordinary shares which were allotted on 10 February 2017 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 17 February 2017.

Following the allotment of 6,787,231 ordinary shares, the Company’s issued share capital consists of 100,761,545 ordinary shares with voting rights (“Voting Capital”) and 2,545,746 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.

10 February 2017

For further information, please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 244 1000
Jonathan Becher	Panmure Gordon (UK) Limited	Tel: 0207 866 2715

British Smaller Companies VCT2 plc
Annual Financial Report Announcement for
the Year ended 31 December 2016

British Smaller Companies VCT2 plc (“the Company”) today announces its audited results for the year ended 31 December 2016.

Financial Highlights

- An increase in total return of 2.1 per cent of the opening net asset value.
- 2.8 per cent underlying growth in the investment portfolio.
- Total dividends paid in the year of 4.5 pence per ordinary share (2015: 4.5 pence per ordinary share).
- Total cumulative dividends paid since inception of 52.5 pence per ordinary share (2015: 48.0 pence per ordinary share).
- Proposed final dividend of 1.5 pence per ordinary share in respect of the year ended 31 December 2016.
- Successful fundraising during the year, raising net funds of £3.5 million.

Chairman's Statement

Total shareholder return for the year was 1.3 pence per ordinary share, which was 2.1 per cent of the net asset value at 31 December 2015 and your Company's portfolio generated a return of 1.5 pence per ordinary share, which was 2.8 per cent over its opening value.

The impact of the new VCT rules on the investment rate over the past two years has been quite marked. Investments in new unquoted trading companies totalled £4.3 million in 2016 and £3.0 million in 2015, compared to £12.3 million in 2014, the last year under the previous rules.

In light of this it is pleasing that there was an increase in the investment rate following HMRC's issuance of its revised guidance on the new VCT rules in May 2016, with 75 per cent of the year's investments being completed in the final quarter of the year. There remains a good pipeline of potential investments which your Board is looking to convert to add to the portfolio during 2017.

Financial Results

In the year to 31 December 2016 your Company's total return increased by 1.3 pence per ordinary share to 112.2 pence per ordinary share, driven mainly by the underlying value growth in the investment portfolio. This equates to an increase of 2.1 per cent on the opening net asset value at 31 December 2015.

During the year your Company has paid total dividends of 4.5 pence per ordinary share, bringing the total cumulative dividends paid since inception to 52.5 pence per ordinary share. The net asset value at 31 December 2016 is 59.7 pence per share as summarised in the table below:

	Pence per ordinary share	£000
NAV at 31 December 2015	62.9	54,850
Net underlying increase in portfolio	1.1	1,043
Net income after expenses	0.4	369
Issue/buy-back of new shares	(0.2)	4,038
	1.3	5,450
Dividends paid	(4.5)	(4,191)
	(3.2)	1,259
NAV at 31 December 2016	59.7	56,109
Cumulative dividends paid	52.5	
Total Return:		
at 31 December 2016	112.2	
at 31 December 2015	110.9	

The charts on page 12 of the annual report show in greater detail the movement in total return, net asset value and dividends paid over time.

The investments held at 31 December 2015, amounting to £36.65 million, have over the year increased by £1.04 million to £37.69 million at 31 December 2016. This return comprises a gain over the opening value from the realisation of investments and deferred proceeds of £0.34 million, and a gain on the revaluation of the portfolio of £0.70 million. There were strong performances from ACC Aviation, Business Collaborator Limited, GTK (Holdco) Limited and Mangar Health Limited which in part were offset by the poorer performances of Ness (Holdings) Limited, Cambrian Lodges Holdings Limited, Seven Technologies Holdings Limited and Intamac Systems Limited.

Shareholder Relations

The Annual General Meeting of the Company will be held at 12:00 noon on 10 May 2017 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 page 76 of the annual report.

Dividends

The Board remains committed to achieving the objective of a consistent dividend stream over time. Dividends paid in the year comprise a final dividend of 2.5 pence per ordinary share in respect of the year ended 31 December 2015, and an interim dividend of 2.0 pence per ordinary share in respect of the financial year just ended, totalling 4.5 pence per ordinary share. This brings the cumulative dividends paid to 52.5 pence per ordinary share.

Following the modifications to the VCT rules there has been a change in the nature of new investments with a requirement to invest in earlier stage businesses which generally require a higher proportion of equity investment than in the past. As the existing portfolio matures it is anticipated that the resultant future dividend stream and net asset value could as a consequence become more volatile than in the past.

With this in mind and to maintain a sustainable level of future dividends the Board is proposing a final dividend of 1.5 pence per share for the year ended 31 December 2016. This final dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting and if approved will then be paid on 12 May 2017 to shareholders on the register at 31 March 2017. The ex-dividend date is 30 March 2017.

Dividend Re-investment Scheme (“DRIS”)

Your Company operates a DRIS, which gives shareholders the opportunity to re-invest any cash dividends and is open to all shareholders, including those who invested under the recent offers. For the financial year ending 31 December 2016 dividends totalling £0.8 million were invested in your Company by way of the DRIS.

Fundraising

During the first half of the financial year your Company raised net proceeds of £3.5 million through a “top-up” offer. Your Company launched a further top-up fundraising on 3 January 2017 and it is pleasing that the offer closed in less than a week. The Company allotted 6,787,231 ordinary shares on 10 February 2017 raising net proceeds of £4.1 million and following this allotment there were 100,761,545 ordinary shares in issue.

Shareholder relations

As part of the Board’s continuing dialogue with shareholders, the 21st shareholder workshop was held in conjunction with British Smaller Companies VCT plc at the British Library on 17 May 2016, with over 200 attendees. There were presentations from the managing directors of two of our newest investments, Ness (Holdings) Limited and KeTech Enterprises Limited, David Hall and David Bell from the Investment Adviser, as well as Wyndham North of HM Treasury.

Your Company’s electronic communications policy, whereby documents such as the annual report are disseminated via the website www.bscfunds.com rather than by post, has saved on printing costs as well as being more environmentally friendly. I am pleased to report that this policy continues to be well received, with 84 per cent of shareholders receiving communications in this way.

The website www.bscfunds.com is refreshed on a regular basis, with the emphasis on providing a comprehensive level of information in a user friendly format.

The next Investor Workshop will take place on 3 May 2017 and is being held at The Grand Connaught Rooms, 61-65 Great Queen Street, Covent Garden, London.

Stockbrokers

I am pleased to inform you that your Board has appointed Panmure Gordon (UK) Limited as corporate broker with effect from 1 January 2017. The Panmure Gordon team has a wealth of experience as broker to numerous VCTs and we look forward to working with them in the future. The Board would like to thank Nplus1 Singer for the work they have done as the Company’s broker over many years.

Auditors

The Board has carried out a competitive tender process for the provision of audit services and, as a result, Grant Thornton LLP resigned as the Company’s auditor. The Board has appointed BDO LLP to fill the casual vacancy until the Company’s next Annual General Meeting, and a resolution to appoint BDO LLP as auditor is included in the notice of the Company’s Annual General meeting to be held on 10 May 2017.

Outlook

New investments will continue to be made in earlier stage businesses which have less ability to finance debt instruments as they invest for growth. The majority of new investments are therefore likely to comprise a significantly higher proportion of equity. This is likely to have the impact of reducing the portfolio's income stream with returns more reliant on equity realisations.

Investment will continue to focus on high quality businesses with good growth potential and attractive realisation prospects.

Richard Last
Chairman

Objectives and Key Policies

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

Investment Policy

The 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.

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 securities.

The majority of investments in the current portfolio are in a combination of equities, preference shares and loan stock. The investments made under the new VCT rules consist largely of equity with a preferred return on realisation.

Borrowing

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

Co-investment

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

Asset mix

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

Remuneration Policy

The Company's policy on the remuneration of its directors, all of whom being non-executive directors, can be found on page 42 of the annual report.

Other Key Policies

Details of the Company's policies on the payment of dividends, the DRIS and the buy-back of shares are given on 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 31 of the annual report.

Processes and Operations

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

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

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

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

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

Performance Incentive

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

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

Key Performance Indicators

The commonly used benchmarks of performance for VCTs are total return, calculated as cumulative dividends paid plus net asset value, and dividends paid. The charts on page 12 of the annual report show the performance history of these benchmarks.

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 (the "AIC"). This is the Company's stated benchmark index. A comparison and evaluation of the calculation of this return is shown in the Director's Remuneration Report on page 44 of the annual report.

The average dividend paid over the last 5 years was 4.5 pence per ordinary share, equivalent to a 7.5 per cent yield per annum.

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, whilst the last column includes the benefit of tax reliefs as noted.

Tax year	Net asset value as at 31 December 2016	Cumulative dividends paid since fundraising ¹	Total return since fundraising / date of acquisition	Offer price net of initial tax relief	Offer price	Overall return including tax relief since fundraising with participation in the DRIS ²
	Pence	Pence	Pence	Pence	Pence	Pence
2000/01 and 2001/02	59.7	52.5	112.2	80.0	100.0	173.2
2001/02 and 2002/03	59.7	52.5	112.2	80.0	100.0	173.2
December 2005 issue of shares on acquisition of British Smaller Technology Companies ³	41.0	35.1	76.1	49.0	69.0	154.2
2009/10 and 2010/11	59.7	30.5	90.2	54.1	77.3	132.5
2010/11 and 2011/12	59.7	26.5	86.2	49.2	70.3	122.9
2012	59.7	22.5	82.2	49.4	70.5	115.6
2012/13 and 2013/14	59.7	18.0	77.7	47.6	68.0	107.2
2013/14 and 2014/15	59.7	13.5	73.2	47.6	68.0	99.8
2014/15 and 2015/16	59.7	9.0	68.7	45.5	65.0	91.9
2015/16	59.7	4.5	64.2	44.7	63.8	85.0

Notes

1. This assumes that at the time of investment the tax relief given on the investment was not also invested in shares of the Company
2. NAV plus tax relief on the initial subscription plus additional tax relief and NAV on DRIS shares purchased. Assuming that all dividends since inception were invested under terms of current DRIS.
3. Assuming initial offer price and initial tax relief from original subscription in British Smaller Technology Companies VCT plc

Expenses

Ongoing Charges figure

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

Expenses	Year to 31 December 2016 (%)	Year to 31 December 2015 (%)
Ongoing Charges figure	2.51	2.28

Expenses Cap

The total costs incurred by the Company in the year (excluding any performance related fees, trail commission payable to financial intermediaries and VAT) is capped at 2.9 per cent of the total net asset value as at the relevant year end. The treatment of costs in excess of the cap is described in note 3 on page 60 of the annual report. There was no breach of the expenses cap in the current or prior year.

Compliance with VCT Legislative Tests

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

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

Income Test

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

Retained Income Test

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

Qualifying Holdings Test

At least 70 per cent by value of the Company's investments must be represented throughout the period by shares or securities comprised in Qualifying Holdings of investee companies.

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.

For monies raised from 6 April 2011 onwards the eligible shares test above increases to at least 70 per cent of Qualifying Holdings that must be represented by eligible shares. In addition, monies are not permitted to be used to finance buy-outs or otherwise to acquire existing businesses or shares.

There is also an annual limit for each investee company which provides that they may not raise more than £5.0 million of state aid investment (including from VCTs) in the 12 months ending on the date of each investment.

Maximum Single Investment Test

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

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

Further restrictions placed on VCT's are:

Dividends from cancelled share premium

The Finance Act 2014 introduced a restriction 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 1 January 2018.

From the share premium cancellation of £13.55 million on 10 October 2014, £1.34 million remains undistributable until 1 January 2018.

Other

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

- i) An aggregate limit of £12 million (or £20 million for Knowledge Intensive Companies) on the amount of State Aid Risk Finance investment a business can receive during its lifetime;
- ii) No more than seven years can have elapsed since the first commercial sale achieved by the business (ten years in the case of a Knowledge Intensive Company), unless:
 - a) the business has previously received an investment from a fund that has received state aid, or
 - b) the investment comprises more than 50% of the average of the previous five years' turnover and the funds are to be used in the business to fund growth into new product markets and/or new geographies.

Investment Performance

Portfolio structure and diversity

Set out on page 15 of the annual report is a profile of the investment portfolio by age, value compared to cost, industry sector and investment instrument.

This illustrates the broad range of the investment portfolio with over one third of the portfolio valuation being held for more than 3 years, whilst 85 per cent is held at cost or above.

50 per cent of the portfolio's value is held in income generating financial instruments.

Investment Review

The portfolio delivered a strong performance in the year, with a return of £1.04 million on the opening value and income of £1.94 million.

Your portfolio

The portfolio as a whole delivered an increased value of £1.04 million in the year, as shown in Table A below. A value gain of £0.28 million has come from the unquoted portfolio with a very strong performance from ACC Aviation offset by the impact of difficult trading conditions at Ness (Holdings) Limited and Cambrian Park & Leisure Homes Limited.

Table A

Investment portfolio	£million	%
Unquoted value gain	0.42	40
Quoted value gain	0.28	27
Gain on disposal over opening value	0.25	24
	0.95	91
Gain from deferred proceeds	0.09	9
Total Value Movement	1.04	100

At 31 December 2016 the investment portfolio was valued at £39.32 million, representing 70.0 per cent of net assets (66.8 per cent at 31 December 2015). Cash at 31 December 2016 was £15.86 million representing 28.3 per cent of net assets (31.8 per cent at 31 December 2015).

Significant Investment Movements

Unquoted

The £0.28 million unrealised valuation gain from the unquoted portfolio is as a result of improved profitability by a number of businesses. There were particularly strong performances from ACC Aviation, Business Collaborator Limited, GTK (Holdco) Limited and Mangar Health Limited which reflected in valuation gains. Although these were in part offset by four investments (Cambrian Park & Leisure Homes Limited, Ness (Holdings) Limited, Seven Technologies Holdings Limited and Intamac Systems Limited) where trading conditions were more difficult.

Quoted

Overall the quoted portfolio produced a value gain of £0.42 million. The main contributor was AB Dynamics plc, with a value gain of £0.24 million.

Investments

During the year ended 31 December 2016 the Company completed 6 investments totalling £4.51 million. This comprised 4 new investments of £4.28 million and 2 follow-on investments of £0.23 million. The analysis of these investments is shown in Table B:

Table B

Date	Company	Investments made £million		
		New	Follow-on	Total
Mar-16	Immunobiology Limited	-	0.15	0.15
Jun-16	Sipsynergy (via Hosted Network Services Limited)	0.90	-	0.90
Aug-16	Intamac Systems Limited	-	0.08	0.08
Oct-16	Biz2Mobile Limited	1.00	-	1.00
Oct-16	Traveltek Group Holdings Limited	0.98	-	0.98
Nov-16	Matillion Limited	1.40	-	1.40
Invested in the year		4.28	0.23	4.51
Capitalised interest and dividends				0.08
Total additions in the year				4.59

Disposal of Investments

During the year to 31 December 2016 the Company received proceeds from disposals, repayments of loans and deferred consideration of £3.06 million. Overall this resulted in a value gain on disposal of investments of £0.34 million above the 31 December 2015 valuations as set out in Table C.

Table C

Disposal of Investments	Net proceeds from sales of investments £million	Opening value 31 December 2015 £million	Gain on opening value £million
Sale of portfolio investments	2.88	2.63	0.25
Deferred proceeds received	0.18	0.09	0.09
Total investment disposals	3.06	2.72	0.34

The most significant proceeds relate to the sale of Callstream Group Limited for proceeds of £0.75 million.

A further analysis of all investments sold in the year can be found in note 7 to the financial statements on page 65 of the annual report.

Portfolio Composition

As at 31 December 2016 the portfolio had a value of £39.32 million which comprised £37.25 million in unquoted investments (95 per cent) and £2.07 million in quoted investments (5 per cent). An analysis of the movements in the year is shown on page 63 of the annual report.

The portfolio remains well diversified, with 26 investments having a value greater than £0.5 million, compared to 24 a year earlier.

The charts on page 15 of the annual report show the composition of the portfolio as at 31 December 2016 by industry sector, age of investment, investment instrument and the valuation compared to cost. This demonstrates representation across a wide range of industry sectors.

Valuation Policy

Unquoted investments are valued in accordance with the valuation policy set out in note 1 on pages 55 and 56 of the annual report, which takes account of current industry guidelines for the valuation of venture capital portfolios. Adjustments to fair value are made where an investment is significantly under-performing. As at 31 December 2016 the value of investments falling into each valuation category is shown in Table D below:

	Valuation £million	% of portfolio by value
Earnings multiple	22.04	56%
Cost, reviewed for change in fair value	13.11	34%
Price of recent investment, reviewed for change in fair value	2.10	5%
Quoted investments at bid price	2.07	5%
Total	39.32	100%

Summary and Outlook

There is a good pipeline of potential investments coming through which should see a higher investment rate in 2017. The combination of an improving portfolio performance and a number of attractive exit opportunities should continue to deliver improving total returns.

Investment Portfolio Summary at 31 December 2016

Name of company	Date of initial investment	Location	Industry Sector	Current cost	Valuation at 31 December 2016	Proceeds to date	Realised and unrealised value to date*
				£000	£000	£000	£000
Unquoted Portfolio							
ACC Aviation (via Newacc (2014) Limited)	Nov-14	Reigate	Business services	1,379	3,480	-	3,480
Intelligent Office (via IO Outsourcing Limited)	May-14	Alloa	Business services	1,956	2,951	-	2,951
Mangar Health Limited	Jan-14	Powys	Healthcare	1,640	2,486	-	2,486
DisplayPlan Holdings Limited	Jan-12	Baldock	Business services	70	2,015	820	2,835
KeTech Enterprises Limited	Nov-15	Nottingham	Software IT & Telecomms	2,000	2,000	-	2,000
Business Collaborator Limited	Nov-14	Reading	Software IT & Telecomms	1,340	1,743	-	1,743
Springboard Research Holdings Ltd	Oct-14	Bedfordshire	Business services	1,706	1,706	-	1,706
Gill Marine Holdings Limited	Sep-13	Nottingham	Retail & brands	1,870	1,690	-	1,690
GTK (Holdco) Limited	Oct-13	Basingstoke	Manufacturing & Ind Services	741	1,675	609	2,284
Immunobiology Limited	Jun-03	Cambridge	Healthcare	2,382	1,486	-	1,486
Leengate Holdings Limited	Dec-13	Derbyshire	Manufacturing & Ind Services	934	1,408	-	1,408
Matillion Limited	Nov-16	Knutsford	Software IT & Telecomms	1,400	1,400	-	1,400
Biz2Mobile Limited	Oct-16	Abingdon	Software IT & Telecomms	1,000	1,000	-	1,000
Traveltek Group Holdings Limited	Oct-16	East Kilbride	Software IT & Telecomms	980	980	-	980
Macro Art Holdings Limited	Jun-14	Cambridgeshire	Business services	627	959	212	1,171
The Heritage Window Company Holdco Limited	Sep-14	Sevenoaks	Manufacturing & Ind Services	1,468	954	-	954
Sipsynergy (via Hosted Network Services Limited)	Jun-16	Ware	Software IT & Telecomms	900	900	-	900
Wakefield Acoustics (via Malvar Engineering Limited)	Dec-14	Heckmondwike	Manufacturing & Ind Services	720	883	41	924
Deep-Secure Limited	Dec-09	Malvern	Software IT & Telecomms	500	625	-	625
Harvey Jones Holdings Limited	May-07	London	Retail & brands	442	622	751	1,373
Seven Technologies Holdings Limited	Apr-12	Belfast	Software IT & Telecomms	1,238	619	762	1,381
PowerOasis Limited	Nov-11	Swindon	Software IT & Telecomms	594	594	-	594
Selima Holding Company Ltd	Mar-12	Sheffield	Software IT & Telecomms	300	586	-	586
TeraView Limited	Dec-11	Cambridge	Software IT & Telecomms	375	555	-	555
Bagel Nash Group Limited	Jul-11	Leeds	Retail & brands / Manufacturing & Ind Services	630	548	200	748
Other investments £0.5 million and below				3,661	3,382	477	3,859
Total unquoted investments				30,853	37,247	3,872	41,119
Quoted portfolio							
AB Dynamics plc	May-13	Bradford-on-Avon	Manufacturing & Ind Services	123	636	503	1,139
Other investments £0.5 million and below				1,296	1,436	534	1,970
Total quoted investments				1,419	2,072	1,037	3,109
				32,272	39,319	4,909	44,228
Full disposals to date				18,810	-	25,670	25,670
Total Investment portfolio				51,082	39,319	30,579	69,898

* represents proceeds received to date plus the unrealised valuation at 31 December 2016.

Summary of Investment Portfolio Movement since 31 December 2015

Name of Company	Investment Valuation at 31 December 2015	Disposal Proceeds	Additions including capitalised interest and dividends	Valuation gains including profits / (losses) on disposal	Investment Valuation at 31 December 2016
	£000	£000	£000	£000	£000
Unquoted portfolio					
ACC Aviation (via Newacc (2014) Limited)	1,801	-	-	1,679	3,480
Intelligent Office (via IO Outsourcing Limited)	3,350	-	-	(399)	2,951
Mangar Health Limited	2,201	-	-	285	2,486
DisplayPlan Holdings Limited	1,753	-	-	262	2,015
KeTech Enterprises Limited	2,000	-	-	-	2,000
Business Collaborator Limited	1,384	-	-	359	1,743
Springboard Research Holdings Limited	1,646	-	60	-	1,706
Gill Marine Holdings Limited	1,778	-	-	(88)	1,690
GTK (Holdco) Limited	1,560	(272)	-	387	1,675
Immunobiology Limited	1,311	-	150	25	1,486
Leengate Holdings Limited	1,143	-	-	265	1,408
Matillion Limited	-	-	1,400	-	1,400
Biz2Mobile Limited	-	-	1,000	-	1,000
Traveltek Group Holdings Limited	-	-	980	-	980
Macro Art Holdings Limited	984	(104)	-	79	959
The Heritage Window Company Holdco Limited	1,101	-	-	(147)	954
Sipsynergy (via Hosted Network Services Ltd)	-	-	900	-	900
Wakefield Acoustics (via Malvar Engineering Limited)	761	(41)	-	163	883
Deep-Secure Limited	357	-	-	268	625
Harvey Jones Holdings Limited	1,099	(469)	-	(8)	622
Seven Technologies Holdings Limited	1,208	-	-	(589)	619
PowerOasis Limited	594	-	-	-	594
Selima Holding Company Ltd	463	-	-	123	586
TeraView Limited	488	-	-	67	555
Bagel Nash Group Limited	583	(27)	2	(10)	548
Callstream Group Limited	679	(752)	-	73	-
Other investments £0.5 million and below	5,724	(61)	96	(2,377)	3,382
Total unquoted investments	33,968	(1,726)	4,588	417	37,247
Quoted portfolio					
AB Dynamics plc	809	(503)	-	330	636
Other investments £0.5 million and below	1,875	(645)	-	206	1,436
Total quoted investments	2,684	(1,148)	-	536	2,072
Total Movement	36,652	(2,874)	4,588	953	39,319

Risk Factors

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

The Board seeks to mitigate its principal risks by setting policy, regularly reviewing performance and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies rigorously the principles detailed in section C.2: "Risk Management & Internal Control" of The UK Corporate Governance Code issued by the Financial Reporting Council in September 2014. Details of the Company's internal controls are contained in the Corporate Governance Internal Control section on pages 40 and 41 of the annual report and further information on exposure to risks including those associated with financial instruments is given in note 17a of the annual report.

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" on page 14 of the annual report.

Economic

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

Mitigation - As well as the response to 'Investment and Strategic' risk below the Company has a clear investment policy (summarised on page 10 of the annual report) and a diversified portfolio operating in a range of sectors. The Investment Adviser actively monitors investee performance which provides quality information for monthly reviews of the portfolio.

Investment and Strategic

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

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

Regulatory

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

Mitigation - The Investment Adviser and the Company Secretary have procedures in place to ensure recurring Listing Rules requirements are met and actively consult with brokers, solicitors and external compliance advisers as appropriate. The key controls around regulatory compliance are explained on pages 40 and 41 of the annual report.

Reputational

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

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

Operational

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

Mitigation - The Investment Adviser has a documented business continuity plan, which provides for back-up services in the event of a system breakdown.

Financial

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

Mitigation - The key controls around financial reporting are described on pages 40 and 41 of the annual report.

Market/Liquidity

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

Mitigation - Overall liquidity risks are monitored on an ongoing basis by the Investment Adviser and on a quarterly basis by the Board. Sufficient liquid resources are maintained to pay expenses as they fall due, in the event that investments prove difficult to realise.

Other Matters

Environment

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

The Company seeks to ensure that its business is conducted in a manner that is responsible to the environment, and has introduced an electronic communications policy. This policy has led to a significant increase in the number of such communications, with a commensurate reduction in the distribution of hard copy documents. The management and administration of the Company is undertaken by the Investment Adviser. YFM Private Equity Limited recognises the importance of its environmental responsibilities, monitors its impact on the environment and implements policies to reduce any damage that might be caused by its activities. Initiatives of the Investment Adviser designed to minimise its and the Company's impact on the environment include recycling and reducing energy consumption. Given the size and nature of the Company's activities and the fact that it has no employees, the Board considers there is limited scope to develop and implement social and community policies.

Anti-Bribery and Corruption Policy

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

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

The Company had no employees during the year. The Board is composed of three male non-executive directors. For a review of the policies used when appointing directors to the Board of the Company please refer to the Directors' Remuneration Report on pages 42 to 44 of 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 the financial statements for each financial year. Under that law the directors are required to prepare the financial statements and have elected to prepare the Company's financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

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

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

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

Website Publication

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

Directors' Responsibilities pursuant to DTR4

The directors confirm to the best of their knowledge:

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

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

The names and functions of all the directors are stated on page 32 of the annual report.

For and on behalf of the Board

This statement was approved by the Board and signed on its behalf on 21 March 2017.

Statement of Comprehensive Income

For the year ended 31 December 2016

		2016			2015		
	Notes	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Income	2	1,937	-	1,937	1,953	-	1,953
Gains on investments held at fair value	7	-	704	704	-	3,316	3,316
Gain on disposal of investments	7	-	339	339	-	232	232
Total income		1,937	1,043	2,980	1,953	3,548	5,501
Administrative expenses:							
Investment Adviser's fee		(280)	(839)	(1,119)	(234)	(701)	(935)
Other expenses		(449)	-	(449)	(434)	-	(434)
	3	(729)	(839)	(1,568)	(668)	(701)	(1,369)
Profit before taxation		1,208	204	1,412	1,285	2,847	4,132
Taxation	4	(116)	116	-	(152)	152	-
Profit for the year		1,092	320	1,412	1,133	2,999	4,132
Total comprehensive income for the year		1,092	320	1,412	1,133	2,999	4,132
Basic and diluted earnings per ordinary share	6	1.17p	0.34p	1.51p	1.36p	3.60p	4.96p

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

Balance Sheet

At 31 December 2016

	Notes	2016 £000	2015 £000
Assets			
Non-current assets			
Financial assets at fair value through profit or loss	7	39,319	36,652
Trade and other receivables		837	678
		40,156	37,330
Current assets			
Trade and other receivables		391	368
Cash on fixed term deposit		3,037	1,992
Cash and cash equivalents		12,826	15,444
		16,254	17,804
Liabilities			
Current liabilities			
Trade and other payables		(301)	(284)
Net current assets		15,953	17,520
Net assets		56,109	54,850
Shareholders' equity			
Share capital		9,652	8,939
Share premium account		16,902	13,337
Capital redemption reserve		88	88
Other reserve		2	2
Merger reserve		5,525	5,525
Capital reserve		15,621	20,781
Investment holding gains and losses		7,077	5,127
Revenue reserve		1,242	1,051
Total shareholders' equity		56,109	54,850
Net asset value per ordinary share	8	59.7p	62.9p

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 21 March 2017.

Statement of Changes in Equity

For the year ended 31 December 2016

	Share capital	Share premium account	Other reserves*	Capital reserve	Investment holding gains (losses)	Revenue reserve	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 December 2014	6,447	342	5,615	24,822	1,507	600	39,333
<i>Revenue return for the year</i>	-	-	-	-	-	1,285	1,285
<i>Capital expenses</i>	-	-	-	(701)	-	-	(701)
<i>Investment holding gain on investments held at fair value</i>	-	-	-	-	3,316	-	3,316
<i>Realisation of investments in the year</i>	-	-	-	232	-	-	232
<i>Taxation</i>	-	-	-	152	-	(152)	-
Total comprehensive (expense) income for the year	-	-	-	(317)	3,316	1,133	4,132
<i>Issue of share capital</i>	2,366	13,056	-	-	-	-	15,422
<i>Issue costs **</i>	-	(667)	-	(92)	-	-	(759)
<i>Purchase of own shares</i>	-	-	-	(123)	-	-	(123)
<i>Issue of shares – DRIS</i>	126	606	-	-	-	-	732
<i>Dividends</i>	-	-	-	(3,205)	-	(682)	(3,887)
Total transactions with owners	2,492	12,995	-	(3,420)	-	(682)	11,385
Realisation of prior year investment holding losses	-	-	-	(304)	304	-	-
Balance at 31 December 2015	8,939	13,337	5,615	20,781	5,127	1,051	54,850
<i>Revenue return for the year</i>	-	-	-	-	-	1,208	1,208
<i>Capital expenses</i>	-	-	-	(839)	-	-	(839)
<i>Investment holding gain on investments held at fair value</i>	-	-	-	-	704	-	704
<i>Realisation of investments in the year</i>	-	-	-	339	-	-	339
<i>Taxation</i>	-	-	-	116	-	(116)	-
Total comprehensive (expense) income for the year	-	-	-	(384)	704	1,092	1,412
<i>Issue of share capital</i>	568	3,030	-	-	-	-	3,598
<i>Issue costs **</i>	-	(146)	-	-	-	-	(146)
<i>Purchase of own shares</i>	-	-	-	(240)	-	-	(240)
<i>Issue of shares – DRIS</i>	145	681	-	-	-	-	826
<i>Dividends</i>	-	-	-	(3,321)	-	(870)	(4,191)
Total transactions with owners	713	3,565	-	(3,561)	-	(870)	(153)
Transfer between reserves	-	-	-	(1,933)	1,964	(31)	-
Realisation of prior year investment holding gains	-	-	-	718	(718)	-	-
Balance at 31 December 2016	9,652	16,902	5,615	15,621	7,077	1,242	56,109

Reserves available for distribution

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

	Capital reserve	Revenue reserve	Total equity
	£000	£000	£000
Distributable reserves as above	15,621	1,242	16,863
<i>Less : Interest and dividends not yet distributable</i>	-	(1,065)	(1,065)
<i>: Cancelled share premium not yet distributable</i>	(1,343)	-	(1,343)
Reserves available for distribution***	14,278	177	14,455

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

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

*** Subject to filing these financial statements at Companies House.

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

The capital reserve and revenue reserve are both distributable reserves. The reserves total £16,863,000 representing a decrease of £4,969,000 during the year. 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.

Of the potentially distributable reserves of £16,863,000 shown above, £1,065,000 relates to interest and dividends not yet distributable and £1,343,000 of share premium which becomes distributable from 1 January 2018.

On filing these financial statements at Companies House the reserves available for distribution will be £14,455,000.

Statement of Cash Flows

For the year ended 31 December 2016

	Notes	2016 £000	2015 £000
Net cash inflow from operating activities		20	147
<hr/>			
Cash flows from (used in) investing activities			
Purchase of financial assets at fair value through profit or loss	7	(4,508)	(7,239)
Proceeds from sale of financial assets at fair value through profit or loss	7	2,874	2,458
Deferred consideration		183	13
Cash placed on fixed term deposit		(1,045)	(1,992)
Net cash outflow from investing activities		(2,496)	(6,760)
<hr/>			
Cash flows from (used in) financing activities			
Issue of ordinary shares		3,598	15,422
Costs of ordinary share issues*		(146)	(733)
Purchase of own ordinary shares		(240)	(123)
Dividends paid	5	(3,354)	(3,142)
Net cash (outflow) inflow from financing activities		(142)	11,424
Net (decrease) increase in cash and cash equivalents		(2,618)	4,811
Cash and cash equivalents at the beginning of the year		15,444	10,633
Cash and cash equivalents at the end of the year		12,826	15,444

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

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

	2016 £000	2015 £000
Profit before taxation	1,412	4,132
Increase in trade and other payables	6	24
Increase in trade and other receivables	(275)	(345)
Gains on disposal of investments in the year	(339)	(232)
Profit on investments held at fair value	(704)	(3,316)
Capitalised interest and dividends	(80)	(116)
Net cash inflow from operating activities	20	147

Notes to the Financial Statements

1. Principal Accounting Policies

Basis of Preparation

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

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

The accounts have been prepared in compliance with the recommendations set out in the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies in November 2015 (SORP) to the extent that they do not conflict with IFRSs as adopted by the European Union.

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

Standards, amendments to 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 IFRS 9, IFRS 15, IFRS 16, IFRIC 22 and amendments to IFRS 1, IFRS 2, IFRS 4, IFRS 12, IFRS 15, IFRS 16, IAS 7, IAS 12, IAS 28 and IAS 40. Following an initial assessment the Company does not expect that these standards, amendments and interpretations, issued but not yet effective, will have a material impact on its results or net assets.

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

2. Income

	2016	2015
	£000	£000
Dividends from unquoted companies	611	490
Dividends from AIM quoted companies	17	35
Interest on loans to unquoted companies	1,140	1,264
Income from investments held at fair value through profit or loss	1,768	1,789
Interest on bank deposits	169	164
	1,937	1,953

The above is stated net of £133,000 (2015: £nil) of income in relation to loan interest, which has been fully provided for.

3. Administrative Expenses

	2016	2015
	£000	£000
Investment Adviser's fee	1,119	935
Administration fee	62	61
Total payable to YFM Private Equity Limited	1,181	996
Other expenses:		
Trail commission	133	134
Directors' remuneration	81	76
General expenses	52	43
Listing and registrar fees	46	57
Printing	34	24
Auditor's remuneration - audit fees (excluding irrecoverable VAT)	23	19
Irrecoverable VAT	18	20
	1,568	1,369
Ongoing charges figure	2.51%	2.28%

Directors' remuneration comprises only short term benefits including social security contributions.

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

No fees are payable to the auditor in respect of non-audit services supplied pursuant to legislation (2015: £nil).

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

The key features of the agreement are:

- YFM Private Equity Limited receives an Investment Adviser fee, payable quarterly in advance, calculated at half-yearly intervals as at 30 June and 31 December. The fee is allocated between capital and revenue as described in note 1 on page 57 of the annual report;
- The annual advisory fee payable to the Investment Adviser is 2.50 per cent of net assets up to £16.0 million, 1.25 per cent of net assets in excess of £16.0 million and up to £26.667 million, and 2.00 per cent of net assets in excess of £26.667 million. Based on the Company's net assets at 31 December 2016 of £56.109 million, this equates to 2.0 per cent per cent of net assets, or £1,122,000 per annum.
- YFM Private Equity Limited shall bear the annual operating costs of the Company (including the advisory fee set out above but excluding any payment of the performance incentive fee, details of which are set out below and excluding VAT and trail commissions) to the extent that those costs exceed 2.9 per cent of the net asset value of the Company; and
- Under the IAA YFM Private Equity Limited also provides administrative and secretarial services to the Company for a fee of £46,000 per annum plus annual adjustments to reflect movements in the Retail Prices Index. This fee is charged fully to revenue, and totalled £62,000 for the year ended 31 December 2016 (2015: £61,000).

When the Company makes investments into its unquoted portfolio the Investment Adviser charges that investee an advisory fee. With effect from 1 October 2013 if the average of relevant fees exceeds 3.0 per cent of the total invested into new portfolio companies and 2.0 per cent into follow-on investments over the Company's financial year, this excess will be rebated to the Company. As at 31 December 2016, the Company was due a rebate from the Investment Adviser of £Nil (2015: £Nil).

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

The total remuneration payable to YFM Private Equity Limited under the IAA in the period was £1,181,000 (2015: £996,000).

Under the IAA, YFM Private Equity Limited is entitled to receive fees from investee companies in respect of the provision of non-executive directors and other advisory services. YFM Private Equity Limited is responsible for paying the due diligence and other costs incurred in connection with proposed investments which for whatever reason do not proceed to completion. In the year ended 31 December 2016 the fees receivable by YFM Private Equity Limited from investee companies which were attributable to advisory and directors' and monitoring fees amounted to £412,000 (2015: £340,000).

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

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

As at 31 December 2016 the total of cumulative cash dividends paid and mid-market price was 112.50 pence per ordinary share. No shares have been issued under this agreement.

Under the terms of the offer launched on 8 December 2015, YFM Private Equity Limited was entitled to 5.0 per cent of gross subscriptions from execution brokers and 3.0 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 paid to YFM Private Equity Limited under this offer amounted to £108,200.

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

The details of directors' remuneration are set out in the Directors' Remuneration Report on page 43 of the annual report under the heading "Directors' Remuneration for the year ended 31 December 2016 (audited)".

4. Taxation

	2016			2015		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Profit before taxation	1,208	204	1,412	1,285	2,847	4,132
Profit before taxation multiplied by standard rate of corporation tax in UK of 20% (2015: 20%)	242	40	282	257	569	826
Effect of:						
UK dividends received	(126)	-	(126)	(105)	-	(105)
Non-taxable profits on investments	-	(209)	(209)	-	(709)	(709)
Excess advisory expenses	-	53	53	-	(12)	(12)
Tax charge (credit)	116	(116)	-	152	(152)	-

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

Deferred tax assets of £514,000 calculated at 17% (2015: £497,000 at 18%) in respect of unrelieved management expenses (£3.021 million as at 31 December 2016 and £2.761 million as at 31 December 2015) have not been recognised as the directors do not currently believe that it is probable that sufficient taxable profits will be available against which assets can be recovered.

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

5. Dividends

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

	2016			2015		
	Revenue	Capital	Total	Revenue	Capital	Total
	£000	£000	£000	£000	£000	£000
Final dividend for the year ended 31 December 2015 of 2.5p (2014: 2.5p) per ordinary share	277	2,045	2,322	268	1,885	2,153
Interim dividend for the year ended 31 December 2016 of 2.0p (2015: 2.0p) per ordinary share	593	1,276	1,869	414	1,320	1,734
	870	3,321	4,191	682	3,205	3,887
Shares allotted under DRIS			(826)			(732)
Unclaimed dividends			(11)			(13)
Dividends paid in Statement of Cash Flows			3,354			3,142

The final year-end dividend of 2.5 pence per ordinary share in respect of the year to 31 December 2015 was paid on 9 May 2016 to shareholders on the register at 8 April 2016.

The interim dividend of 2.0 pence per ordinary share was paid on 26 September 2016 to shareholders on the register as at 26 August 2016.

A final dividend of 1.5 pence per ordinary share in respect of the year to 31 December 2016 is proposed. This dividend has not been recognised in the year ended 31 December 2016 as the obligation did not exist at the balance sheet date.

During the year the Company has received £14,000 (2015: £16,000) from the Registrars in respect of unclaimed dividends. The Company has made efforts to contact the relevant shareholders, with the result that £3,000 (2015: £3,000) has been paid to shareholders in the year. The unclaimed balance is held in a separate bank account until contact can be made with the shareholders affected.

6. Basic and Diluted Earnings per Ordinary Share

The basic and diluted earnings per ordinary share is based on the profit after tax attributable to shareholders of £1,412,000 (2015: £4,132,000) and 93,363,744 (2015: 83,224,240) ordinary shares being the weighted average number of ordinary shares in issue during the year.

The basic and diluted revenue earnings per ordinary share is based on the profit for the year attributable to shareholders of £1,092,000 (2015: £1,133,000) and 93,363,744 (2015: 83,224,240) ordinary shares being the weighted average number of ordinary shares in issue during the year.

The basic and diluted capital earnings per ordinary share is based on the capital profit for the year attributable to shareholders of £320,000 (2015: £2,999,000) and 93,363,744 (2015: 83,224,240) ordinary shares being the weighted average number of ordinary shares in issue during the year.

During the year the Company allotted 5,683,709 new ordinary shares from a top up offer, and 1,445,773 new ordinary shares in respect of its DRIS.

The Company has also repurchased 417,743 of its own shares in the year, and these shares are held in the capital reserve. The total of 2,545,746 treasury shares has been excluded in calculating the weighted average number of ordinary shares for the period. The Company has no securities that would have a dilutive effect and hence basic and diluted earnings per share are the same.

The only potentially dilutive shares are those shares which, subject to certain criteria being achieved in the future, may be issued by the Company to meet its obligations under the Subscription Rights Agreement as set out in Note 3. No such shares have been issued or are currently expected to be issued. There are, therefore, considered to be no potentially dilutive shares in issue at 31 December 2016 or 31 December 2015

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 December 2016 are summarised as follows:

IFRS13 measurement classification	Level 3	Level 1	Total Investments
	Unquoted Investments	Quoted Equity Investments	
	£000	£000	£000
Opening cost	29,332	2,223	31,555
Opening investment holding gain	4,636	461	5,097
Opening fair value at 1 January 2016	33,968	2,684	36,652
Additions at cost	4,508	-	4,508
Capitalised interest and dividends	80	-	80
Disposal proceeds	(1,727)	(1,147)	(2,874)
Net profit on disposal*	133	116	249
Change in fair value	285	419	704
Closing fair value at 31 December 2016	37,247	2,072	39,319
Closing cost	30,853	1,419	32,272
Closing investment holding gain**	6,394	653	7,047
Closing fair value at 31 December 2016	37,247	2,072	39,319

*The net profit on disposal in the table above is £249,000 whereas that shown in the Statement of Comprehensive Income is £339,000. The difference comprises deferred proceeds of £90,000 in respect of assets which have been disposed of and are not included within the investment portfolio at the year-end.

**Following the merger between the Company and British Smaller Technologies Company VCT plc a total of £975,000 of negative goodwill was recognised in the investment holding gains and losses reserve in respect of the investments acquired. The relevant amount per investment is realised, at the point of disposal to the capital reserve. At 31 December 2016 a total of £30,000 (2015: £30,000) was held on investments yet to be realised in the investment holdings gains and losses reserve.

There were no individual reductions in fair value during the year that exceeded 5 per cent of the total assets of the Company (2015: £nil)

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 £56,109,000 (2015: £54,850,000) and 93,974,314 (2015: 87,262,575) ordinary shares in issue at the year end.

The treasury shares have been excluded in calculating the number of ordinary shares in issue at 31 December 2016.

The only potentially dilutive shares are those shares which, subject to certain criteria being achieved in the future, may be issued by the Company to meet its obligations under the Subscription Rights Agreement as set out in note 3. No such shares have been issued or are currently expected to be issued. There are therefore considered to be no potentially dilutive shares in issue at 31 December 2016 or 31 December 2015. Consequently, basic and diluted net asset values per ordinary share are equivalent in both the year ended 31 December 2016 and 31 December 2015.

9. Total Return per Ordinary Share

The total return per ordinary share is calculated on cumulative dividends paid of 52.5 pence per ordinary share (2015: 48.0 pence per ordinary share) plus the net asset value as calculated per note 8.

10. Financial Commitments

There were no financial commitments at 31 December 2016.

11. Related Party Transactions

Mr R Last is chairman and non-executive director of Gamma Communications plc, in which he has a 0.06 per cent equity stake. During the year to 31 December 2016 he received remuneration of £75,000 from Gamma in respect of his services.

12. Events after the Balance Sheet Date

Subsequent to the year end the Company allotted a total of 6,787,231 ordinary shares on 10 February 2017 pursuant to the offer detailed under "Fundraising" on page 8 of the annual report, raising net proceeds of £4.1 million.

13. Annual Report and Accounts

Copies of the statutory accounts for the year ended 31 December 2016 will shortly be submitted to the National Storage Mechanism and will be available to the public for viewing online at www.hemscott.com/msn/do. They can also shortly be viewed on the Company's website at www.bscfunds.com. Hard copies of the statutory accounts for the year to 31 December 2016 will be distributed by post or electronically to shareholders and will thereafter be available to members of the public from the Company's registered office.

14. Directors

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

15. Annual General Meeting

The Annual General Meeting of the Company will be held at 12.00 noon on 10 May 2017 at 33 St James Square, London, SW1Y 4JS.

16. Final Dividend for the year ended 31 December 2016

Further to the announcement of its final results for the year ended 31 December 2016, the Company confirms that, subject to its approval by shareholders at the forthcoming Annual General Meeting to be held on 10 May 2017, the final dividend of 1.5 pence per ordinary share ("Final Dividend") will be paid on 12 May 2017 to those shareholders on the Company's register at the close of business on 31 March 2017. The ex-dividend date will be 30 March 2017.

17. Dividend Re-investment Scheme

The Company operates a dividend re-investment scheme ("DRIS"). The latest date for receipt of DRIS elections so as to participate in the DRIS in respect of the Final Dividend is the close of business on 18 April 2017.

For further information, please contact:

David Hall	YFM Equity Partners Limited	Tel: 0113 244 1000
Jonathan Becher	Panmure Gordon (UK) Limited	Tel: 0207 886 2715

British Smaller Companies VCT2 plc (“the Company”)

Purchase of Own Securities and Total Voting Rights

The Company announces that on 13 April 2017 it purchased 350,000 ordinary shares of 10 pence each at a price of 55.8 pence per ordinary share. The shares purchased represent 0.35 per cent of the total number of voting rights in the Company before the transaction. These shares will be held in treasury.

The last reported net asset value as at 31 December 2016 was 59.7 pence per ordinary share since when an interim dividend of 1.5 pence per ordinary share has been declared, resulting in an ex-dividend net asset value of 58.2 pence per ordinary share.

If these shares had been purchased prior to the quarter ended 31 December 2016 the unaudited net asset value per ordinary share of the Company at that date would have been unaltered at 59.7 pence per ordinary share.

The Company’s share capital now consists of 100,411,545 ordinary shares of 10 pence each with voting rights and 2,895,746 ordinary shares of 10 pence each held 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.

13 April 2017

For further information, please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 244 1000
Jonathan Becher	Panmure Gordon (UK) Limited	Tel: 0207 886 2715

British Smaller Companies VCT2 plc
Interim Management Statement
For the quarter ended 31 March 2017

British Smaller Companies VCT2 plc (the “Company”) presents its interim management statement for the quarter ended 31 March 2017. The statement also includes relevant financial information between the end of the quarter and the date of this statement. A copy of this interim management statement can be found at www.bscfunds.com.

Overview

The Company has continued to make good progress in the quarter with total return rising to 112.9 pence per ordinary share. This is an increase of 0.7 pence per ordinary share in the first three months of the year; a return of 1.2% on the net asset value at 1 January 2017 equivalent to an annualised return of 4.8%.

It is pleasing that improved profitability across a number of investments contributed to the £0.7 million increase in NAV in the period. The performances from the investments in Mangar, Deep-Secure, Selima, Wakefield Acoustics and MacroArt in particular were strong contributors in the period. There were two investments Ness and Cambrian where losses were crystallised in the quarter. Both had been previously been fully provided against with a small recovery (£0.1m) made from Ness in the period.

Performance

	31 March 2017	Movement	31 December 2016
Net Assets (£m)	60.9	4.8	56.1
NAV per share (PPS)	60.4p	0.7p	59.7p
Cumulative dividends paid (PPS)	52.5p	-	52.5p
Total Return (PPS)	112.9p	0.7p	112.2p
Shares in issue	100,761,545	6,787,231	93,974,314

The total return at 31 March 2017, calculated by reference to the NAV per ordinary share and the cumulative dividends paid per ordinary share, was 112.9 pence per ordinary share compared to 112.2 pence per ordinary share at 31 December 2016. Cumulative dividends paid were unchanged at 52.5 pence per ordinary share (31 December 2016: 52.5 pence per ordinary share).

The unaudited NAV per ordinary share as at 31 March 2017 was 60.4 pence per ordinary share (31 December 2016: 59.7 pence per ordinary share) representing an increase of 0.7 pence per ordinary share. The increase in NAV per ordinary share is due to the net upward movement in the overall portfolio valuation.

Dividends and shares in issue

On 10 February 2017 the Company issued 6,787,231 ordinary shares of 10p each at offer prices of 62.165 pence or 63.407 pence per ordinary share in relation to the Offer for Subscription dated 3 January 2017, raising net proceeds of £4.1 million.

The number of ordinary shares in issue at 31 March 2017 was 100,761,545 (31 December 2016: 93,974,314). In addition, at 31 March 2017 the Company held 2,545,746 ordinary shares in treasury (31 December 2016: 2,545,746).

Subsequent to the quarter end on 13 April 2017 the Company purchased 350,000 ordinary shares of 10p each at a price of 55.8 pence per ordinary share. These shares were placed in treasury.

Net assets

Net assets at 31 March 2017 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	37,458	61.5
Quoted investments at bid price	2,232	3.7
Total investments	39,690	65.2
Cash and cash equivalents	20,244	33.3
Other net current assets	944	1.5
Net assets	60,878	100.0

The investment portfolio at 31 March 2017 was comprised as follows:

	Valuation £000	Valuation as a % of net assets
ACC Aviation	3,563	5.9
Intelligent Office	2,992	4.9
Mangar Health Limited	2,663	4.4
KeTech Enterprises Limited	2,012	3.3
DisplayPlan Holdings Limited	2,010	3.3
Business Collaborator Limited	1,751	2.9
Springboard Research Holdings Limited	1,727	2.8
Gill Marine Holdings Limited	1,683	2.8
GTK (Holdco) Limited	1,599	2.6
Immunobiology Limited	1,486	2.4

	21,486	35.3
Other investments	18,204	29.9
Total investments	39,690	65.2

During the quarter to 31 March 2017 the Company made one follow-on investment of £0.1 million into PowerOasis Limited.

In the quarter to 31 March 2017 the realisation and repayment of investments generated cash proceeds of £0.3 million.

Portfolio Performance

Over the quarter to 31 March 2017 aggregate unrealised portfolio valuations have increased by £0.6 million.

The Board continues to follow its policy of maintaining a diversified portfolio. At 31 March 2017, only one investment represented more than 5 per cent of the Company's NAV.

Investor Workshop

On 3 May 2017 the Company held its annual Investor Workshop at the Connaught Rooms. Once again it was exceptionally well attended with approaching 200 attendees. There were presentations from 4 CEOs of investee companies and 3 members of YFM Private Equity Limited, the Investment Adviser.

Outlook

The investment pipeline now contains a number of attractive opportunities, and discussions are well advanced in a number of cases.

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

10 May 2017

For further information please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 244 1000
Jonathan Becher	Panmure Gordon (UK) Limited	Tel: 0207 886 2715

BRITISH SMALLER COMPANIES VCT2 PLC

RESULT OF ANNUAL GENERAL MEETING

British Smaller Companies VCT2 plc (the "Company") announces that at the Annual General Meeting of the Company held on 10 May 2017 the following resolutions proposed at the meeting ("Resolutions") were duly passed.

In accordance with the Company's obligations under Listing Rule 9.6.2, copies of the Resolutions passed at the Annual General Meeting have been submitted to the National Storage Mechanism and will shortly be available for viewing at www.hemscott.com/nsm.do.

Ordinary Resolutions

- (1) That the annual report and accounts for the year ended 31 December 2016 be received.
- (2) That the final dividend of 1.5 pence per ordinary share for the year ended 31 December 2016 be approved.
- (3) That the Directors' Remuneration Report for the year ended 31 December 2016 be approved other than the part of such report containing the Directors' Remuneration Policy.
- (4) That the Directors' Remuneration Policy contained in the Directors' Remuneration Report for the year ended 31 December 2016 be approved.
- (5) That Mr P C Waller be re-elected as a director.
- (6) That Mr R M Pettigrew be re-elected as a director.
- (7) That Mr R Last be re-elected as a director.
- (8) That BDO LLP be appointed as auditor to the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that the directors be authorised to fix their remuneration.
- (9) 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 up to an aggregate nominal amount of £4,000,000, during the period commencing on the passing of this Resolution and expiring on the later of 15 months from the passing of this Resolution 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 in the Company 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

- (10) 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 this 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 9 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 the allotment for cash of equity securities up to an aggregate nominal amount of £4,000,000, but so that this authority shall allow the Company to make offers or agreements before the expiry and the directors may allot 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(3) 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 9 above” were omitted.

- (11) That, the Articles of Association of the Company be amended to increase the limit on the aggregate remuneration of the non-executive directors from £75,000 to £100,000 per annum by replacing the figure of “£75,000” appearing in Article 128 with “£100,000”.
- (12) That, subject to the sanction of the High Court, the amount standing to the credit of the share premium account of the Company as at the date of the final hearing before the Court at which confirmation of said cancellation is sought, be cancelled.

Proxy votes received were:

Resolution		% For	% Against	Shares Withheld
Ordinary Resolutions				
1.	To receive the annual report and accounts	100.00%	nil	14,636
2.	To approve a final dividend of 1.5 pence per ordinary share	97.58%	2.42%	16,474
3.	To approve the Directors’ Remuneration Report	95.37%	4.63%	140,204
4.	To approve the Directors’ Remuneration Policy	94.40%	5.60%	78,391
5.	To re-elect Mr P C Waller as a director	99.14%	0.86%	155,481
6.	To re-elect Mr R M Pettigrew as a director	97.96%	2.04%	170,576
7.	To re-elect Mr R Last as a director	96.81%	3.19%	60,872
8.	To appoint BDO LLP as auditor	98.54%	1.46%	38,909
9.	To authorise the directors to allot shares	98.85%	1.15%	3,965
Special Resolutions				
10.	To waive pre-emption rights in respect of the allotment of shares	92.89%	7.11%	64,275
11.	To amend the Articles of Association of the Company to increase the limit on the aggregate remuneration of the non-executive directors from £75,000 to £100,000 per annum	78.06%	21.94%	500,396
12.	To cancel, subject to the sanction of the High Court, the share premium account	98.92%	1.08%	86,421

10 May 2017

For further information, please contact:

David Hall
Jonathan Becher

YFM Private Equity Limited
Panmure Gordon (UK) Limited

Tel: 0113 244 1000
Tel: 0207 866 2715

British Smaller Companies VCT2 plc (the “Company”) Payment of Final Dividend and Allotment of Shares

The Company announces that on 12 May 2017 it paid a final dividend of 1.5 pence per ordinary share to shareholders on the register of members of the Company as at the record date of 31 March 2017 (“Final Dividend”).

The Company further announces that on 12 May 2017 it issued and allotted 583,201 ordinary shares of 10 pence each pursuant to its dividend re-investment scheme (“DRIS”) at a price of 55.96 pence per share to shareholders of the Company who elected to receive shares instead of the Final Dividend. The subscription price of 55.96 pence per share was determined in accordance with the terms and conditions of the DRIS on the basis of the last reported Net Asset Value of 60.4 pence per ordinary share as at 31 March 2017 (adjusted for the Final Dividend of 1.5 pence per share to be paid today) less 5%. As a result, 22% of the Final Dividend paid by the Company, was re-invested in shares in the Company via the DRIS.

Under this allotment the staff and members of the investment adviser, YFM Private Equity Limited, have been allotted 426 ordinary shares of 10 pence each in the Company bringing their aggregate total shareholding to 115,034 ordinary shares of 10 pence each in the Company representing 0.11% of the current issued ordinary shares of the Company.

Application is now being made for the ordinary shares which were issued and allotted as set out above 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 26 May 2017.

Following such issue and allotment the Company’s issued share capital consists of 100,994,746 ordinary shares of 10 pence each with voting rights (“Voting Capital”) and 2,895,746 ordinary shares of 10 pence each 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 244 1000
Jonathan Becher	Panmure Gordon (UK) Limited	Tel: 0207 866 2715

British Smaller Companies VCT2 plc (“the Company”)

Purchase of Own Securities and Total Voting Rights

The Company announces that on 26 June 2017 it purchased 360,000 ordinary shares of 10 pence each at a price of 56.46 pence per ordinary share. The shares purchased represent 0.36 per cent of the total number of voting rights in the Company before the transaction. These shares will be held in treasury.

The last reported net asset value as at 31 March 2017 was 60.4 pence per ordinary share since when an interim dividend of 1.5 pence per ordinary share has been paid, resulting in an ex-dividend net asset value of 58.9 pence per ordinary share.

If these shares had been purchased prior to the quarter ended 31 March 2017 the unaudited net asset value per ordinary share of the Company at that date would have been unaltered at 60.4 pence per ordinary share.

The Company’s share capital now consists of 100,634,746 ordinary shares of 10 pence each with voting rights and 3,255,746 ordinary shares of 10 pence each held 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.

26 June 2017

For further information, please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 244 1000
Jonathan Becher	Panmure Gordon (UK) Limited	Tel: 0207 886 2715

British Smaller Companies VCT2 plc
Unaudited Interim Results and Interim Management Report
For the six months ended 30 June 2017

British Smaller Companies VCT2 plc (“the Company”) today announces its unaudited interim results for the six months to 30 June 2017.

Financial Highlights

- Increase in total return of 0.8 pence per ordinary share to 113.0 pence per ordinary share (112.2 pence per ordinary share as at 31 December 2016), which includes cumulative dividends paid since inception of 54.0 pence per ordinary share.
- The sale of Selima Holding Company Ltd delivered proceeds of £1.0 million, achieving a multiple of 3.7x original cost, with the potential for further contingent consideration.
- Offer for subscription fully subscribed and closed within a week of launch, raising £4.25 million.
- Proposed interim dividend of 1.5 pence per ordinary share in respect of the year ending 31 December 2017.

CHAIRMAN’S STATEMENT

Your Company’s portfolio delivered a steady performance, with a return of 2.1 per cent of its opening value.

Net asset value increased by 0.8 pence per ordinary share to 60.5 pence per ordinary share, prior to the payment of the final dividend of 1.5 pence per ordinary share for the year ended 31 December 2016 and your Company’s total return increased to 113.0 pence per ordinary share.

New Investment

There were no new investments in the period to 30 June 2017 while £0.6 million was provided to existing portfolio companies. In July 2017 a new investment of £1.2 million was completed into Friska Limited to fund the rollout of its restaurants into new cities. In addition two further potential investments totalling £1.4 million have been approved by the Board, and have recently received HMRC advance assurance.

Disposal

In May the Company realised its investment in Selima Holding Company Ltd generating initial proceeds of £1.0 million. The total return from this investment to date is £1.1 million, a multiple of 3.7x cost. There is also the possibility of further contingent returns of up to £0.7 million subject to the achievement of milestones over the period to November 2019.

Financial Results and Dividends

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

Net Asset Value	Pence per ordinary share	£000
NAV at 1 January 2017	59.7	56,109
Net underlying increase in portfolio	0.8	821
Net (loss) after expenses	-	(49)
Issue/buy-back of new shares	-	4,005
Dividends paid	0.8 (1.5)	4,777 (1,511)
	(0.7)	3,266
NAV at 30 June 2017	59.0	59,375
Cumulative dividends paid	54.0	
Total Return at 30 June 2017	113.0	
Total Return at 31 December 2016	112.2	

The portfolio produced a value gain of £0.8 million, representing a 2.1 per cent increase over the opening value and equivalent to an increase in value for shareholders of 0.8 pence per ordinary share.

As highlighted previously the new VCT rules will lead to more investments in earlier stage businesses. While the existing portfolio will provide an element of stable returns in the short term, future returns are expected to have a higher degree of volatility.

Nonetheless, your Board remains committed to maintaining a sustainable level of dividends and a final dividend of 1.5 pence per ordinary share in respect of the year ended 31 December 2016 was paid in the period, bringing the cumulative dividends paid to date to 54.0 pence per ordinary share.

In addition to this your Board has proposed an interim dividend of 1.5 pence per ordinary share for the period to 30 June 2017. When combined with the final dividend in respect of the year ended 31 December 2016, dividends paid in the current financial year will total 3.0 pence per ordinary share (2016: 4.5 pence per share). The interim dividend will be paid on 29 September 2017 to shareholders on the register on 1 September 2017.

Shareholder Relations

As part of the Board's continuing dialogue with shareholders, the 22nd shareholder workshop was held in conjunction with British Smaller Companies VCT plc at the Connaught Rooms on 3 May 2017, with approaching 200 attendees. There were presentations from senior executives from two of our newest investments: Sipsynergy Limited and Matillion Limited alongside short videos about our other new portfolio companies. The Company's performance, portfolio and outlook were discussed in talks given by the Investment Adviser, followed by a question and answer session.

Your Company's electronic communications policy, whereby documents such as the annual report are disseminated via the website www.bscfunds.com rather than by post, has saved on printing costs as well as being more environmentally friendly. I am pleased to report that this policy has been well received, with 83 per cent of shareholders now receiving communications in this way.

The website www.bscfunds.com, which has recently been updated, is refreshed on a regular basis, with the emphasis on providing a comprehensive level of information in a user friendly format.

Outlook

Your Board remains encouraged by the increase in investment opportunities that it is seeing. Despite the slowdown that has been seen in gaining advance assurances we remain optimistic that this enquiry rate will continue to translate into increasing the size and diversity of the investment portfolio. We also note the launch of the Patient Capital Review by the Government and will be responding to the calls for consultation and await its outcome, expected later this year, with interest.

OBJECTIVES AND STRATEGY

The Company's objective is to provide investors with an attractive long-term tax free dividend whilst maintaining 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 and those that offer opportunities in the development and application of innovation.

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, Healthcare and Retail & Brands in VCT qualifying and non-qualifying securities.

INVESTMENT REVIEW

The Company's portfolio at 30 June 2017 had a value of £38.69 million consisting of £36.48 million (94 per cent) in unquoted investments and £2.21 million (6 per cent) in quoted investments. The largest single investment represents 6.0 per cent of the net asset value.

Over the six months to 30 June 2017 the portfolio saw an underlying value gain of £0.82 million from both the ongoing and realised portfolio, consisting of £0.60 million from realisations and an overall valuation gain of £0.22 million.

There was a value gain of £0.37 million from the quoted portfolio which was offset by an overall loss of £0.15 million from the unquoted portfolio where, notwithstanding difficult trading conditions experienced by three companies, steady progress has been made by other investee companies. The most significant upward movements in the period were:

- | | |
|---|---------------|
| • Mangar Health Limited | £0.31 million |
| • Deep-Secure Limited | £0.24 million |
| • Springboard Research Holdings Limited | £0.18 million |

These gains were offset by companies which saw profits impacted by difficult trading conditions:

- | | |
|---------------------------------------|--------------------|
| • The Heritage Windows Holdco Limited | down £0.59 million |
| • Displayplan Holdings Limited | down £0.46 million |
| • PowerOasis Limited | down £0.30 million |

New and Follow-on Investments

In the six months to June 2017 the Company has invested a further £0.57 million into its existing portfolio; the two largest follow-on investments are as follows:

- £0.41 million into Sipsynergy (via Hosted Network Services Limited); and
- £0.10 million into Immunobiology Limited.

Realisation of Investments

During the six months to 30 June 2017 the Company generated £2.00 million from disposals and repayments of loans. This included the full exit from its investment in Selima Holding Company Ltd and the reduction of a number of AIM holdings following a period of strong share price performance.

A detailed analysis of all investments realised in the period to 30 June 2017 can be found in note 6.

INVESTMENT PORTFOLIO

The top 10 investments had a combined value of £21.7 million, 56.0 per cent of the total portfolio.

	Name of Company	Date of initial investment	Current cost	Investment Valuation at 30 June 2017 £000	Proceeds to date £000	Realised and unrealised value to date £000
Business Services	ACC Aviation (via Newacc (2014) Limited)	Nov 14	1,379	3,564	-	3,564
Business Services	Intelligent Office (via IO Outsourcing Limited)	May 14	1,956	3,090	-	3,090
Healthcare	Mangar Health Limited	Jan 14	1,640	2,791	-	2,791
Software	KeTech Enterprises Limited	Nov 15	2,000	2,019	-	2,019
Business Services	Springboard Research Holdings Limited	Oct 14	1,706	1,890	-	1,890
Software	Business Collaborator Limited	Nov 14	1,340	1,810	-	1,810
Retail	Gill Marine Holdings Limited	Sep 13	1,870	1,685	-	1,685
Manufacturing	GTK (Holdco) Limited	Oct 13	592	1,664	758	2,422
Healthcare	Immunobiology Limited	Jun 03	2,482	1,612	-	1,612
Business Services	DisplayPlan Holdings Limited	Jan 12	70	1,558	820	2,378
Total top 10 Investments			15,035	21,683	1,578	23,261
Remaining Unquoted Portfolio						
Manufacturing	Leengate Holdings Limited	Dec 13	934	1,492	-	1,492
Software	Matillion Limited	Nov 16	1,400	1,400	-	1,400
Software	Sipsynergy (via Hosted Network Services Limited)	Jun 16	1,309	1,219	-	1,219
Software	Biz2Mobile Limited	Oct 16	1,000	1,000	-	1,000
Software	Traveltek Group Holdings Limited	Oct 16	980	980	-	980
Manufacturing	Wakefield Acoustics (via Malvar Engineering Limited)	Dec 14	720	980	41	1,021
Business Services	Macro Art Holdings Limited	Jun 14	575	942	264	1,206
Software	Deep-Secure Limited	Dec 09	500	869	-	869
Software	Seven Technologies Holdings Limited	Apr 12	1,238	619	762	1,381
Software	TeraView Limited	Dec 11	377	557	-	557
Retail & Manufacture	Bagel Nash Group Limited	Jul 11	630	555	200	755
Other investments	£0.5 million and below		5,682	4,184	1,503	5,687
Total unquoted investments			30,380	36,480	4,348	40,828
Quoted Portfolio						
Manufacturing	AB Dynamics plc	May 13	99	537	628	1,165

Other investments	£0.5 million and below	1,222	1,675	681	2,356
Total quoted investments		1,321	2,212	1,309	3,521
Total Portfolio		31,701	38,692	5,657	44,349
Full disposals to date		21,255	-	26,941	26,941
Total investment portfolio		52,956	38,692	32,598	71,290

The charts on page 13 of the interim report show the composition of the portfolio as at 30 June 2017 by industry sector, age of investment, investment instrument and the value compared to cost and show diversity across a wide range of industry sectors.

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 December 2016. 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 of the 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;
- Market/liquidity.

Full details of the principal risks can be found in the financial statements for the year ended 31 December 2016 on pages 29 and 30, a copy of which is available at www.bscfunds.com.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors of British Smaller Companies VCT2 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 fair view of the assets, liabilities, financial position and profit and loss of British Smaller Companies VCT2 plc, and that the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

The directors of British Smaller Companies VCT2 plc are listed in note 9.

By order of the Board

Richard Last

Chairman

23 August 2017

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2017

	Notes	Unaudited 6 months ended 30 June 2017			Unaudited 6 months ended 30 June 2016		
		Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Income	2	741	-	741	1,083	-	1,083
Gain on disposal of investments		-	600	600	-	186	186
Gains on investments held at fair value		-	221	221	-	262	262
Total income		741	821	1,562	1,083	448	1,531
Administrative expenses:							
Investment Adviser's fee		(140)	(421)	(561)	(136)	(412)	(548)
Other expenses		(229)	-	(229)	(225)	-	(225)
		(369)	(421)	(790)	(361)	(412)	(773)
Profit before taxation		372	400	772	722	36	758
Taxation	3	(42)	42	-	(75)	75	-
Profit for the period		330	442	772	647	111	758
Total comprehensive income for the period		330	442	772	647	111	758
Basic and diluted earnings per ordinary share	5	0.33p	0.45p	0.78p	0.70p	0.12p	0.82p

The Total column of this statement represents the Company's Unaudited Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRSs'). The supplementary Revenue and Capital columns are prepared under the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in November 2014 and updated in January 2017 with consequential amendments – "SORP") published by the Association of Investment Companies.

UNAUDITED BALANCE SHEET

as at 30 June 2017

	Notes	Unaudited 30 June 2017 £000	Unaudited 30 June 2016 £000	Audited 31 December 2016 £000
Assets				
Non-current assets				
Financial assets at fair value through profit or loss	6	38,692	35,792	39,319
Trade and other receivables		863	687	837
		39,555	36,479	40,156
Current assets				
Trade and other receivables		531	757	391
Cash on fixed term deposit		1,987	3,016	3,037
Cash and cash equivalents		17,508	16,990	12,826
		20,026	20,763	16,254
Liabilities				
Current liabilities				
Trade and other payables		(206)	(188)	(301)
Net current assets		19,820	20,575	15,953
Net assets		59,375	57,054	56,109
Shareholders' equity				
Share capital		10,389	9,584	9,652
Share premium account		20,579	16,598	16,902
Capital redemption reserve		88	88	88
Other reserve		2	2	2
Merger reserve		5,525	5,525	5,525
Capital reserve		14,376	18,997	15,621
Investment holding gains and losses		7,021	4,839	7,077
Revenue reserve		1,395	1,421	1,242
Total shareholders' equity		59,375	57,054	56,109
Net asset value per ordinary share	7	59.0p	61.0p	59.7p

UNAUDITED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2017

	Share capital	Share premium account	Other reserves*	Capital reserve	Investment holding gains and losses	Revenue reserve	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 31 December 2015	8,939	13,337	5,615	20,781	5,127	1,051	54,850
<i>Revenue return for the period</i>	-	-	-	-	-	722	722
<i>Capital expenses</i>	-	-	-	(412)	-	-	(412)
<i>Investment holding gain on investments held at fair value</i>	-	-	-	-	262	-	262
<i>Realisation of investments in the period</i>	-	-	-	186	-	-	186
<i>Taxation</i>	-	-	-	75	-	(75)	-
Total comprehensive (expense) income for the period	-	-	-	(151)	262	647	758
<i>Issue of ordinary share capital</i>	568	3,030	-	-	-	-	3,598
<i>Issue of shares - DRIS</i>	77	366	-	-	-	-	443
<i>Issue costs of ordinary shares**</i>	-	(135)	-	-	-	-	(135)
<i>Purchase of own shares</i>	-	-	-	(138)	-	-	(138)
<i>Dividends</i>	-	-	-	(2,045)	-	(277)	(2,322)
Total transactions with owners	645	3,261	-	(2,183)	-	(277)	1,446
Realisation of prior year investment holding gains	-	-	-	550	(550)	-	-
At 30 June 2016	9,584	16,598	5,615	18,997	4,839	1,421	57,054
<i>Revenue return for the period</i>	-	-	-	-	-	486	486
<i>Capital expenses</i>	-	-	-	(427)	-	-	(427)
<i>Investment holding gain on investments held at fair value</i>	-	-	-	-	442	-	442
<i>Realisation of investments in the period</i>	-	-	-	153	-	-	153
<i>Taxation</i>	-	-	-	41	-	(41)	-
Total comprehensive (expense) income for the period	-	-	-	(233)	442	445	654
<i>Issue of shares - DRIS</i>	68	315	-	-	-	-	383
<i>Issue costs of ordinary shares**</i>	-	(11)	-	-	-	-	(11)
<i>Purchase of own shares</i>	-	-	-	(102)	-	-	(102)
<i>Dividends</i>	-	-	-	(1,276)	-	(593)	(1,869)
Total transactions with owners	68	304	-	(1,378)	-	(593)	(1,599)
Transfer between reserves	-	-	-	(1,933)	1,964	(31)	-
Realisation of prior year investment holding gains	-	-	-	168	(168)	-	-
At 31 December 2016	9,652	16,902	5,615	15,621	7,077	1,242	56,109
<i>Revenue return for the period</i>	-	-	-	-	-	372	372
<i>Capital expenses</i>	-	-	-	(421)	-	-	(421)
<i>Investment holding gain on investments held at fair value</i>	-	-	-	-	221	-	221
<i>Realisation of investments in the period</i>	-	-	-	600	-	-	600
<i>Taxation</i>	-	-	-	42	-	(42)	-
Total comprehensive income for the period	-	-	-	221	221	330	772

<i>Issue of ordinary share capital</i>	679	3,571	-	-	-	-	4,250
<i>Issue of shares - DRIS</i>	58	268	-	-	-	-	326
<i>Issue costs of ordinary shares**</i>	-	(162)	-	(10)	-	-	(172)
<i>Purchase of own shares</i>	-	-	-	(399)	-	-	(399)
<i>Dividends</i>	-	-	-	(1,334)	-	(177)	(1,511)
Total transactions with owners	737	3,677	-	(1,743)	-	(177)	2,494
Realisation of prior year investment holding gains	-	-	-	277	(277)	-	-
At 30 June 2017	10,389	20,579	5,615	14,376	7,021	1,395	59,375

* Other reserves include the capital redemption reserve, the merger reserve and the other reserve, which are non-distributable.

** Issue costs include both fundraising costs (where applicable) and costs incurred from the Company's DRIS.

Reserves available for distribution

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

	Capital reserve	Revenue reserve	Total
	£000	£000	£000
Distributable reserves as above	14,376	1,395	15,771
<i>Less : Interest and dividends not yet distributable</i>	-	(1,163)	(1,163)
<i>: Cancelled share premium not yet distributable</i>	(1,343)	-	(1,343)
Reserves available for distribution*	13,033	232	13,265

* Subject to filing these financial statements at Companies House.

The capital reserve (£14,376,000) and the revenue reserve (£1,395,000) are both distributable reserves. These reserves total £15,771,000, representing a decrease of £1,092,000 in the period since 31 December 2016. The directors also take into account the level of the investment holding gains and losses reserve and the future requirements of the Company when determining the level of dividend payments.

Of the potentially distributable reserves of £15,771,000 shown above, £1,163,000 relates to interest and dividends receivable from 2018 onwards and £1,343,000 of cancelled share premium which becomes distributable from 1 January 2018.

On filing these interim financial statements at Companies House, the reserves available for distribution will be £13,265,000.

The Company has applied to the High Court to cancel the amount standing to the credit of the share premium account at the date that the court order is made. The total amount of share premium to be cancelled includes:

- £342,000 which, if cancelled prior to 31 December 2017, will become distributable once the annual accounts for the year ending 31 December 2017 have been filed at Companies House; and
- £12,995,000 which, if cancelled prior to 30 September 2018, will become distributable from 1 January 2019.

UNAUDITED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2017

	Note	Unaudited 6 months ended 30 June 2017 £000	Unaudited 6 months ended 30 June 2016 £000	Audited year ended 31 December 2016 £000
Profit before taxation		772	758	1,412
(Decrease) increase in trade and other payables		(95)	(96)	6
Increase (decrease) in trade and other receivables		83	(122)	(275)
Gains on disposal of investments		(600)	(186)	(339)
Profit on investments held at fair value		(221)	(262)	(704)
Capitalised interest and dividends		-	(20)	(80)
Net cash (outflow) inflow from operating activities		(61)	72	20
Cash flows from investing activities				
Purchase of financial assets at fair value through profit or loss		(571)	(1,050)	(4,508)
Proceeds from sale of financial assets at fair value through profit or loss	6	1,770	2,099	2,874
Deferred consideration		-	2	183
Cash maturing from fixed term deposit		1,052	-	-
Cash placed on fixed term deposit		-	(1,024)	(1,045)
Net cash inflow (outflow) from investing activities		2,251	27	(2,496)
Cash flows from financing activities				
Issue of ordinary shares		4,230	3,598	3,598
Costs of ordinary share issues*		(153)	(135)	(146)
Purchase of own shares		(399)	(138)	(240)
Dividends paid	4	(1,186)	(1,878)	(3,354)
Net cash inflow (outflow) from financing activities		2,492	1,447	(142)
Net increase (decrease) in cash and cash equivalents		4,682	1,546	(2,618)
Cash and cash equivalents at the beginning of the period		12,826	15,444	15,444
Cash and cash equivalents at the end of the period		17,508	16,990	12,826

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

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 9, each of whom has confirmed that to the best of his 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; and
- the half year statements 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 and have not been reviewed by the auditors pursuant to the Auditing Practices Board (APB) guidance on Review of Interim Financial Information. They do not constitute full financial statements as defined in section 435 of the Companies Act 2006. The comparative figures for the year ended 31 December 2016 do not constitute full financial statements and have been extracted from the Company's financial statements for the year ended 31 December 2016. 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 December 2016. New standards coming into force during the period have not had a material impact on these interim financial statements.

The financial statements for the year ended 31 December 2016 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 SORP is consistent with the requirements of IFRS, the financial statements have been prepared in compliance with the recommendations of the SORP.

Standards and interpretations have been issued which will be effective for future reporting periods but have not been adopted early in these interim financial statements. These include IFRS 9, IFRS 15, IFRS 16, IFRIC 22 and amendments to IFRS 1, IFRS 2, IFRS 4, IFRS 15, IFRS 17, IAS 28, IAS 40 and IFRIC 23. Following an initial assessment, the Company does not expect that these standards, amendments, interpretations, issued but not yet effective, will have a material impact on its results or net assets.

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

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 June 2017 the Company held cash balances and fixed term deposits with a combined value of £19,495,000. 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

	Unaudited 6 months ended 30 June 2017 £000	Unaudited 6 months ended 30 June 2016 £000
Income from investments		
- Dividends from unquoted companies	151	340
- Dividends from AIM quoted companies	6	7
	157	347
- Interest on loans to unquoted companies	525	640
Income from investments held at fair value through profit or loss	682	987
Interest on bank deposits	59	96
	741	1,083

3. Taxation

	Unaudited 6 months ended 30 June 2017			Unaudited 6 months ended 30 June 2016		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Profit before taxation	372	400	772	722	36	758
Profit before taxation multiplied by the blended standard small company rate of corporation tax in UK of 19.25% (2016: 20%)	72	77	149	144	7	151
Effect of:						
UK dividends received	(30)	-	(30)	(69)	-	(69)
Non-taxable profits on investments	-	(158)	(158)	-	(90)	(90)
Excess expenses	-	39	39	-	8	8
Tax charge (credit)	42	(42)	-	75	(75)	-

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 6 months ended 30 June 2017			Unaudited 6 months ended 30 June 2016			Audited Year ended 31 December 2016		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Final dividend for the year ended 31 December 2016 of 1.5p (2015: 2.5p) per ordinary share	177	1,334	1,511	277	2,045	2,322	277	2,045	2,322
Interim dividend for the year ended 31 December 2016 of 2.0p per ordinary share	-	-	-	-	-	-	593	1,276	1,869
	177	1,334	1,511	277	2,045	2,322	870	3,321	4,191
Shares allotted under DRIS			(326)			(443)			(826)
Unclaimed dividends			1			(1)			(11)
Dividends paid in the Statement of Cash Flows			1,186			1,878			3,354

An interim dividend of 1.5 pence per ordinary share, amounting to approximately £1.51 million, 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. 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 £772,000 (30 June 2016: £758,000) and 99,223,205 (30 June 2016: 92,656,544) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The basic and diluted revenue earnings per ordinary share is based on the revenue profit attributable to equity shareholders of £330,000 (30 June 2016: £647,000) and 99,223,205 (30 June 2016: 92,656,544) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The basic and diluted capital earnings per ordinary share is based on the capital profit attributable to equity shareholders of £442,000 (30 June 2016: £111,000) and 99,223,205 (30 June 2016: 92,656,544) ordinary shares being the weighted average number of ordinary shares in issue during the period.

During the period the Company allotted 583,201 new ordinary shares in respect of its dividend re-investment scheme and 6,787,231 ordinary shares of 10 pence each under the offer for subscription launched on 3 January 2017, raising gross proceeds of £4.25 million.

The Company has repurchased 710,000 of its own shares in the period and these shares are held in the capital reserve. The total of 3,255,746 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.

The only potentially dilutive shares are those shares which, subject to certain criteria being achieved in the future, may be issued by the Company to meet its obligations under the Investment Adviser Agreement. No such shares have been issued or are currently expected to be issued. There are, therefore, considered to be no potentially dilutive shares in issue at 30 June 2017, 31 December 2016 or 30 June 2016.

6. Financial Assets at Fair Value through Profit or Loss

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 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. The majority of the Company's investments fall into this category.

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 (2016: none).

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 December 2016, a copy of which can be found at 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:** This represents the cost of the investment or the price at which a significant amount of new investment has been made by an independent third party adjusted, if necessary, for factors relevant to the background of the specific investment. The value of the investment is assessed for changes or events that would imply either a reduction or increase to its fair value through comparison of financial, technical and marketing milestones set at the time of investment. Where it is considered that the fair value no longer approximates to the cost of the recent investment an estimated adjustment to the cost, based on objective data, will be made to the investment's carrying value.

- **Earnings multiple:** A multiple that is appropriate and reasonable, given the risk profile and earnings growth prospects of the underlying company, is applied to the maintainable earnings of that company. The multiple is adjusted to reflect any risk associated with lack of marketability and to take account of the differences between the investee company and the benchmark company or companies.

Movements in investments at fair value through profit or loss during the six months to 30 June 2017 are summarised as follows:

IFRS 13 measurement classification	Level 3 Unquoted Investments £000	Level 1 Quoted Equity Investments £000	Total Investments £000
Opening cost	30,853	1,419	32,272
Opening valuation gain	6,394	653	7,047
Opening fair value at 1 January 2017	37,247	2,072	39,319
Additions at cost	571	-	571
Disposal proceeds	(1,730)	(272)	(2,002)
Net profit on disposal *	542	41	583
Change in fair value	(150)	371	221
Closing fair value at 30 June 2017	36,480	2,212	38,692
Closing cost	30,380	1,321	31,701
Closing valuation gain **	6,100	891	6,991
Closing fair value at 30 June 2017	36,480	2,212	38,692

* The net profit on disposal in the table above is £583,000 whereas that shown in the Statement of Comprehensive Income is £600,000. The difference comprises the gain of £17,000 arising on deferred proceeds in respect of assets which have been disposed and are not included within the investment portfolio at the period end.

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

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.

IFRS13 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 fair value measurement. Each unquoted portfolio company has been reviewed and both downside and upside alternative assumptions have been identified and applied to the valuation of each of the unquoted investments. Applying the downside alternative the value of the unquoted investments would be £3,037,000 (8.3 per cent) lower. Using the upside alternative the value would be increased by £3,301,000 (9.0 per cent).

Of the Company's investments, 94 per cent are in unquoted companies held at fair value (31 December 2016: 95 per cent). The valuation methodology for these investments includes the application of externally produced FTSE® PE 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 £2,818,000 (4.7 per cent of net assets). An equal change in the opposite direction would have decreased net assets attributable to the Company's shareholders and the total profit by £2,653,000 (4.5 per cent of net assets).

Of the Company's equity investments, 6 per cent are quoted on AIM (31 December 2016: 5 per cent). A five per cent increase in stock prices as at 30 June 2017 would have increased the net assets attributable to the Company's shareholders and the total profit for the year by £111,000 (31 December 2016: £104,000). 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.

There have been no individual fair value adjustments downwards during the period that exceeded five per cent of the total assets of the Company (31 December 2016: none).

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

	Net proceeds from sale	Cost	Opening carrying value as at 1 January 2017	Gain over opening carrying value	Profit (loss) on original cost
	£000	£000	£000	£000	£000
<i>Unquoted investments</i>					
GTK (Holdco) Limited	149	149	149	-	-
Ness (Holdings) Limited	130	1,012	-	130	(882)
Harvey Jones Holdings Limited	403	403	401	2	-
Macro Art Holdings Limited	52	52	52	-	-
Selima Holding Company Ltd	996	300	586	410	696
Cambrian Park & Leisure Homes Limited (via Cambrian Lodges Holdings Limited)	-	1,133	-	-	(1,133)
	1,730	3,049	1,188	542	(1,319)
<i>Quoted investments</i>					
AB Dynamics plc	125	24	125	-	101
Gooch & Housego plc	147	74	106	41	73
	272	98	231	41	174
Total from disposals in the period	2,002	3,147	1,419	583	(1,145)
<i>Revaluation of deferred consideration:</i>					
Callstream Group Limited	17	-	-	17	17
Total from quoted and unquoted investments	2,019	3,147	1,419	600	(1,128)

The proceeds in the table above total £2,019,000, whereas that shown in the Statement of Cash Flows is £1,770,000. The difference comprises deferred consideration which is expected to be received after 30 June 2017.

7. 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 £59,375,000 (30 June 2016 and 31 December 2016: £57,054,000 and £56,109,000 respectively) and 100,634,746 (30 June 2016 and 31 December 2016: 93,470,001 and 93,974,314 respectively) ordinary shares in issue at 30 June 2017.

The 3,255,746 (30 June 2016 and 31 December 2016: 2,367,533 and 2,545,746) treasury shares have been excluded in calculating the number of ordinary shares in issue at 30 June 2017. 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.

The only potentially dilutive shares are those shares which, subject to certain criteria being achieved in the future, may be issued by the Company to meet its obligations under the Investment Adviser Agreement. No such shares have been issued or are currently expected to be issued. There are, therefore, considered to be no potentially dilutive shares in issue at 30 June 2017, 31 December 2016 or 30 June 2016.

8. Total Return

Total return per share is calculated on cumulative dividends paid of 54.0 pence per ordinary share (30 June 2016: 50.5 pence per ordinary share and 31 December 2016: 52.5 pence per ordinary share) plus the net asset value as calculated in note 7.

9. Directors

The directors of the Company are: Richard Last, Robert Martin Pettigrew, and Peter Charles Waller.

10. Other Information

Copies of the interim report can be obtained from the Company's registered office: 5th Floor, Valiant Building, 14 South Parade, Leeds, LS1 5QS or from www.bscfunds.com.

11. Interim Dividend for the Six Months ended 30 June 2017

Further to the announcement of its interim results for the 6 months to 30 June 2017, the Company confirms that an interim dividend of 1.5 pence per ordinary share ("Interim Dividend") will be paid on 29 September 2017 to those shareholders on the Company's register at the close of business on 1 September 2017. The ex-dividend date for these dividends will be 31 August 2017.

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

The Company operates a dividend re-investment scheme ("DRIS"). The latest date for receipt of DRIS elections so as to participate in the DRIS in respect of the Interim Dividend is the close of business on 15 September 2017.

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

For further information, please contact:

David Hall	YFM Equity Partners Limited	Tel: 0113 244 1000
Jonathan Becher	Panmure Gordon (UK) Limited	Tel: 0207 886 2715

British Smaller Companies VCT2 plc (“the Company”)

Purchase of Own Securities and Total Voting Rights

The Company announces that on 27 September 2017 it purchased 150,000 ordinary shares of 10 pence each at a price of 55.13 pence per ordinary share. The shares purchased represent 0.15 per cent of the total number of voting rights in the Company before the transaction. These shares will be held in treasury.

The last reported net asset value as at 30 June 2017 was 59.0 pence per ordinary share since when an interim dividend of 1.5 pence per ordinary share has been declared, resulting in an ex-dividend net asset value of 57.5 pence per ordinary share.

If these shares had been purchased prior to the quarter ended 30 June 2017 the unaudited net asset value per ordinary share of the Company at that date would have been unaltered at 59.0 pence per ordinary share.

The Company’s issued share capital now consists of 100,484,746 ordinary shares of 10 pence each with voting rights and 3,405,746 ordinary shares of 10 pence each held in treasury.

The above figure of 100,484,746 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.

29 September 2017

For further information, please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 244 1000
Jonathan Becher	Panmure Gordon (UK) Limited	Tel: 0207 886 2715

British Smaller Companies VCT2 plc (the “Company”) Payment of Interim Dividend and Allotment of Shares

The Company announces that on 29 September 2017 it paid an interim dividend of 1.5 pence per ordinary share to shareholders on the register of members of the Company as at the record date of 1 September 2017 (“Interim Dividend”).

The Company further announces that on 29 September 2017 it issued and allotted 606,434 ordinary shares of 10 pence each pursuant to its dividend re-investment scheme (“DRIS”) at a price of 54.63 pence per share to shareholders of the Company who elected to receive shares instead of the Interim Dividend. The subscription price of 54.63 pence per share was determined in accordance with the terms and conditions of the DRIS on the basis of the last reported Net Asset Value of 59.0 pence per ordinary share as at 30 June 2017 (adjusted for the Interim Dividend of 1.5 pence per share to be paid today) less 5%. As a result, 22% of the Interim Dividend paid by the Company, was re-invested in shares in the Company via the DRIS.

Application is now being made for the ordinary shares which were issued and allotted as set out above 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 13 October 2017.

Following such issue and allotment the Company’s issued share capital consists of 101,091,180 ordinary shares of 10 pence each with voting rights (“Voting Capital”) and 3,405,746 ordinary shares of 10 pence each 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

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Jonathan Becher

Panmure Gordon (UK) Limited

Tel: 0207 866 2715

British Smaller Companies VCT2 plc (“the Company”)

Purchase of Own Securities and Total Voting Rights

The Company announces that on 20 October 2017 it purchased 290,605 ordinary shares of 10 pence each at a price of 55.13 pence per ordinary share. The shares purchased represent 0.29 per cent of the total number of voting rights in the Company before the transaction. These shares will be held in treasury.

The last reported net asset value as at 30 June 2017 was 59.0 pence per ordinary share since when an interim dividend of 1.5 pence per ordinary share has been paid, resulting in an adjusted net asset value of 57.5 pence per ordinary share.

If these shares had been purchased prior to the quarter ended 30 June 2017 the unaudited net asset value per ordinary share of the Company at that date would have been unaltered at 59.0 pence per ordinary share.

The Company’s issued share capital now consists of 100,800,575 ordinary shares of 10 pence each with voting rights and 3,696,351 ordinary shares of 10 pence each held in treasury.

The above figure of 100,800,575 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.

20 October 2017

For further information, please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 244 1000
Jonathan Becher	Panmure Gordon (UK) Limited	Tel: 0207 886 2715

British Smaller Companies VCT2 plc
Interim Management Statement
For the quarter ended 30 September 2017

British Smaller Companies VCT2 plc (the “Company”) presents its interim management statement for the quarter ended 30 September 2017. The statement also includes relevant financial information between the end of the quarter and the date of this statement. A copy of this interim management statement can be found at www.bscfunds.com.

Overview

The Company has continued to make progress in the quarter with total return rising to 113.4 pence per ordinary share. This is an increase of 0.4 pence per ordinary share.

It is pleasing that improved profitability across a number of investments contributed to the £0.5 million increase in Net Asset Value (“NAV”) in the period, prior to the payment of the interim dividend. The performances from GTK, Deep-Secure, Intelligent Office and Matillion in particular were strong contributors in the period. DisplayPlan has had a more difficult trading period, albeit it is very well funded to be able to cope with the challenges and whilst the additional investment in the sales channel by Business Collaborator is slower to come through than anticipated the business remains confident in being able to deliver on its medium-term growth plans.

Performance

	30 September 2017	Movement	30 June 2017
Net Assets (£m)	58.6	(0.8)	59.4
NAV per share (PPS)	57.9p	(1.1p)	59.0p
Cumulative dividends paid (PPS)	55.5p	1.5p	54.0p
Total Return (PPS)	113.4p	0.4p	113.0p
Shares in issue	101,091,180	456,434	100,634,746

The total return at 30 September 2017, calculated by reference to the NAV per ordinary share and the cumulative dividends paid per ordinary share, was 113.4 pence per ordinary share compared to 113.0 pence per ordinary share at 30 June 2017. Cumulative dividends paid were up 1.5 pence per ordinary share at 55.5 pence per ordinary share (30 June 2017: 54.0 pence per ordinary share).

The unaudited NAV per ordinary share as at 30 September 2017 was 57.9 pence per ordinary share (30 June 2017: 59.0 pence per ordinary share) representing a decrease of 1.1 pence per ordinary share. The decrease in NAV per ordinary share is primarily due to the interim dividend of 1.5 pence per ordinary share for the year ending 31 December 2017, offset by the net upward movement in the overall portfolio valuation.

Dividends and shares in issue

On 27 September 2017 the Company purchased 150,000 ordinary shares of 10 pence each at a price of 55.13 pence per ordinary share. These shares were placed in treasury.

Pursuant to its dividend re-investment scheme on 29 September 2017 the Company issued 606,434 ordinary shares at a price of 54.63 pence per ordinary share.

The number of ordinary shares in issue at 30 September 2017 was 101,091,180 (30 June 2017: 100,634,746). In addition, at 30 September 2017 the Company held 3,405,746 ordinary shares in treasury (30 June 2017: 3,255,746).

Subsequent to the quarter end on 20 October 2017 the Company purchased 290,605 ordinary shares of 10 pence each at a price of 55.13 pence per ordinary share. These shares were placed in treasury.

Net assets

Net assets at 30 September 2017 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	38,392	65.6
Quoted investments at bid price	2,073	3.5
Total investments	40,465	69.1
Cash and cash equivalents	16,948	28.9
Other net current assets	1,158	2.0
Net assets	58,571	100.0

The investment portfolio at 30 September 2017 was comprised as follows:

	Valuation	Valuation
	£000	as a % of
		net assets
ACC Aviation	3,704	6.3
Intelligent Office	3,264	5.6
Mangar Health Limited	2,654	4.5
KeTech Enterprises Limited	2,123	3.6
Springboard Research Holdings Limited	1,922	3.3
GTK (Holdco) Limited	1,790	3.1
Gill Marine Holdings Limited	1,761	3.0
Business Collaborator Limited	1,650	2.8
Immunobiology Limited	1,612	2.8
Matillion Limited	1,569	2.7
	22,049	37.7
Other investments	18,416	31.4
Total investments	40,465	69.1

During the quarter to 30 September 2017 the Company made two new investments of £1.2 million into Friska Limited, a Bristol based chain of restaurants and £0.6 million into e2E Engineering Limited, a leading technical consultancy operating in the telecommunications market with particular expertise in satellite communications.

In the quarter to 30 September 2017 the realisation and repayment of investments generated cash proceeds of £0.6 million, including £0.2 million from the realisation of the Company's final interest in Harvey Jones. This takes the total return on this investment to £2.2 million, a multiple of 1.4x cost.

Portfolio Performance

Over the quarter to 30 September 2017 aggregate unrealised portfolio valuations have increased by £0.5 million.

The Board continues to follow its policy of maintaining a diversified portfolio. At 30 September 2017, only two investments represented more than 5 per cent of the Company's NAV.

Recent budget

It was pleasing that the Government reaffirmed its commitment to the Venture Capital Trust Schemes as one of the tools to support investment in the UK's small businesses which remain an engine of future growth and innovation. The changes announced seek to focus investment on earlier stage higher risk businesses and away from any capital preservation/asset-backed investments and also to achieve higher levels of investment in qualifying companies.

A new "risk-based principles" test is to be introduced to help achieve the focussing of investments, with guidelines expected to be published on 1 December 2017. Whilst the test will not formally be brought into law until the Finance Bill is given Royal Assent, it is believed that the advance assurance will operate from 1 December 2017 as if the new test applied. Your Board and Investment Adviser welcome the new test and do not believe that its introduction will have a material impact on the Company's operations or investment policy.

There are two new qualifying investment tests; the first is that for the Company as a whole 80 per cent of its investments will have to be held in Qualifying Investments as opposed to the current test of 70 per cent; for the Company this comes into force from 1 January 2020. The second test applies to financial years commencing on or after 6 April 2019 where 30 per cent of any new funds raised have to be invested in Qualifying Investments within 12 months. This will apply for the year ending 31 December 2020. It is not believed that either of these changes will significantly impact the Company.

Outlook

Although we remain in uncertain times and it is unclear what the full implications of the UK's decision to leave the European Union will mean for many businesses, your Board is confident that the businesses in your Company's portfolio should be able to adapt to the new economic environment and the pipeline of new investments is continuing to develop.

The Company is pleased to note the increased level of investment opportunities and, as last year, will be seeking to raise up to €5 million by way of a non-prospectus top-up that it plans to launch on 11 January 2018.

Your Board will continue to seek to grow and diversify the portfolio, recognising that due to the regulatory environment, its composition will change over time as the current portfolio is realised and replaced with growth capital investments in earlier stage, younger businesses. While the current portfolio should continue to generate more consistent returns, in the medium to long term there is likely to be a greater volatility of returns and your Board will continue to monitor its dividend and buy-back policies through this transition.

Your Board remains committed to continuing to build a strong and diversified portfolio to deliver long-term value to shareholders.

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

30 November 2017

For further information please contact:

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Jonathan Becher	Panmure Gordon (UK) Limited	Tel: 0207 886 2715

British Smaller Companies VCT2 plc (“the Company”)

Purchase of Own Securities and Total Voting Rights

The Company announces that on 19 December 2017 it purchased 310,000 ordinary shares of 10 pence each at a price of 55.51 pence per ordinary share. The shares purchased represent 0.31 per cent of the total number of voting rights in the Company before the transaction. These shares will be held in treasury.

The last reported net asset value as at 30 September 2017 was 57.9 pence per ordinary share.

If these shares had been purchased prior to the quarter ended 30 September 2017 the unaudited net asset value per ordinary share of the Company at that date would have been unaltered at 57.9 pence per ordinary share.

The Company’s issued share capital now consists of 100,490,575 ordinary shares of 10 pence each with voting rights and 4,006,351 ordinary shares of 10 pence each held in treasury.

The above figure of 100,490,575 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.

For further information, please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 244 1000
Jonathan Becher	Panmure Gordon (UK) Limited	Tel: 0207 886 2715

British Smaller Companies VCT2 plc (“the Company”)

Launch of Top-up Offer

The Company announces that it intends to launch a top-up offer (“the Offer”) of new ordinary shares for subscription in the 2017/18 tax year. It is envisaged that the Offer will seek to raise a total of up to approximately £4.4 million (equivalent to €5 million at current exchange rates).

It is expected that the Offer will open on 11 January 2018 and will close at 5.00 pm on 5 April 2018, or earlier if fully subscribed. A document has been sent today to registered shareholders informing them that the Offer is to be launched. Full details of the Offer will be contained in an offer document which is expected to be published on 11 January 2018.

Priority will be given to applications from shareholders or their spouses/civil partners who are on the register of the Company at the close of business on 20 December 2017. Priority for existing shareholders and their spouses/civil partners will expire at the close of business on Friday 2 February 2018, when the offer (if not then fully subscribed) will be made available to the general public. Shares will be allocated on a first-come-first-served basis in respect of valid applications, with a minimum subscription of £3,000.

20 December 2017

For further information, please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 244 1000
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