



British Smaller Companies VCT plc British Smaller Companies VCT2 plc

Offers for Subscription by each of the Companies
to raise up to £7,050,000 each in the 2020/21 tax year

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Transforming small businesses



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO WHAT ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO CONSULT A PERSON AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (“FSMA”) WHO SPECIALISES IN ADVISING ON THE ACQUISITION OF SHARES AND OTHER SECURITIES.

VENTURE CAPITAL TRUSTS (“VCTS”) ARE A PARTICULAR TYPE OF INVESTMENT COMPANY. THEY WERE ESTABLISHED BY THE UK GOVERNMENT WITH THE INTENTION OF ENCOURAGING INVESTMENT IN SMALLER, OR “VENTURE”, UK COMPANIES. INVESTMENT IN VCTS IS HIGH-RISK AND FOR THE LONG-TERM. WHEN CONSIDERING AN INVESTMENT IN THE COMPANIES, POTENTIAL INVESTORS SHOULD CONSULT THEIR FINANCIAL OR OTHER ADVISER(S). PLEASE SEE THE RISKS ASSOCIATED WITH INVESTING IN THE COMPANIES PRINTED ON PAGES 7 AND 8.

British Smaller Companies VCT plc

(Incorporated and registered in England and Wales under the Companies Act 1985
with Registered Number 03134749)

British Smaller Companies VCT2 plc

(Incorporated and registered in England and Wales under the Companies Act 1985
with Registered Number 04084003)

Offers for Subscription by each of the Companies
of new Ordinary Shares of 10 pence each
to raise up to £7,050,000 each in the 2020/21 tax year



Manager:
YFM Private Equity Limited

This Document is issued by the Companies and approved for issue as a financial promotion for the purposes of section 21 of the FSMA by YFM Private Equity Limited (“YFM”), which is authorised and regulated by the Financial Conduct Authority (“FCA”) ref. no. 122120.

In approving this Document as a financial promotion YFM has confirmed that this Document complies with the FCA’s financial promotion rules, that it is acting solely for the Companies and no one else and that it will not be responsible to anyone other than the Companies for providing the protections afforded to YFM’s clients or for providing financial advice in relation to the subject of this Document, other than as required by the rules and regulations of the FCA.

No person other than YFM and RAM Capital has been authorised to issue any advertisement or give any information or make any representations in connection with the Offers, other than those contained in this Document and, if issued, given or made, such advertisements, information or representations must not be relied upon as having been authorised by the Companies, YFM or RAM Capital. The Companies have one market maker in their Shares.

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Letter from the Chairmen

Directors:

BSC

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2 February 2021

Dear Shareholder/Investor

We are delighted to announce top-up Offers for further investment in BSC and BSC2. Existing Shareholders will have priority until 2 March 2021. After this date, if not fully subscribed, new Investors will also be able to apply for New Shares under the Offers.

From 2016 the Companies have focussed on investing in businesses that are at an earlier stage of their development with investment structures largely comprising equity instruments.

More recently, the Companies' portfolio businesses have adapted well to the various restrictions imposed as a result of the coronavirus pandemic and since the initial outbreak in March 2020 valuations have continued to recover, showing Total Return increases in the nine months to 31 December 2020 of 20.3 per cent (BSC) and 20.9 per cent (BSC2) of the respective net asset values at 31 March 2020.

Demand for growth capital continues, as evidenced by investments totalling £11.5 million made in the last three months, which have included three new investments. The Companies are well positioned to provide further funding for investee companies to accelerate their growth plans.

Each Company is seeking to raise up to £7,050,000, before expenses, this being approximately the sterling equivalent of €8,000,000, the maximum amount allowed under the Prospectus Regulation Rules as at the date of this Document without the issue of a full prospectus. The funds raised under the Offers will be utilised by each Company in accordance with its investment policy, to maintain liquidity and to enable payment of costs.

Amounts subscribed by Investors under the Offers will be used to purchase New Shares and will enable them to participate in the investment returns of the Companies' existing investment portfolios following the allotment of the New Shares.

Assuming 9,339,334 New Shares are issued by BSC at an illustrative Offer Price of 75.487p (as set out on page 11) and assuming 12,848,130 New Shares are issued by BSC2 at an illustrative Offer Price of 54.872p (as set out on page 11), the New Shares will comprise approximately 6.8 per cent and 10.0 per cent of the current Shares in issue of BSC and BSC2 respectively. Please note that only Application Forms returned by post to the Receiving Agent will be accepted. To afford the greatest opportunity for Investors to subscribe for the Offers, the minimum individual subscription in each Company has been set at £3,000.

Investors will be allocated New Shares on a first-come, first-served basis. A Shareholder in one of the Companies who subscribes for New Shares in the other Company, but is not already a Shareholder in the other Company, will be treated as an Existing Shareholder in that other Company for the purpose of the priority period ending on 2 March 2021 mentioned above. In order to maximise the opportunity for Investors to subscribe for New Shares, the Directors who currently own Shares in the Companies, and directors of the Manager, will only subscribe for New Shares if the Offers

LETTER FROM THE CHAIRMEN

are not fully subscribed before, and therefore remain open beyond, 2 March 2021. In order to facilitate investment in the Companies by those Directors who joined the Boards after the last prospectus fundraising in 2018/19, Directors who do not currently own Shares in the Companies will be able to subscribe for New Shares from 2 February 2021.

Potential Investors should consult their professional or Financial Advisers before deciding whether and, if so, how much they should invest under the Offers. Should you have any questions concerning the application procedures please contact Tracey Nice at YFM on 0113 261 6478/07500 330986 or tracey.nice@yfmepl.com or the Receiving Agents, Link Group on 0800 181 4729. However, no investment, financial or tax advice can be given by YFM or Link and if you are in any doubt you should consult your independent Financial Adviser.

Please note that YFM, RAM Capital and Link act only for the Companies and not for Investors under the Offers. They are not responsible to Investors for providing the protections given to their clients for acting for those clients.

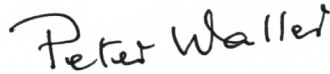
We very much look forward to welcoming participation from you and thank you for your continued support.

Yours sincerely



Helen Sinclair
Chairman

British Smaller Companies VCT plc



Peter Waller
Chairman

British Smaller Companies VCT2 plc

Expected Timetable

Offers open to Existing Shareholders*	2 February 2021
Exclusivity period for Existing Shareholders ends	2 March 2021
Offers open to new Investors*	3 March 2021
Offers close**	11.00 a.m. 1 April 2021
First and final allotment**	on or before 1 April 2021
Dealings in New Shares commence	within ten Business Days of allotment
Definitive share certificates dispatched	within ten Business Days of allotment

* A Shareholder in one of the Companies who subscribes for New Shares in the other Company, but is not already a Shareholder in the other Company, will be treated as an Existing Shareholder in that other Company. In order to maximise the opportunity for Investors to subscribe for New Shares in the Companies, the Directors who currently own Shares in the Companies, and directors of the Manager, will only subscribe for New Shares if the Offers are not fully subscribed before, and therefore remain open beyond, 2 March 2021. Directors who do not currently own Shares in the Companies will be able to subscribe for New Shares from 2 February 2021.

** Each of the Boards may close the Offers in respect of its Company earlier than the date stated above if it is fully subscribed by an earlier date. The Boards further reserve the right to accept valid Application Forms and to allot and arrange for the listing of New Shares in respect of Applications received on or prior to the closing date of the Offers as the Boards see fit, which may not be on the dates stated above.

Offer Statistics

The estimated maximum number of New Shares to be allotted in the Offers is as follows:

	BSC	BSC2
Maximum amount raised	£7,050,000	£7,050,000
Offer Price	75.487p	54.872p
Maximum number of New Shares to be allotted*	9,339,334	12,848,130

* Assuming that the Offers are fully subscribed and that all Applications are made direct or through a Financial Adviser without a Facilitated Fee.

The number of New Shares allotted in respect of the Offers will be calculated on the basis of the "Pricing Formulas" as set out on page 10.

Minimum individual Application under the Offer	£3,000
Initial Application Fee	2.5 per cent
Expected minimum net proceeds of each of the Offers*	£6,732,750

* Assuming the maximum amounts are raised, that all Applications are made through execution-only platforms or brokers and no execution-only commission is rebated.

Risk Factors

The Boards draw the attention of potential Investors to the following risk factors which may affect the Companies, the New Shares and VCTs generally. The profile of a typical Investor for whom the Offers are designed is a retail Investor, who is a UK income tax payer aged 18 or over with an investment range of between £3,000 and £200,000 and who is looking for exposure to unquoted companies whilst receiving income through a dividend stream. Any decision by an Investor to invest in the Companies should be based on consideration of this Document as well as the latest publicly available information on the Companies. An investment in the Companies is only suitable for Investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. An investment in the Companies involves risks that could lead to a loss of all or a substantial portion of such investment.

An investment in the Companies should be regarded as long-term in nature and is not suitable for all individuals, particularly with regard to the five year period for which Investors must hold their New Shares to retain the initial income tax relief. The tax treatment of an investment in the Companies depends on the individual circumstances of each Investor. The tax rules or their interpretation in relation to an investment in the Companies and/or rates of tax may change during the life of the Companies and can be retrospective. Potential Investors should consult their professional advisers before deciding whether and, if so, how much they invest in New Shares.

The following risks are those material risks of which the Boards are aware. Additional risks which are not presently known to the Boards, or that the Boards currently deem immaterial, may also have an effect on each Company's business, financial condition or results of operations.

General risks

The market price of the New Shares may not fully reflect their underlying Net Asset Value. The value of an investment in the Companies, and the income derived from it, may go down as well as up and an Investor may not get back the full amount invested, even taking into account the available tax reliefs.

Although the existing Shares have been (and it is anticipated that the New Shares will be) admitted to the Official List and are (or will be) traded on the London Stock Exchange's market for listed securities, the secondary market for VCT shares is generally illiquid. Therefore, there may not be a liquid market for the Shares, which may be partly attributable to the fact that the initial income tax relief is not available for VCT shares generally bought in the secondary market and because VCT shares usually trade at a discount to their net asset value, the price of the Shares may be volatile and Shareholders may find it difficult to realise their investment. An investment in the Companies should, therefore, be considered as a long-term investment.

The past performance of the Companies or other funds managed or advised by the Manager is not a reliable indicator of the future performance of the Companies. The value of the Shares depends on the performance of the Companies' underlying assets.

There can be no guarantee that each Company's investment objective will be achieved or that suitable investment opportunities will be available.

Investment and market risks

An investment in unquoted companies, by its nature, involves a higher degree of risk than investment in companies traded on the main market for listed securities of the London Stock Exchange. 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 spread of coronavirus (COVID-19) was declared a global pandemic by the World Health Organisation on 11 March 2020. Businesses currently have to operate with restrictions on their activities resulting from the UK Government's ongoing measures to contain the spread of the virus and to minimise the likelihood of a resurgence in infection rates, these restrictions are particularly severe for those operating in physical retail, hospitality, travel and some entertainment industries. The Companies' investee companies may be adversely impacted by the pandemic, the UK Government's restrictions and the resulting disruption caused to consumer demand. Whilst the UK Government has provided financial support and implemented fiscal and other measures to support small businesses, the UK Government may vary significantly the restrictions it has imposed on business activities, the financial support it is currently providing to businesses and the other fiscal measures it has taken. The exact effect of these on the Companies' investee companies is, therefore, difficult to predict. All of these factors may adversely affect investor returns.

RISK FACTORS

It is uncertain at this time as to what impact the UK's withdrawal from the EU, and the ending of the transition period on 31 December 2020 will have on the overall trading environment faced by the businesses in the Companies' portfolio.

The Companies' investments may be difficult to realise. The market for stock in smaller companies is often less liquid than for stock in larger companies, bringing with it potential difficulties in acquiring, valuing, and disposing of such stock.

Full information for determining the value or the risks to which unquoted companies are exposed may also not be available.

The valuation of each Company's portfolio and opportunities for realisation may also depend on stock market conditions.

Any change of governmental, economic, fiscal, monetary, or political policies, could materially affect, directly or indirectly, the operation of the Companies and/or their portfolio of companies in which they invest and the value of and returns from securities and/or their ability to achieve or maintain VCT status.

Tax and legislative risks

The information in this Document is based on existing legislation, including taxation legislation. The tax reliefs described are those currently available. The tax rules, or their interpretation in relation to an investment in the Companies and/or rates of tax, may change during the life of the Companies and can be retrospective. The value of tax reliefs depends on the personal circumstances of the Investor, who should consult their own tax advisers before making an investment.

The Companies intend to manage their affairs in respect of each accounting period so as to obtain and thereafter maintain approval as a VCT. However, there can be no guarantee that the Companies will be able to maintain their VCT status. If either Company fails to maintain approval as a VCT before Qualifying Investors have held their Shares for five years, the income tax relief obtained on the amount subscribed in that Company will have to be repaid by such Investors. In addition, dividends paid in an accounting period where VCT status is lost will become taxable and a liability to capital gains tax may arise on any subsequent disposal of Shares. Where approval by either Company as a VCT is not maintained that Company will also lose its exemption from capital gains tax. If at any time VCT status is lost by either Company, Dealings in the Shares will normally be suspended until such time as that Company has published proposals either to continue as a VCT or to be wound up.

The disposal of New Shares within five years of their issue will result in some or all of the 30 per cent income tax relief available on investment becoming repayable. On this basis, investing in New Shares should be considered a long-term investment. From 6 April 2014 the availability of income tax relief on an application for shares issued in a VCT is restricted where the application is "linked" to a sale of shares in the same VCT. For these purposes, linked means i) the sale of shares in the VCT was conditional on the application for shares in the same VCT (or vice versa) or ii) the application and sale are within six months of each other (irrespective of which comes first). If the application is "linked", the amount on which the upfront income tax relief can be claimed will be reduced by the amount of consideration of any linked sales. In addition, if a VCT makes a payment to its shareholders in relation to shares issued on or after 6 April 2014, which amounts to a repayment of share capital (including the payment of a dividend or a distribution), other than for the purpose of redeeming or repurchasing such shares, before the end of the third accounting period following the accounting period in which the shares were issued, the VCT status of the VCT will be withdrawn.

Investors should be aware that since 18 November 2015 there is a maximum age limit for companies receiving investments from VCTs (generally seven years from first commercial sale or 10 years for Knowledge Intensive Companies), and a maximum amount of State Aid Risk Finance which a company can receive over its lifetime (£12 million, or £20 million for Knowledge Intensive Companies). There are further restrictions on the use of VCT funds received by investee companies. These changes may mean that there are fewer opportunities for investment, and that the Companies may not necessarily be able to provide further investment funds for companies already in their portfolios. From 6 April 2016, a VCT can only invest in Qualifying Holdings or in certain specified liquid assets.

Investments by VCTs are regarded as state aid. Where the European Commission believes that state aid has been provided which is not in accordance with the State Aid Risk Finance guidelines, they may require that the UK government recovers that state aid. There is currently no mechanism in place for this, but recovery may be from the investee company, the VCT or the VCT's investors.

Changes in legislation concerning VCTs, in particular in relation to Qualifying Holdings and qualifying trades, may limit the number of Qualifying Investment opportunities, reduce the level of returns which would otherwise have been achievable, increase the risk profile of future investments or result in the Companies not being able to meet their objectives.

Forward Looking Statements

- > Potential Investors should not place undue reliance on forward looking statements;
- > This Document includes statements that are (or may be deemed to be) “forward looking statements”, which can be identified by the use of forward looking terminology including terms such as “believes”, “continues”, “expects”, “intends”, “may”, “will”, “would”, “should” or, in each case, their negative or other variations or comparable terminology;
- > These forward looking statements include matters that are not historical facts;
- > Forward looking statements involve risk and uncertainty because they relate to future events and circumstances;
- > Forward looking statements contained in this Document, based on past trends or activities, should not be taken as a representation that such trends or activities will continue in the future; and
- > These statements will be updated as and when required by the Listing Rules and the DGTRs, as appropriate.

Part I

The Offers

Terms of the Offers

There is a minimum subscription of £3,000 in either Company under the Offers (before any Facilitated Fees are deducted) and, thereafter, in multiples of £1,000.

The New Shares will rank pari passu with existing Shares. There is no maximum amount that can be subscribed under the Offers. However, prior to subscribing to the Offers, Subscribers may wish to consider that, as detailed in Part V of this Document, tax reliefs are restricted to a maximum VCT allowance, in all VCTs in any single tax year, of £200,000 (including shares issued under a DRIS) per Qualifying Investor.

Pricing Formulas

The number of New Shares to be allotted under the Offers will be determined by the following formula:

$A - B - C - D + E$	where:
NAV per Share	
A	is the total amount remitted to the Companies, including any Facilitated Fee;
B	is any Facilitated Fee;
C	is the Initial Application Fee;
D	is the amount of commission payable to an execution only broker or platform, up to a maximum of 2.0 per cent;
E	is the amount of commission rebated by an execution only broker or platform; and
NAV per Share	NAV per Share is the most recently published NAV per Ordinary Share of the relevant Company, adjusted for any subsequent dividends paid or declared (and in respect of which no adjustment has been made to that latest published NAV per Ordinary Share).

The number of New Shares to be issued by each Company under the Offers will be rounded down to the nearest whole number (fractions of New Shares will not be allotted). If there is a surplus of funds from an Application Amount, the balance will be returned (without interest) in the form of a cheque made payable to the Subscriber sent to the address shown on the Application Form; save where the amount is less than £2.00, in which case it will be retained by the relevant Company. Share and tax certificates will be sent to the Subscriber at the address shown on the Application Form.

As at the date of this Document the most recently published (unaudited) NAVs were 73.6p and 55.0p for BSC and BSC2 respectively, being the unaudited NAVs as at 31 December 2020, which were announced on 28 January 2021. On 27 January 2021 BSC2 declared an interim dividend of 1.5p per BSC2 Share, with an ex-dividend date of 4 February 2021 and a payment date of 5 March 2021, following which the unaudited NAV per BSC2 Share will be 53.5p. New Shares issued under the Offer will not be entitled to the dividend declared by BSC2 on 28 January 2021.

The maximum amount to be raised by each of the Companies under the Offer is £7,050,000. For illustrative purposes, assuming New Shares are issued at an illustrative Offer Price of 75.487p and 54.872p for BSC and BSC2 respectively (as set out on page 11), the maximum number of New Shares that will be issued under the Offers by BSC and BSC2 is 9,339,334 New Shares and 12,848,130 New Shares respectively (although the actual number of New Shares that will be issued by each of the Companies will depend on the Offer Prices which could be higher or lower than the illustrative Offer Prices of 75.487p and 54.872p).

Each of the Boards may close the Offers in respect of its Company earlier than the date stated on page 6. The Boards further reserve the right to accept an Application Form and to allot and arrange the listing of New Shares in respect of Applications received on or prior to the closing date of the Offers as the Boards see fit, which may not be on the dates stated on page 6.

PART I - THE OFFERS

Illustrative Offer Prices

An illustration of the application of the Pricing Formula based on the most recently published (unaudited) NAVs at 31 December 2020 of 73.6p for BSC and 53.5p for BSC2 (adjusted for the ordinary dividend of 1.5p to be paid on 5 March 2021), is set out below.

BSC	Direct or through a Financial Adviser, no facilitated fee	Execution only platform or broker, 2% initial commission waived	Execution only platform or broker, no rebate of initial commission
Maximum amount raised	£7,050,000	£7,050,000	£7,050,000
Initial Application Fee (2.5 percent)	£(176,250)	£(176,250)	£(176,250)
Execution only commission (2 per cent)	-	£(141,000)	£(141,000)
Initial commission waived	-	£141,000	-
Net Amount Invested	£6,873,750	£6,873,750	£6,732,750
NAV per Share	73.6p	73.6p	73.6p
Number of Shares issued	9,339,334	9,339,334	9,147,758
Illustrative Offer Price *	75.487p	75.487p	77.068p

BSC2	Direct or through a Financial Adviser, no facilitated fee	Execution only platform or broker, 2% initial commission waived	Execution only platform or broker, no rebate of initial commission
Maximum amount raised	£7,050,000	£7,050,000	£7,050,000
Initial Application Fee (2.5 percent)	£(176,250)	£(176,250)	£(176,250)
Execution only commission (2 per cent)	-	£(141,000)	£(141,000)
Initial commission waived	-	£141,000	-
Net Amount Invested	£6,873,750	£6,873,750	£6,732,750
NAV per Share	53.5p	53.5p	53.5p
Number of Shares issued	12,848,130	12,848,130	12,584,579
Illustrative Offer Price*	54.872p	54.872p	56.021p

* The example Offer Prices shown above are for illustrative purposes only as the NAVs may be different for the purposes of calculating the actual Offer Prices applicable to the allotment of New Shares under the Offers (which may be higher or lower than in the examples above).

PART I - THE OFFERS

Illustrative share allotments

Set out below is an illustration of the number of New Shares that would be allotted for an application of £10,000, based on the illustrative Offer Prices on page 11. Where applicable these examples assume a Facilitated Fee of 2 per cent or commission waived by an execution only broker or platform of 2 per cent.

BSC	Direct or through a Financial Adviser (no Facilitated Fee)	Through a Financial Adviser (Facilitated Fee 2%)	Execution only platform or broker, 2% commission waived by an Intermediary	Execution only platform or broker, no commission waived by an Intermediary
Application Amount	£10,000	£10,000	£10,000	£10,000
Facilitated Fee	-	£(200)	-	-
Initial Application Fee	£(250)	£(250)	£(250)	£(250)
Initial commission – execution only intermediary	-	-	£(200)	£(200)
Initial commission waived – execution only intermediary	-	-	£200	-
Amount invested	£9,750	£9,550	£9,750	£9,550
NAV per Share	73.6p	73.6p	73.6p	73.6p
Illustrative number of New Shares to be allotted	13,247	12,975	13,247	12,975
Illustrative Offer Price as set out on page 11	75.487p	77.068p	75.487p	77.068p

BSC2	Direct or through a Financial Adviser (no Facilitated Fee)	Through a Financial Adviser (Facilitated Fee 2%)	Execution only platform or broker, 2% commission waived by an Intermediary	Execution only platform or broker, no commission waived by an Intermediary
Application Amount	£10,000	£10,000	£10,000	£10,000
Facilitated Fee	-	£(200)	-	-
Initial Application Fee	£(250)	£(250)	£(250)	£(250)
Initial commission – execution only intermediary	-	-	£(200)	£(200)
Initial commission waived – execution only intermediary	-	-	£200	-
Amount invested	£9,750	£9,550	£9,750	£9,550
NAV per Share	53.5p	53.5p	53.5p	53.5p
Illustrative number of New Shares to be allotted	18,224	17,850	18,224	17,850
Illustrative Offer Price as set out on page 11	54.872p	56.021p	54.872p	56.021p

PART I - THE OFFERS

Costs of the Offers

The initial costs of the Offers comprise (i) an Initial Application Fee of 2.5 per cent of the Application Amount and (ii) the initial commissions payable by the Companies in respect of Applications received through execution only brokers.

Initial Application Fee

The Initial Application Fee is 2.5 per cent of the Application Amount and is paid by the relevant Company to the Manager. In consideration, the Manager has agreed to meet the costs associated with the Offers, save for commissions payable to execution only brokers, on behalf of the Companies and the Manager will, therefore, be responsible for all of these costs.

Commissions

Those Intermediaries that are permitted to receive commission will receive an initial commission of 2.0 per cent of the amount invested by their clients under the Offers. Provided that the Companies agree to pay trail commission, that the Intermediary continues to act for the Investor and that the Investor continues to be the beneficial owner of the New Shares, subject to applicable laws and regulations the Intermediary can be paid total trail commission of up to 2.5 per cent in aggregate of their client Investors' Application Amounts, paid as to 0.5 per cent per annum over a period of up to 5 years. Trail commission in respect of the Offers will be paid annually (commencing in 2022) by the relevant Company.

Where initial commission is payable the Intermediary may agree to waive all or part of the initial commission in respect of an Application. If this is the case, the commission waived will be added to the amount subscribed and New Shares will be allotted to the Investor at the relevant Offer Price. Execution only brokers must indicate on the Application Form the basis on which they wish to receive their commission.

Assuming the costs of the Offers are 2.5 per cent of the gross proceeds of the Offers and that all applications are made through execution only brokers and no execution only commission is rebated, the net proceeds of the Offers for each of the Companies would be £6,732,750 if the Offers are fully subscribed.

Adviser Charges

The Companies have agreed to facilitate the payment of one off Adviser Charges, by accepting instructions from an Investor to deduct the amount of the fee agreed by them with their Financial Adviser, from the amount they send to the Companies. Ongoing fees to Intermediaries will not be facilitated by the Companies. Investors who wish the Companies to facilitate the payment of a fee in this manner are required to specify the amount of the Facilitated Fee in Section 9 of the Application Form, and the Facilitated Fee will be paid to the relevant Financial Adviser on behalf of the Subscriber from an equivalent amount due to the Subscriber from the Companies. The Investor will be issued fewer New Shares (to the equivalent value of the Facilitated Fee) as set out on page 12. Where the Facilitated Fee stated on the Application Form is inclusive of VAT, the Investor may remain liable for the VAT element thereof.

Income tax relief should still be available on the total amount subscribed, before deduction of Facilitated Fees, subject to VCT Regulations and personal circumstances.

Advising ordinary retail Investors

The Companies currently conduct their affairs so that the Shares can be recommended by Financial Advisers or Intermediaries to ordinary retail Investors in accordance with the FCA's rules in relation to non-mainstream investment products and intend to continue to do so for the foreseeable future. The FCA's restrictions which apply to non-mainstream investment products do not apply to the Shares because they are shares in a VCT which, for the purposes of the FCA rules relating to non-mainstream investment products, are excluded securities and may be promoted to ordinary retail Investors without restriction.

PART I - THE OFFERS

Application procedure

A blank Application Form is attached at the end of this Document together with explanatory notes.

Applications under the Offers will be accepted on a first-come first-served basis, subject always to the discretion of the Directors. Subscribers are encouraged to submit their Application Forms early in order to be confident that their application will be successful.

Applications accompanied by a post-dated cheque will not be accepted. Multiple Applications under the Offers from the same Subscriber will be processed in order of receipt. The Companies may, in their absolute discretion, reject Applications if cheques do not clear on first presentation.

The Terms and Conditions of Application for the New Shares under the Offers are set out on pages 33 to 35 of this Document. By signing the Application Form, Subscribers will be declaring that they have read the Terms and Conditions of Application and agree to be bound by them. Prior to completing an Application Form, Subscribers are advised to read the notes on how to complete the Application Form on pages 36 to 41 of this Document.

Please send all completed Application Forms to:

Link Group, Corporate Actions, The Registry, 34 Beckenham Road, Kent, BR3 4TU.

YFM, RAM Capital and Link are acting exclusively for the Companies and for no one else in relation to the Offers. Apart from the responsibilities and liabilities, if any, which may be imposed on YFM, RAM Capital and Link by FSMA or the regulatory regime established thereunder, YFM, RAM Capital and Link will not be responsible to anyone else other than the Companies for providing the protections afforded to their clients or for advising any other persons in relation to the Offers or any transaction contemplated in or by this Document.

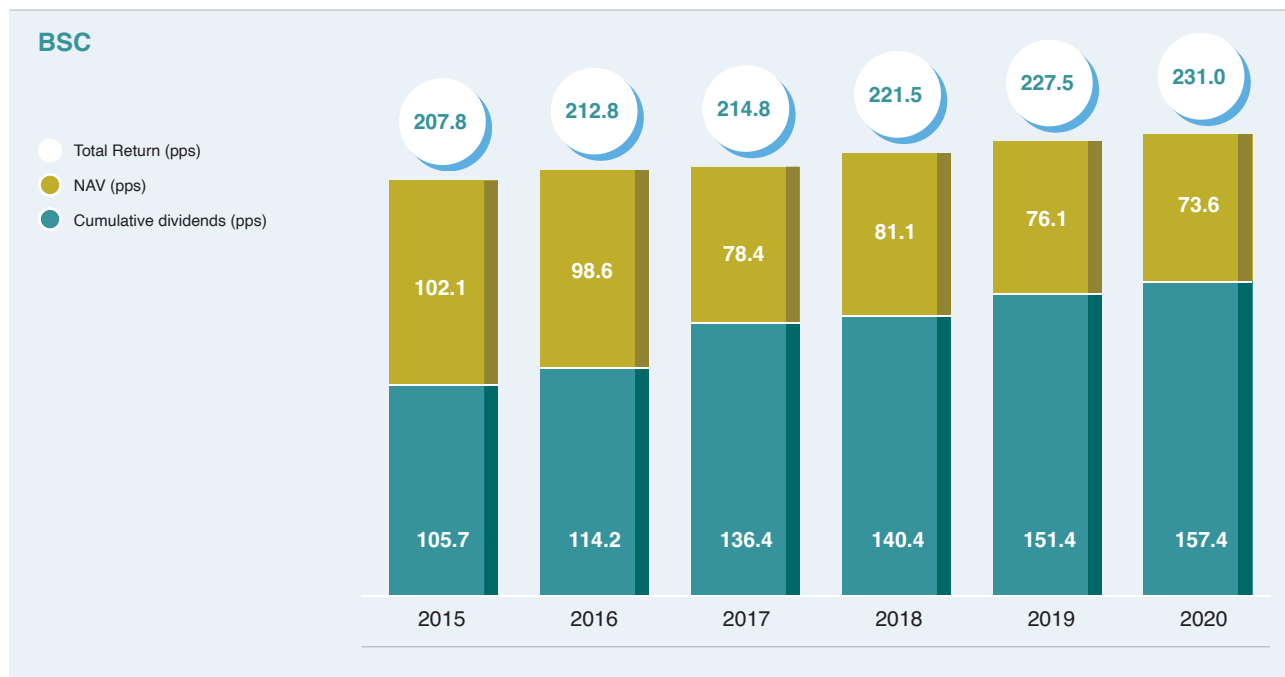
YFM, RAM Capital and Link are not providing investment, financial or tax advice in relation to the Offers.

Part II

The Companies

Total Return

The charts below show the increase in Total Return for each Company for the five year period from 31 December 2015 to 31 December 2020.



PART II - THE COMPANIES

Investment Objective

Each Company is a tax efficient listed company which aims to achieve long-term investment returns for private investors. Funds raised under the Offers will be utilised by each Company in accordance with its published investment policy, to maintain liquidity and to enable payment of costs without reducing the overall amounts currently available for investment. The Companies co-invest with each other and other funds managed by YFM.

Investment policy

Each Company's investment policy is to create a portfolio of UK companies operating across a broad range of sectors that blends a mix of businesses operating in established and emerging industries that offer opportunities in the application and development of innovation in their products and services. Investing across a range of companies and sectors reduces exposure to particular markets and individual companies.

To this end, the Companies will invest in UK businesses across a broad range of sectors including but not limited to Software, IT and Telecommunications, Business Services, Manufacturing and Industrial Services, Retail and Brands and Healthcare and these investments will primarily be in unquoted UK companies; all of which meet the definition of a Qualifying Investment, in order to maintain each of the Company's VCT status. It is anticipated that the majority of these businesses will be reinvesting their profits for growth and the investments will, therefore, comprise mainly equity instruments.

Co-investment policy

The Companies have first choice of all investment opportunities received and appraised by the Manager that meet the criteria of Qualifying Investments that require up to £4.5 million of equity and the basis for allocation is 40 per cent to BSC2 and 60 per cent to BSC. Each of the Boards has the discretion as to whether or not to take up its allocation in such co-investment opportunities or, where the other VCT does not take up its allocation, to increase its allocation in such co-investment opportunities.

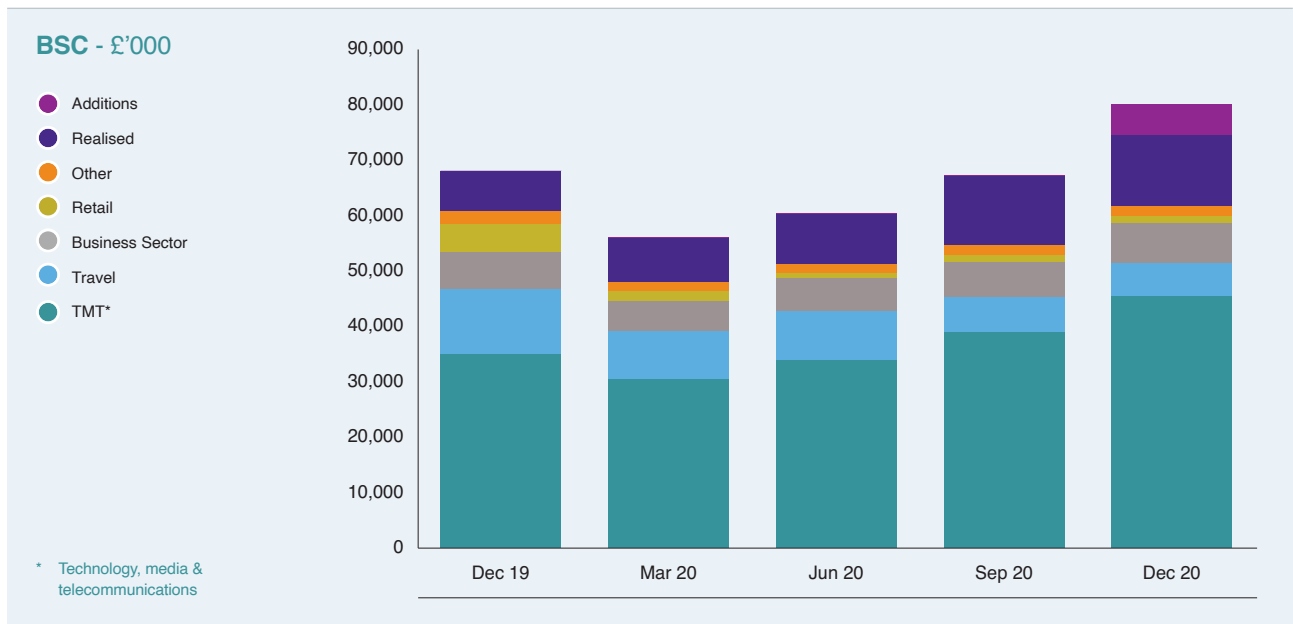
Established Companies and investment portfolios

BSC and BSC2 were established in 1995 and 2000 respectively. As at 31 December 2020 BSC had an unaudited NAV of £101.6 million, equivalent to 73.6p per BSC Share. At 31 December 2020 BSC2 had an unaudited NAV of £70.9 million, equivalent to 55.0p per BSC2 Share. As at the same date BSC and BSC2 had investments in 35 and 36 unquoted companies respectively. A summary of the unaudited investment portfolios of the Companies as at 31 December 2020 is shown on pages 17 to 18.

Trends in valuation movements since 31 December 2019

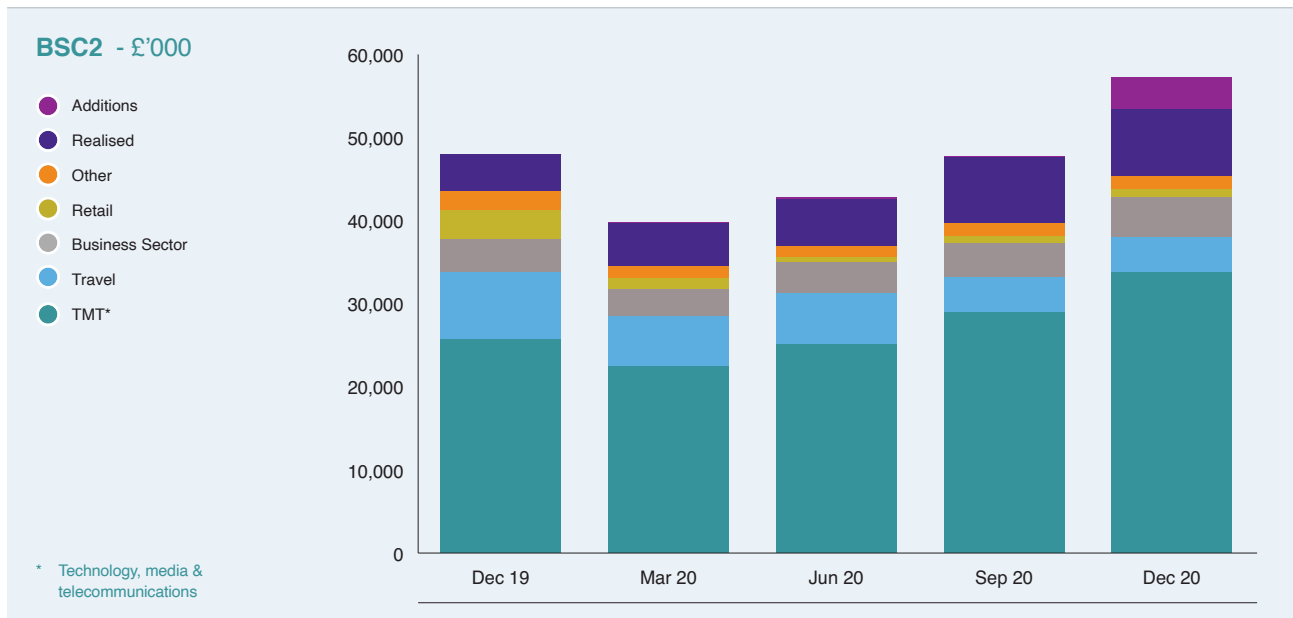
The impact of the pandemic has varied across sectors and the Companies' portfolio sector performances and the trend in the 12 months period from 31 December 2019, which was the last valuation before the COVID-19 pandemic, is shown on page 17.

PART II - THE COMPANIES



As at 31 December 2020 72 per cent of the portfolio was invested in the TMT sector. While this was adversely impacted in the 31 March 2020 valuations, the resilience of these businesses and the sector has been reflected in their performance since 31 March 2020, with the value increasing by 49 per cent in the nine months since 31 March 2020.

The two sectors most directly impacted by COVID-19 have been travel and retail and hospitality. Both sectors suffered a valuation reduction in the period January-March 2020 with their valuations stabilising in the nine months thereafter.

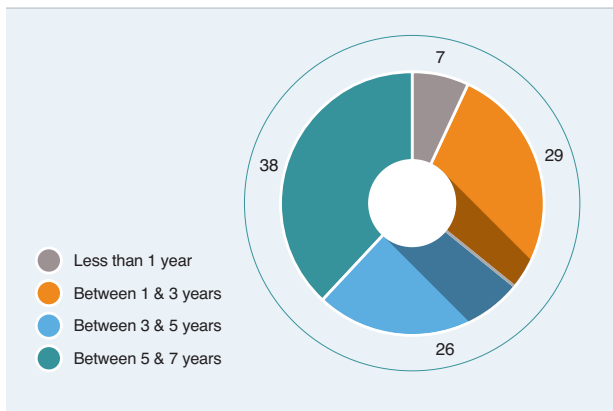


As at 31 December 2020 73 per cent of the portfolio was invested in the TMT sector. While this was adversely impacted in the 31 March 2020 valuations, the resilience of these businesses and the sector has been reflected in their performance since 31 March 2020, with the value increasing by 50 per cent in the nine months since 31 March 2020.

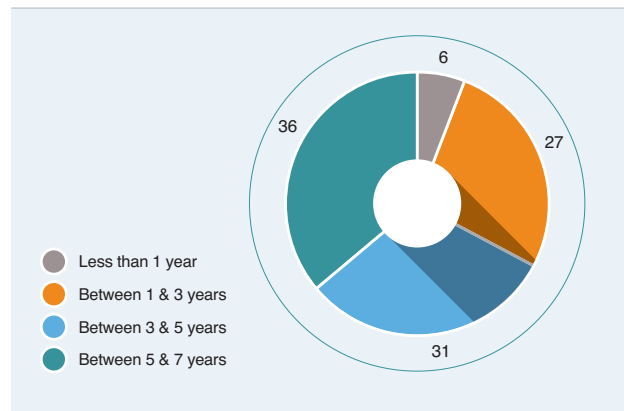
The two sectors most directly impacted by COVID-19 have been travel and retail and hospitality. Both sectors suffered a valuation reduction in the period January-March 2020 with their valuations stabilising in the nine months thereafter.

PART II - THE COMPANIES

BSC
Age of Investments (%)

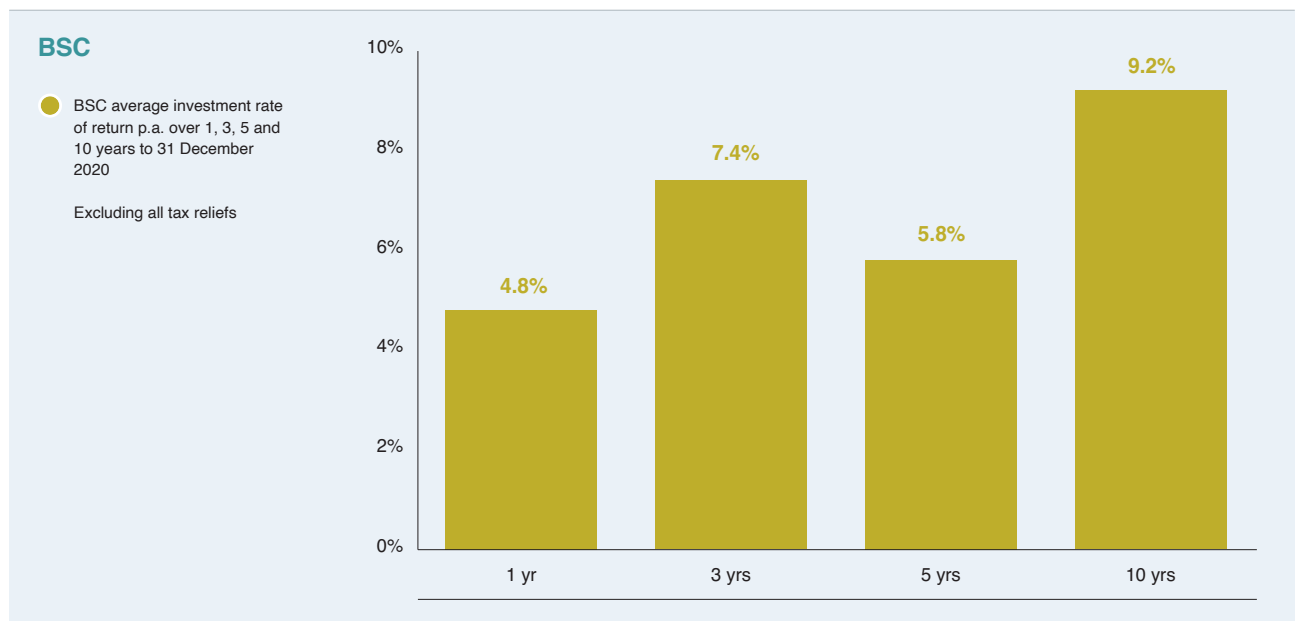


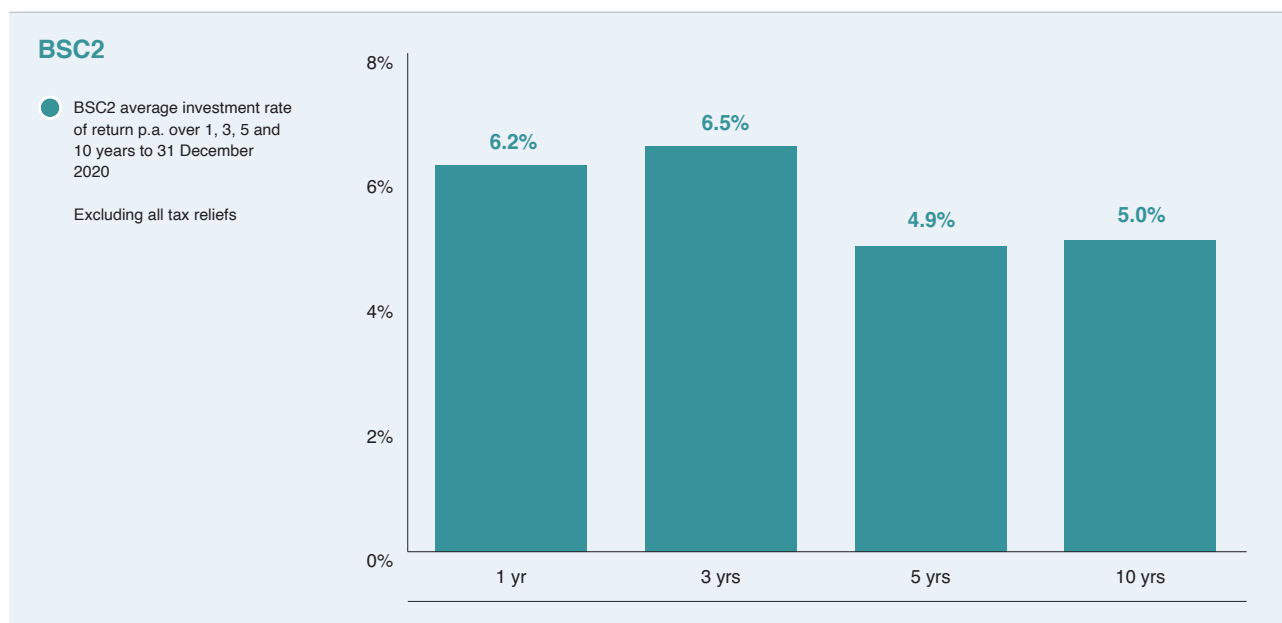
BSC2
Age of Investments (%)



Total Return (excluding all tax reliefs)

Set out below is the average annual investment rate of return over 1, 3, 5 and 10 years up to 31 December 2020. The average annual investment rate of return comprises the cumulative dividends paid plus the unaudited NAV at 31 December 2020.





Past performance of the Companies is not a reliable indicator of the future performance of the Companies and may not be repeated.

Shareholder communications

The Directors are committed to a policy of regular and open communication with Shareholders and this is expressed not only through the statutory interim and final reports, but also through investor updates for the intervening quarters, investor workshops, annual general meetings and Shareholder surveys that occur from time to time.

Share buy-back policy

Each Company buys back its Shares if, in the opinion of each Board, a repurchase of its Shares would be in the best interests of that Company's Shareholders as a whole. Each Board seeks to buy back Shares at a discount of 5 per cent to the most recently published NAV. Any purchase of Shares will be made subject to the Listing Rules and will be made within the guidelines established from time to time by each Board. There can be no guarantee that the Companies will be able to maintain their Share buy-back policies and future Share buy-backs, if any, will depend, amongst other things, on market circumstances at the time, as was evident by the temporary suspension by each of the Companies of their DRIS in March 2020 as a result of the COVID-19 pandemic. Each Company's Share buy-back policy is subject to periodic approval of that Company's Shareholders. BSC and BSC2 purchased 3,571,420 and 3,067,345 Shares respectively under their buy-back policies in the year to 31 December 2020 (3,004,900 and 3,150,531 for BSC and BSC2 respectively in the year to 31 December 2019) for an aggregate consideration of £2,349,753 for BSC (2019: £2,062,179) and £1,500,332 for BSC2 (2019: £1,626,435).

Annual running costs

Total annual running costs (excluding trail commissions; no performance fees were payable) for BSC for the year ended 31 March 2020 were £2.13 million, equal to 2.16 per cent of its average NAV and for BSC2 for the year ended 31 December 2019 were £1.57 million, equal to 2.30 per cent of its average NAV.

The Companies' annual running costs are capped at 2.9 per cent of each Companies' NAV, any excess being met by the Manager by way of a reduction in future fees. For purposes of calculating the cap, VAT, trail commission and any performance fees payable to the Manager (see pages 23 and 24) are excluded. Further details of the fees paid to the Manager are set out on pages 23 and 24 of this Document.

PART II - THE COMPANIES

VCT status

The Boards have managed, and intend to continue to manage, the affairs of the Companies in order that they comply with the legislation applicable to VCTs. In this regard, the Companies have retained Philip Hare & Associates LLP to advise on their VCT status. The Companies have continued to conduct their affairs so as to comply with section 274 of the Tax Act for their current financial year and intend to continue to do so for subsequent periods. However, there can be no guarantee that VCT status will be maintained and Investors' attention is drawn to Part V of this Document.

Part III

Investment Policies

The investment policy of BSC is as follows:

The investment policy of BSC is to invest in UK businesses across a broad range of sectors that blends a mix of businesses operating in established and emerging industries that offer opportunities in the application and development of innovation in their products and services.

These investments will all meet the definition of a Qualifying Investment and be primarily in unquoted UK companies. It is anticipated that the majority of these will be high-growth businesses re-investing their profits for growth and the investments will, therefore, comprise mainly equity instruments.

BSC seeks to build a diversified portfolio in order to reduce concentration as well as ensuring compliance with the VCT guidelines in this regard.

Borrowing

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

Co-investment

The Companies have in aggregate first choice of all investment opportunities meeting the VCT qualifying criteria that require up to £4.5 million of equity. Amounts above £4.5 million will be allocated one third to YFM's co-investment funds and two thirds to the Companies. Where there are opportunities for the Companies to co-invest with each other the basis for allocation is 60 per cent to BSC and 40 per cent to BSC2. The BSC Board has discretion as to whether or not to take up or, where BSC2 does not take up its allocation, increase its allocation in such co-investment opportunities.

Asset mix

Pending investment in venture capital trust qualifying securities, surplus cash is primarily held in interest bearing instant access, short-notice bank accounts, money market funds and investment funds listed on a recognised stock exchange (including FCA authorised and regulated UCITS funds). Subsequent to the Finance (No. 2) Act 2015 investments can no longer be made in non-qualifying quoted investments traded on an unregulated exchange. This change therefore now excludes most AIM investments in this category.

The investment policy of BSC2 is as follows:

The investment policy of BSC2 is to invest in UK businesses across a broad range of sectors that blends a mix of businesses operating in established and emerging industries that offer opportunities in the application and development of innovation in their products and services.

These investments will all meet the definition of a Qualifying Investment and be primarily in unquoted UK companies. It is anticipated that the majority of these businesses will be high-growth businesses re-investing their profits for growth and the investments will, therefore, comprise mainly equity instruments.

BSC2 seeks to build a diversified portfolio in order to reduce concentration as well as ensuring compliance with the VCT guidelines in this regard.

Borrowing

BSC2 funds the investment programme out of its own resources and has no borrowing facilities for this purpose.

Co-investment

The Companies have in aggregate first choice of all investment opportunities meeting the VCT qualifying criteria that require up to £4.5 million of equity. Amounts above £4.5 million will be allocated one third to YFM's co-investment funds and two thirds to the Companies. Where there are opportunities for the Companies to co-invest with each other the basis for allocation is 40 per cent to BSC2 and 60 per cent to BSC. The BSC2 Board has discretion as to whether or not to take up or, where BSC does not take up its allocation, increase its allocation in such co-investment opportunities.

PART III - INVESTMENT POLICIES

Asset mix

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

VCT regulation

The Companies' investment policies are designed to ensure that the Companies continue to qualify and are approved as VCTs by HMRC. The current VCT conditions, amongst others, state that the Companies may not invest more than 15 per cent by value of their investments, calculated in accordance with section 278 of the Tax Act ("VCT Value"), in a single company or group of companies and must have at least 80 per cent of its investments by VCT Value throughout the period in shares and securities comprised in Qualifying Holdings. At least 70 per cent by VCT Value of Qualifying Holdings must be in "eligible shares", which are ordinary shares which have no preferential rights to assets on a winding up and no rights to be redeemed, but may have certain preferential rights to dividends. At least 10 per cent of each Qualifying Investment must be in eligible shares.

The companies in which investments are made must have no more than £15 million of gross assets at the time of investment and no more than £16 million immediately after the investment to be classed as a Qualifying Holding.

Additionally the Finance (No. 2) Act 2015 and the Finance Act 2016 have imposed some further conditions in respect of investments, including those regarded as non-Qualifying Investments. These include:

- 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 (10 years in the case of a Knowledge Intensive Company), unless:
 - a. the company has previously raised relevant risk finance State aid and the company is raising further funds for the same business activities, or
 - b. the investment comprises more than 50 per cent of the average of the previous five years' turnover and the funds are to be used in the business to fund growth into new product markets or geographies;
- iii) VCTs may only invest in Qualifying Holdings and in certain money market securities, shares and securities in a company which are listed on a European regulated market, and short term cash deposits.

Part IV

The Manager

YFM has advised or managed the Companies since the incorporation of BSC in 1995. As at 31 December 2020 (being the latest date for which unaudited published net asset values are available for both the Companies) the combined (unaudited) net asset values of the Companies was £172.5 million. YFM has offices in Birmingham, Leeds, London, and Manchester. At the date of this Document YFM and YFM Equity Partners have a total staff of 36, of which 22 are engaged in finding, investing in and advising on investments to the Companies and other clients.

Management and administration

BSC

The annual fee payable to the Manager is 1.0 per cent on all surplus cash, defined as all cash above £15 million, unless the hurdle has been met triggering a performance incentive payment (see below) in which case the amount determined to be surplus cash will be the excess over £7.5 million. The annual fee on all other assets is 2.0 per cent per annum. This is calculated half yearly at 31 March and 30 September. The annual fee for the twelve months to 31 December 2020 was £1,702,000, equal to 1.8 per cent of the average NAV.

The Manager also provides and procures the provision of secretarial and administration services to BSC. The Manager receives an annual accounting and secretarial fee, index linked, which is currently £68,000.

BSC2

The annual fee payable to the Manager is 1.0 per cent on all surplus cash, defined as all cash above £10 million, unless the hurdle has been met triggering a performance incentive payment (see below), in which case the amount determined to be surplus cash will be the excess over £5 million. The annual fee on all other assets is 2.0 per cent per annum. This is calculated half yearly at 30 June and 31 December. The annual fee for the twelve months to 31 December 2020 was £1,204,000, equal to 1.8 per cent of the average NAV.

The Manager also provides and procures the provision of secretarial and administration services to BSC2. The Manager receives an annual accounting and secretarial fee, index linked, which is currently £69,000.

Performance fee

BSC

A performance incentive fee is payable subject to BSC achieving a target level of Total Return (the “BSC Hurdle”). With effect from 31 March 2018 an incentive fee will be payable once a Total Return of at least 228.6 pence per BSC Share has been achieved. There will be an annual increase to the Total Return per BSC Share that must be achieved in order for an incentive fee to be paid and if the required Total Return is achieved the incentive fee can only be paid if the actual dividends paid exceed a minimum requirement. The minimum requirement is annual dividends of at least 4.0 pence per BSC Share, as increased or decreased by the percentage increase or decrease (if any) in RPI from 1 April 2009. If the annual incentive fee exceeds a certain threshold then the excess is deferred until following the next year’s annual general meeting. Payment of the remainder is made five Business Days after the relevant annual general meeting at which the audited accounts are received by BSC’s Shareholders.

For the year ended 31 March 2020 the minimum requirement was dividends of 5.4 pence per BSC Share and the BSC Hurdle was 239.3 pence per BSC Share. At 31 March 2020 BSC’s Total Return was 217.9 pence per BSC Share, a shortfall of 21.4 pence per BSC Share and therefore no incentive fee is likely to be paid for the current year.

The amount of the incentive payment paid to the Manager for any one year shall, when taken with all other relevant costs, ensure that the total costs are no greater than 5 per cent of the NAV at the end of the financial year (as adjusted for all realised gains that have been distributed during that year). Any unpaid incentive payment will be carried over to subsequent financial years and be included in the calculation of the total costs. The maximum fee payable in any 12 month period cannot exceed an amount which would represent 25 per cent or more of the NAV or market capitalisation of BSC. There are also provisions for a compensatory fee in circumstances where BSC is taken over or the incentive agreement between BSC and the Manager is terminated, which is calculated as a percentage of the fee that would otherwise be payable under that incentive agreement by reference to the accounting period following its termination. In this instance 80 per cent is payable in the first accounting period after such an event, 55 per cent in the second, 35 per cent in the third and nothing is payable thereafter.

PART IV - THE MANAGER

BSC2

A performance incentive fee is payable when the aggregate of cumulative dividends paid as at the last Business Day in December each year and the average of the middle market price per BSC2 Share on the five Business Days prior to that day, exceeds 120 pence per BSC2 Share. The fee is 20 per cent of the excess over this amount multiplied by the number of BSC2 Shares in issue and the BSC2 Shares under option (if any) (the "BSC2 Hurdle"). Once the BSC2 Hurdle has been exceeded it is reset at that value going forward, which becomes the new BSC2 Hurdle. The fee is payable in cash or BSC2 Shares granted through rights to subscribe. These rights are exercisable in the ratio 95:5 between the Manager and Chord Capital Limited respectively. As at 31 December 2020 the aggregate of cumulative dividends and the average of the middle-market price per BSC2 Share on the last five working days of December 2020 was 118.2p per BSC2 Share and therefore no fee is payable in respect of the year ended 31 December 2020.

Other fees received by the Manager

In addition to the fees described above, which are paid by the Companies, the Manager receives advisory fees in connection with new investments which are paid by the relevant investee company. In respect of each of the Companies there is an aggregate annual cap applied to these fees for new investments of 3 per cent and for further investments of 2 per cent, with any fees above this cap being payable to the Companies. Where expenses have been incurred and the investment does not proceed, the Manager pays any abort fees. The Manager also receives monitoring or non-executive director fees from unquoted portfolio companies. In respect of each of the Companies these fees are capped at a maximum of £40,000 per annum for an unquoted company.

Part V

Taxation Considerations

Tax Position of Investors

The following is only a summary of the current law concerning the tax position of individual Qualifying Investors in VCTs. Potential Investors are recommended to consult a duly authorised independent Financial Adviser as to the taxation consequences of an investment in a VCT. The tax rules or their interpretation in relation to an investment in the Company and/or rates of tax may change during the life of the Company and can be retrospective.

1. Tax reliefs

The tax reliefs set out below are those currently available to individuals aged 18 or over who subscribe for New Shares under the Offers and will be dependent on personal circumstances. Whilst there is no specific limit on the amount of an individual's acquisition of shares in a VCT, tax reliefs will only be given to the extent that the total of an individual's applications or other acquisitions of shares in VCTs (including shares issued under a DRIS) in any tax year does not exceed £200,000. Qualifying Investors who intend to invest more than £200,000 in VCTs in any one tax year should consult their professional advisers.

1.1 Income tax

1.1.1 Relief from income tax on investment

A Qualifying Investor subscribing for New Shares will be entitled to claim income tax relief on amounts subscribed up to a maximum of £200,000 invested in VCTs in any tax year.

The relief is given at the rate of 30 per cent on the amount subscribed regardless of whether the Qualifying Investor is a higher rate, additional rate or basic rate tax payer, provided that the relief is limited to the amount which reduces the Qualifying Investor's income tax liability to nil. Investments to be used as security for or financed by loans may not qualify for relief, depending on the circumstances.

1.1.2 Dividend relief

A Qualifying Investor, who acquires shares in any VCT in any tax year having a value up to a maximum of £200,000, will not be liable to income tax on dividends paid on those shares and there is no withholding tax thereon.

1.1.3 Purchases in the market

A Qualifying Investor who purchases existing shares in the market will be entitled to claim dividend relief (as described in paragraph 1.1.2 above) but not relief from income tax (as described in paragraph 1.1.1 above).

1.1.4 Withdrawal of relief

Relief from income tax on an application for VCT shares (including New Shares) will be withdrawn if the VCT shares are disposed of (other than between spouses or on death) within five years of issue or if the VCT loses its approval within this period as detailed in paragraph 1.3 on page 26.

Dividend relief ceases to be available once the Qualifying Investor ceases to be beneficially entitled to the dividend or if the VCT loses its approval within this period as detailed on page 26.

1.1.5 Linked sales

If an Investor subscribes for shares (except for shares issued under DRIS) in a VCT within six months before or after selling any shares in that same VCT or in some cases a VCT which merges with that VCT, or if there is a contractual link between the application and the disposal, the tax reliefs in relation to that application will apply only to the amount invested less the amount for which shares are sold.

1.2 Capital gains tax

1.2.1 Relief from capital gains tax on disposal of VCT shares

A disposal by a Qualifying Investor of VCT shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. The relief is limited to the disposal of VCT shares acquired within the limit of £200,000 for any tax year.

PART V - TAXATION CONSIDERATIONS

1.2.2 Purchases in the market

An individual purchaser of existing shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in paragraph 1.2.1 above).

1.3 Loss of VCT approval

For a company to be fully approved as a VCT it must meet the various requirements for full approval as set out below.

If a company which has been granted approval as a VCT subsequently fails to comply with the conditions for approval, approval as a VCT may be withdrawn. In these circumstances relief from income tax on the initial investment is repayable unless loss of approval occurs more than five years after the issue of the relevant VCT shares. In addition, relief ceases to be available on any dividend paid in respect of the profits or gains in any accounting period ending when the VCT status has been lost and any gains on the VCT shares up to the date from which loss of VCT status is treated as taking effect will be exempt from capital gains tax, but gains thereafter will be taxable.

2. Illustration of effect of tax relief for Qualifying Investors

The table below has been prepared for illustrative purposes only and does not form part of the summary of the tax reliefs contained in this section. The table shows how the initial tax reliefs available can reduce the effective cost of an investment of £10,000 in a VCT by a Qualifying Investor subscribing for VCT shares to only £7,000:

	Effective Cost	Tax Relief
Investor unable to claim any tax reliefs	£10,000	Nil
Qualifying Investor able to claim tax reliefs	£7,000	£3,000

Income tax relief is only available if the shares are held for the minimum holding period of five years. The limit for obtaining income tax relief in VCTs is £200,000 in each tax year.

3. Obtaining tax reliefs

The Companies will provide to each Qualifying Investor a certificate which the Qualifying Investor may use to claim income tax relief, either by obtaining from HMRC an adjustment to their tax coding under the PAYE system or by waiting until the end of the tax year and using their tax return to claim relief.

Tax Position of the Companies

The following is only a summary of the conditions to be satisfied for a company to be treated as a VCT.

The Companies have to satisfy a number of tests to qualify as a VCT. A summary of these tests is set out below:

1. Qualification as a VCT

To obtain Venture Capital Trust status a company must be approved by HMRC as a Venture Capital Trust. A Venture Capital Trust must be approved at all times. A Venture Capital Trust cannot be approved unless the tests detailed below are met throughout the most recent complete accounting period of the Venture Capital Trust and HMRC is satisfied that they will be met in relation to the accounting period of the Venture Capital Trust which is current when the application is made. Where a Venture Capital Trust raises further funds it is given a grace period to invest those funds before the funds become subject to such tests. To maintain approval, the conditions summarised below must continue to be satisfied throughout the life of the Venture Capital Trust:

- the Venture Capital Trust's income must have been derived wholly or mainly from shares and securities;
- no holding in a company (other than a Venture Capital Trust or a company which would, if its shares were listed, qualify as a Venture Capital Trust) by the Venture Capital Trust may represent more than 15 per cent, by value, of the Venture Capital Trust's total investments at the time of investment;

PART V - TAXATION CONSIDERATIONS

- c) the Venture Capital Trust must not have retained more than 15 per cent of the income derived from shares or securities in any accounting period;
- d) the Venture Capital Trust must not be a close company. Its ordinary share capital must be listed on a regulated European market;
- e) at least 80 per cent, by value, of the Venture Capital Trust's investments must be represented by shares or securities comprising Qualifying Investments;
- f) at least 70 per cent by value of the Venture Capital Trust's Qualifying Investments must be in "eligible shares", that is ordinary shares which carry no preferential rights to assets on a winding up and no rights to be redeemed although they may have certain preferential rights to dividends so long as that right is non-cumulative and is not subject to discretion (investments made prior to 6 April 2018 from funds raised before 6 April 2018 are excluded from this requirement);
- g) at least 10 per cent of the Venture Capital Trust's total investment in each Qualifying Investment must be in eligible shares, as described above;
- h) the Venture Capital Trust must not make an investment in a company which causes that company to receive more than £5 million of Risk Finance State Aid investment in the 12 months ended on the date of the investment (£10 million for Knowledge Intensive Companies);
- i) no investment can be made by the Venture Capital Trust into a company which causes that company to receive more than £12 million (£20 million for Knowledge Intensive Companies) of State Aid investment (including from VCTs) over the company's lifetime. A subsequent acquisition by the company of another company that has previously received State Aid Risk Finance can cause the lifetime limit to be exceeded;
- j) no funds received from an investment into a company can be used to acquire shares in another company nor another existing business or trade;
- k) no investment can be made by the Venture Capital Trust in a company whose first commercial sale was more than seven years prior to date of investment, except where previous Risk Finance State Aid was received by the company within seven years (10 years for a Knowledge Intensive Company) or where the company is entering a new product market or a new geographic market and a turnover test is satisfied;
- l) the Venture Capital Trust must not make a non-Qualifying Investment other than those specified in section 274 ITA 2007.
- m) the Venture Capital Trust must not return capital to shareholders before the end of the accounting period during which the third anniversary of the application for shares occurs;
- n) for share issues in accounting periods beginning on or after 6 April 2018, at least 30 per cent of the funds from those share issues must be invested in Qualifying Holdings by the anniversary of the end of the accounting period in which those shares were issued.

2. Qualifying Investments

A Qualifying Investment comprises shares or securities first issued to the Venture Capital Trust (including loans with a five year or greater maturity period but excluding guaranteed loans and securities) by a company satisfying the conditions set out in Chapters 3 and 4 of Part 6 of ITA 2007. The conditions are detailed, but include that the company must be a Qualifying Company (as defined below), have gross assets not exceeding £15 million immediately prior to the investment and £16 million immediately thereafter, apply the funds raised for the purposes of a qualifying trade within certain time limits, have fewer than 250 full-time equivalent employees (500 employees in the case of a Knowledge Intensive Company), and must not receive more than £5 million (£10 million for a Knowledge Intensive Company) from Venture Capital Trusts or other Risk Finance State Aid investment sources during the 12 month period which ends on the date of the Venture Capital Trust's investment. Neither the Venture Capital Trust nor any other company may control the investee company. In certain circumstances an investment in a company by a Venture Capital Trust can be split into a part which is a qualifying holding and a part which is a non-qualifying holding.

3. Qualifying Companies

A Qualifying Company must be unquoted (companies whose shares are traded on AIM or Aquis Stock Exchange are treated as unquoted companies for this purpose) and carry on a qualifying trade. Shares in an unquoted company which subsequently becomes listed may still be regarded as a Qualifying Investment for a further five years following listing, provided all other conditions are met. The definition of a qualifying trade excludes certain activities such as dealing in property, shares or securities and the provision of financial services. The trade must be carried on by, or be intended to be carried on by the Qualifying Company or a subsidiary, which must be at least 90 per cent owned by the parent company at the time of the issue of the shares or securities to the Venture Capital Trust (and at all times thereafter). A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the Venture Capital Trust and continue it thereafter. At least 10 per cent of the Venture Capital Trust's total investment in the investee company must be in eligible shares, as described above. The company cannot receive more than £12 million (£20 million if the company is deemed to be a Knowledge Intensive Company) of Risk Finance State Aid investment (including from Venture Capital Trusts) over the company's lifetime. The company's first commercial sale must be no more than seven years (or 10 years for a Knowledge Intensive Company) prior to the date of the Venture Capital Trust's investment, except where previous State Aid Risk Finance was received by the company within seven years, or the company is entering a new product market or geographic market and a turnover test is satisfied. Funds received from an investment by a Venture Capital Trust cannot be used to acquire shares in another company nor another existing business or trade.

A Qualifying Company must have a permanent establishment in the UK, but need not be UK resident, and may have no subsidiaries other than qualifying subsidiaries which must, in most cases, be at least 51 per cent owned.

4. Recent legislative changes

Following publication in August 2017 by HM Treasury of "Financing Growth in Innovative Firms", and the results of its "Patient Capital Review" which considered the effectiveness of schemes such as VCTs in relation to patient capital, the Chancellor of the Exchequer, in his Autumn Budget on 22 November 2017, announced certain changes to the rules relating to VCTs which were implemented in the Finance Act 2018. The proposed legislation was set out in the Finance Bill (No. 2) 2017-19, which received Royal Assent on 15 March 2018 and were approved by the European Commission on 5 July 2018. The major changes were as follows:

- > the maximum amount of state-aid funding that a knowledge-intensive business can receive is increased to £10 million per annum;
- > for an investment to be considered as Qualifying Investments for VCT purposes HMRC will use a "principles-based approach" known as the "risk-to-capital condition" and this depends on taking a view as to whether an investment has been structured as for "capital preservation", where an investor's tax relief is likely to provide much of the return;
- > loans have to be unsecured;
- > the return on any loans above 10 per cent are required to represent a commercial return on the principal;
- > for accounting periods beginning after 5 April 2018 VCTs have to invest at least 30 per cent of any new funds into Qualifying Investments within the anniversary of the end of the accounting period in which the funds were raised;
- > for accounting periods beginning after 5 April 2019 Qualifying Investments must represent at least 80 per cent of total investments;
- > with effect from 6 April 2019 the period of disregard for the proceeds on the disposal of a Qualifying Investment will increase to 12 months.

5. Taxation of a Venture Capital Trust

Venture Capital Trusts are exempt from corporation tax on chargeable gains. There is no restriction on the distribution of realised capital gains by a Venture Capital Trust, subject to the requirements of company law. Each of the VCTs will be subject to corporation tax on its income (excluding dividends received from UK companies) after deduction of attributable expenses.

PART V - TAXATION CONSIDERATIONS

6. Approval as a VCT

A VCT must be approved at all times by HMRC. Approval has effect from the time specified in the approval.

A VCT cannot be approved unless the tests detailed above are met throughout the most recent complete accounting period of the VCT and HMRC is satisfied that they will be met in relation to the accounting period of the VCT which is current when the application is made. However, where a VCT raises further funds, VCTs are given grace periods to invest those funds before such further funds become subject to the tests.

The Company has received approval as a VCT from HMRC.

7. Withdrawal of approval

Approval of a VCT may be withdrawn by HMRC if the various tests set out above are not satisfied. The exemption from corporation tax on capital gains will not apply to any gain realised after the point at which VCT status is lost.

If a VCT makes a payment to its shareholders in relation to shares issued on or after 6 April 2014, which amounts to a repayment of share capital (including the payment of a dividend or distribution), other than for the purpose of redeeming or repurchasing such shares, before the end of the third accounting period following the accounting period in which the shares were issued, the VCT status will be withdrawn.

The Finance (No. 2) Act 2015, passed on 18 November 2015, and the Finance Act 2016, passed on 15 September 2016, added a further penalty such that if the VCT makes certain investments which breach the conditions set out in paragraph 1. h to k above, the VCT status will be withdrawn.

Withdrawal of approval generally has effect from the time when notice is given to the VCT but, in relation to capital gains of the VCT only, can be backdated to not earlier than the first day of the accounting period commencing immediately after the last accounting period of the VCT in which all of the tests were satisfied.

Definitions

In this Document the following words and expressions have the following meanings:

“Admission”	the date on which the New Shares allotted pursuant to the Offers are listed on the premium segment of the Official List and admitted to trading on the London Stock Exchange’s main market for listed securities;
“Adviser Charge(s)”	the fee(s) payable to an Intermediary, agreed with the Investor, for the provision of a personal recommendation or related services in relation to an investment in New Shares;
“AIM”	AIM, the market of that name operated by the London Stock Exchange;
“Application Amount(s)”	the total amount remitted to the Companies under the Offers, including any Facilitated Fee;
“Applications”	offers by Subscribers pursuant to the Offers and made by completing the Application Form and posting these to the Receiving Agent or as otherwise indicated on the Application Form;
“Application Form”	the application form for use in connection with the Offers as set out on pages 42 to 48 of this Document;
“BSC”	British Smaller Companies VCT plc;
“BSC2”	British Smaller Companies VCT2 plc;
“BSC Offer”	the offer for Subscription of new Ordinary Shares by BSC to raise up to £7,050,000, described in this Document;
“BSC2 Offer”	the offer for Subscription of new Ordinary Shares by BSC2 to raise up to £7,050,000, described in this Document;
“Business Days”	a day (excluding Saturday and Sunday and public holidays in England and Wales) when the banks are generally open for business in London;
“the Companies”	BSC and BSC2 and the Company means either one of them as the context requires;
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)) for the paperless settlement of transfers and the holding of shares in uncertificated form which is administered by Euroclear UK & Ireland Limited (registered number 2878738);
“Dealings”	buying, selling, subscribing for or underwriting of securities in the Companies or offering or agreeing to do so, either as principal or agent;
“Document”	this document, which describes the Offers;
“DGTRs”	the Disclosure Guidance and Transparency Rules made by the FCA under Part VI of FSMA;
“DRIS”	a Dividend Re-Investment Scheme;
“EU”	the European Union;
“Existing Shareholders”	registered holders of Ordinary Shares in either of the Companies as at 10 December 2020, or a person who, as at 10 December 2020, was a spouse or civil partner of a registered holder of Ordinary Shares in either of the Companies;

DEFINITIONS

“Facilitated Fee(s)”	an Adviser Charge, the payment of which is facilitated by the Companies, as detailed on the Application Form;
“FCA”	the Financial Conduct Authority;
“Financial Adviser”	an authorised Intermediary offering investment advice to their client;
“FSMA”	the Financial Services and Markets Act 2000;
“HMRC”	Her Majesty’s Revenue and Customs;
“Initial Application Fee”	the fee payable to the Manager, as set out on page 13 of the Document;
“Intermediary(ies)”	an authorised firm who signs the Application Form and whose details are set out in Section 9 of that document;
“Investor(s)” or “Qualifying Investor(s)”	an individual(s) who subscribes for New Shares;
“Link Group” or “Link”	a trading name of Link Market Services Limited, whose details are given on page 49 of the Document;
“Listing Rules”	listing rules issued by the FCA, as amended from time to time;
“Manager” or “YFM”	YFM Private Equity Limited, registered number 02174994, in its position as the FCA authorised and regulated subsidiary (FRN:122120) of YFM Equity Partners LLP whose registered office is 5th Floor, Valiant Building, 14 South Parade, Leeds LS1 5QS;
“London Stock Exchange”	London Stock Exchange plc;
“Money Laundering Regulations”	Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017;
“NAV” or “Net Asset Value”	net asset value per BSC Share or BSC2 Share, as the context permits;
“New Shareholder”	the spouse or civil partner of an Existing Shareholder subscribing, or a new Shareholder subscribing after 2 March 2021, for New Shares under the Offers;
“New Shares”	new Ordinary Shares to be issued under the Offers;
“Nominee”	a party who holds, or subscribes for, Shares on behalf of, and as trustee of, a beneficial owner;
“Offers”	the BSC Offer and the BSC2 Offer;
“Offer Prices”	the subscription price of each New Share issued under the Offers as calculated in accordance with the Pricing Formulas;
“Official List”	the Official List of the FCA;
“Ordinary Share(s)” or “Share(s)”	ordinary share(s) of 10p each in the capital of the relevant Company;
“Pricing Formulas”	the formulas to be used to calculate the Offer Prices of the New Shares under the Offers as set out on page 10 of this Document;
“Prospectus Regulation”	Regulation (EU) 2017/1129;
“Prospectus Regulation Rules”	the Prospectus Regulation rules of the FCA;
“Qualifying Company”	an unquoted (including AIM-traded) company carrying on a qualifying trade wholly or mainly in the UK satisfying the conditions in Chapter 4 of Part 6 of the Tax Act;

DEFINITIONS

“Qualifying Holdings” or “Qualifying Investments”	shares in, or securities of, a Qualifying Company held by a Venture Capital Trust which meets the requirements described in Chapter 4 of Part 6 of the Tax Act;
“RAM Capital”	RAM Capital Partners LLP;
“Restricted Territories”	US, Canada, Australia, Japan and South Africa (and each a Restricted Territory);
“Securities Act”	The United States Securities Act of 1993, as amended;
“Shareholder(s)”	holder(s) of Ordinary Shares;
“State Aid Risk Finance”	as compatible within the European Commission’s “Guidelines on state aid to promote risk finance investments 2014/C 19/04”;
“Subscriber”	a person whose name appears in an Application Form for use in connection with the Offers;
“Tax Act”	the Income Tax Act 2007 (as amended);
“Terms and Conditions”	terms and conditions of application as set out on pages 33 to 35;
“Total Return”	NAV plus cumulative dividends paid;
“United States” or “US”	the United States of America, its states, territories and possessions (including the District of Columbia);
“VAT”	value added tax;
“VCT Regulations”	The Venture Capital Trust (Winding Up and Mergers) (Tax) Regulations 2004, as amended from time to time;
“Venture Capital Trust” or “VCT”	a venture capital trust as defined in section 259 of the Tax Act;

Terms and Conditions of Application

The following Terms and Conditions apply to the Offers:

Save where the context otherwise requires, words and expressions defined in this Document have the same meaning when used in the Terms and Conditions of Application, the Application Form and explanatory notes.

The section headed “Notes on how to complete the Application Form” forms part of these Terms and Conditions of Application. Please note that only Applications returned by post to the Receiving Agent will be accepted.

1. The contract created by the acceptance of an application under the Offers will be conditional on Admission, unless otherwise so resolved by the Boards.
2. The right is reserved by the Companies to present all cheques and bankers’ drafts for payment on receipt and to retain the relevant Share certificates and application monies, pending clearance of such successful Subscribers’ cheques and bankers’ drafts. The Companies may treat Applications as valid and binding even if not made in all respects in accordance with the prescribed instructions and the Companies may, at their discretion, accept an application in respect of which payment is not received by the Companies prior to the closing date of the Offers. If any application is not accepted in full or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the unused balance thereof in excess of £2.00 will be returned (without interest) by returning each relevant Subscriber’s (or Nominee’s) cheque or bankers draft or by crossed cheque in favour of the Subscriber (or Nominee), through the post at the risk of the person(s) entitled thereto. Balances of less than £2.00 may be retained by the Companies and used for their own purposes. In the meantime, application monies will be retained by the Receiving Agent in a separate non-interest bearing account. The Boards reserve the right to close the Offers earlier than the closing date if fully subscribed. Applications which are accompanied by post-dated cheques will not be accepted, subject to the Boards’ discretion to accept such Applications. If any dispute arises as to the date or time on which an application is received, the Boards’ determinations shall be final and binding.
3. Subject to paragraph (4) below, no person receiving a copy of this Document or any part thereof, or an Application Form, in any territory other than the UK may treat the same as constituting an invitation or offer to them, nor should they in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to them or such Application Form could lawfully be used without contravention of any regulation or other legal requirements. It is the responsibility of any person outside the UK wishing to make an application to satisfy themselves as to the full observation of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying issue, transfer or other taxes required to be paid in such territory.
4. The New Shares have not been, nor will they be, registered in the United States under the Securities Act or under the securities laws of the Restricted Territories and they may not be offered or sold directly or indirectly within the United States or any of the Restricted Territories or to, or for the account or benefit of, US persons (as defined in Regulation S made under the Securities Act) or any national, citizen or resident of the United States or any of the Restricted Territories. The Offers are not being made, directly or indirectly, in or into the United States or any of the Restricted Territories or in any other jurisdiction where to do so would be unlawful. The distribution of this Document in jurisdictions other than the UK may be restricted by law and therefore, persons into whose possession this Document comes should inform themselves about and observe any of these restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities law of any such jurisdiction. The Application Form is not being and must not be forwarded to or transmitted in or into the United States or any Restricted Territory. No application will be accepted if it bears an address in the United States.
5. Subscribers will be bound by the Application(s) indicated by them on their Application Forms. Multiple Applications under the Offers are permitted. Applications will be accepted on a first-come, first-served basis, subject always to the discretion of the Boards. The right is reserved to reject in whole or in part and scale down any application or any part thereof including, without limitation, Applications in respect of which any verification or identity which the Companies or the Receiving Agent consider may be required for the purpose of the Money Laundering Regulations has not been satisfactorily supplied. The Boards in their absolute discretion may decide to close or suspend the Offers. The Offers shall be suspended if the issue of such New Shares in the Companies would result in a breach of the Listing Rules, the Companies not having the requisite Shareholder authorities from time to time to allot New Shares or a breach of any other statutory provision or regulation applicable to the Companies. Dealings prior to the issue of certificates for New Shares will be at the risk of Subscribers. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all.

TERMS AND CONDITIONS OF APPLICATION

6. By completing and delivering an Application Form, you confirm and warrant that you:
- i) offer to Subscribe the monetary amount stated on the Application Form in the Companies for such number of New Shares obtained by dividing the monetary amount by the applicable Offer Prices of the New Shares resulting from the application of the Pricing Formulas (as described in this Document), subject to these Terms and Conditions of Application, and subject to the memorandum and articles of association of the relevant Company;
 - ii) agree that, in consideration of the Companies agreeing to process your application, your application will not be revoked until the Offers are closed and that this paragraph shall constitute a collateral contract between you and the Companies which will become binding upon dispatch by post to the Receiving Agent of your Application Form;
 - iii) agree and warrant that your cheque or bankers' draft may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive a certificate in respect of the New Shares in the Companies until you make payment in cleared funds and such payment is accepted by the Companies in their absolute discretion (which acceptance shall be on the basis that you indemnify the Companies and the Receiving Agent against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation), and you agree that, at any time prior to the unconditional acceptance by the Companies of such late payment, the Companies may (without prejudice to its other rights) void the agreement to allot such New Shares to you and may issue or allot such New Shares to some other person, in which case you will not be entitled to any payment in respect of such New Shares, other than the refund to you, at your risk, of the proceeds (if any) of the cheque or bankers' draft accompanying your Application Form, without interest;
 - iv) agree that, in respect of those New Shares for which your application has been received and is not rejected, your application may be accepted at the election of the Companies either by notification to the London Stock Exchange of the basis of allocation or by notification of acceptance thereof to the Receiving Agent;
 - v) agree that any monies refundable to you may be retained by the Companies pending clearance of your remittance and any verification of identity which is, or which the Companies or the Receiving Agent may consider to be, required for the purpose of the Money Laundering Regulations and that such monies will not bear interest;
 - vi) authorise the Receiving Agent to send Share certificate(s) or arrange for your CREST account to be credited in respect of the number of New Shares for which your application is accepted and authorise the Companies to send a crossed cheque for any monies returnable, by post, at your own risk, without interest, to your address set out in the Application Form and to procure that your name is placed on the register of members of the relevant Company in respect of such New Shares;
 - vii) agree that all Applications, acceptances of Applications and contracts resulting therefrom and any non-contractual obligations arising out of or in connection with your application shall be governed by and construed in all respects in accordance with English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Companies to bring any action, suit or proceeding arising out of or in connection with any such application, acceptances of Applications and contracts in any other manner permitted by law or any court of competent jurisdiction;
 - viii) agree and acknowledge that you are making your application on the basis of the information and statements concerning the Companies and the New Shares contained in this Document and that no person responsible solely or jointly for this Document or any part thereof or involved in the preparation thereof shall have any liability for any other information or representation relating to the Companies or the New Shares or for any change in the law or regulations affecting VCTs;
 - ix) irrevocably authorise the Receiving Agent and/or the Companies or any person authorised by any of them, as your agent, to do all things necessary to effect registration of any New Shares subscribed by or issued to you in your name and authorise any representative of the Receiving Agent or of the Companies, as relevant, to execute any document required thereof;
 - x) agree that, having had the opportunity to read the Document, you shall be deemed to have had notice of all information and statements concerning the Companies and the New Shares contained therein;

TERMS AND CONDITIONS OF APPLICATION

- xi) confirm that you are not a US person within the meaning of Regulation S made under the Securities Act or a resident of any of the Restricted Territories and that you are not applying for any New Shares with a view to their offer, sale, delivery to or for the benefit of any US Person or a resident of any of the Restricted Territories, and that you have reviewed the restrictions contained in paragraphs (3) and (4) above and warrant compliance therewith;
- xii) declare that you are an individual aged 18 or over;
- xiii) agree that all documents in connection with the Offers and returned monies will be sent by post at your risk;
- xiv) agree to the Receiving Agent, where necessary, carrying out enquiries to verify your identity to ensure compliance with the Money Laundering Regulations.
- xv) if an application is made direct (not through a financial Intermediary), the Companies or a third party acting on behalf of the Companies, may carry out a check of the Investor's identity using an online anti-money laundering and identity verification system.

To enable this process you may be requested to provide a copy of your passport or driving licence. Investors may opt out of the electronic identity verification system. If an Investor chooses to opt out they must enclose a copy of their passport or driving licence certified by a bank or a solicitor stating that it is a "true copy of the original and a true likeness of the client" followed by their name, and a recent (no more than three months old) bank or building society statement or utility bill showing their name and address with the Application Form. **Copies of online statements will not be accepted.** If a cheque is drawn by a third party, the above will also be required from the third party;

- xvi) agree, on request by the Companies, YFM or the Receiving Agent, to disclose promptly in writing, any information which may be reasonably requested in connection with your application including, without limitation, satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations and authorise the Companies, YFM or the Receiving Agent to disclose any information relating to your application as the Companies, YFM, or the Receiving Agent consider appropriate;
 - xvii) agree that neither YFM nor the Receiving Agent will treat you as a customer by virtue of your application being accepted nor owe you any duties or responsibilities concerning the price of the New Shares in the Companies or the suitability for you of New Shares or be responsible to you for providing the protections afforded to their customers;
 - xviii) declare that a loan has not been made to you or any associate which would not have been made, or would not have been made on the same terms, but for you offering to subscribe for, or acquiring, New Shares and that the New Shares are being acquired for bona fide commercial purpose and not as part of a scheme of arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax;
 - xix) confirm and warrant that the information provided in the Application Form is true and accurate;
 - xx) warrant that, if you sign the Application Form on behalf of somebody else, you have due authority to do so on behalf of that other person, and such person will also be bound accordingly and will be deemed also to have given confirmations, warranties, undertakings and authority contained herein and undertake to enclose your power of attorney or a copy thereof duly certified by a solicitor or bank with the Application Form; and
 - xxi) consent to the information provided on the Application Form being provided to the Receiving Agent and the Registrar to process shareholding details and send notifications to you.
7. The Companies reserve the right to publish revised Application Forms from time to time. Subscribers and their Intermediaries should, therefore, check when completing the Application Forms that no subsequent version has been published or made available by the Companies - which will be downloadable from the Companies' website at www.bscfunds.com

Notes on how to complete the Application Form

Before making an application to acquire New Shares you are strongly recommended to consult and obtain advice from an appropriate financial Intermediary authorised under FSMA. It is essential that you complete all parts of the Application Form in accordance with the instructions in these notes.

Please send the completed Application Form by post, together with your cheque or banker's draft (if not paying by electronic transfer) to:

Link Group, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

If you have any questions on how to complete the Application Form please contact Tracey Nice at YFM on 0113 261 6478 or 07500 330986 or tracey.nice@yfmeop.com in the first instance or call Link on 0800 181 4729 (freephone). However, no investment, financial or tax advice can be given by YFM or Link. Lines are open between 9.00 am - 5.30 pm, Monday to Friday excluding public holidays. Alternatively please speak to your Financial Adviser.

- Sections 1-2 of the Application Form require you to provide your personal details and your application details
- Section 3 asks you to confirm, where an Offer in respect of one of the Companies is oversubscribed, that your funds can be re-allocated to the other Offer, irrespective of whether you made an application in that other Offer
- Section 4 asks you to confirm your dividend payment options and if you wish to participate in the Companies' DRIS
- Section 5 asks you to provide your CREST details if you would like any New Shares allotted to you to be credited to your CREST account
- Section 6 asks how you wish to receive Shareholder communications and to provide authority in relation to providing information to financial intermediaries in the future
- Section 7 asks you to confirm your method of payment and your payment details and provides a box to tick if you wish to opt out of the electronic identity verification system. If you tick this box you must provide the certified copy documents as set out in the Money Laundering Notice on pages 40 to 41 of this Document
- Section 8 requires you to sign, state your name and date your Application Form and to confirm that you have read the Companies' Key Information Document ("KID")
- If you have used a financial Intermediary, Sections 9 and 10 require them to provide their firm's details so that the Receiving Agent can deal with the instructions as to (i) whether any permissible commission is to be paid and (ii) how any commission payable is to be administered
- Section 9 asks you to confirm whether or not you have received financial advice in relation to your application and to describe the type of financial Intermediary you have used, if any, with respect to your application
- If you are being advised by a financial Intermediary and have agreed that the fee is to be facilitated then they should state yes and confirm the amount (or state no if the fee is not being facilitated)
- If you apply directly and have not used a financial Intermediary with respect to your application you should tick box (i) on the investment type box of section 9
- Commission, where permissible, can be paid only to authorised financial Intermediaries who are acting on behalf of "execution only" clients and are not providing a platform service
- You can make multiple Applications using more than one Application Form. If you submit more than one Application Form, each Application Form will be dealt with in order of receipt and must be for a minimum application of £3,000 in either Company or £6,000 in both of the Companies
- The Application Form is printed towards the end of this Document as well as being available separately. Additional Application Forms can be obtained from www.bscfunds.com and from the Manager and the Receiving Agent

NOTE: If there is a query over an application there is no guarantee that it will be resolved in the order of receipt or before any subsequent Applications are received/processed. Also, if multiple Applications are received that take the investment total over £13,000 further identification and verification checks will need to be carried out. This may delay processing.

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

The following notes should be read in conjunction with the Application Form and the Terms and Conditions of Application.

Section 1 – Personal Details

Insert in box 1 in BLOCK CAPITALS your full name, permanent address, daytime and evening telephone numbers, date of birth, National Insurance number, country of residence for tax purposes and, if you have one, your email address.

Please indicate whether you or your spouse or civil partner is an Existing Shareholder in either Company. If it is your spouse or civil partner who is the Existing Shareholder please enter their name in the box provided.

We are legally required to collect information about the tax residency and classifications of New Shareholders which may be shared with HMRC.

It is very important that you complete this section clearly and accurately, as the Receiving Agent will send an email acknowledgement, or, if no email address is given, a confirmation letter to you at the address shown in this section.

If your application to the Offers is successful your name and address as stated in this section will be entered onto the Register of the Company/ies for which you are subscribing and printed on the tax and Share certificates.

Section 2 – Investment Amount

Insert the amount of money which you wish to invest. Your total application must be for a minimum value of £3,000 in either Company or £6,000 in both of the Companies and thereafter in multiples of £1,000. The maximum investment on which tax relief on investments in Venture Capital Trusts (including shares issued under a DRIS) is available is £200,000 in any tax year.

Section 3 – Re-allocation / Return Instructions

In the event that the Offer for one of the Companies for which you have applied has closed, or is deemed closed, at the time your Application Form is processed, then you should tick either box (i) if the amount in respect of the closed Offer is to be re-allocated to the Offer by the other Company, irrespective of whether you have applied for that other Offer or box (ii) if the amount in respect of the closed Offer is to be returned to you. If you fail to tick a box, or you tick both boxes, option (ii) will apply and your application monies in respect of the closed Offer will be returned to you.

A Shareholder in one of the Companies who subscribes for New Shares in the other Company, but is not already a Shareholder in the other Company, will be treated as an Existing Shareholder in the other Company for the purpose of the exclusivity period for Existing Shareholders ending on 2 March 2021 set out on page 6 of the Document.

Section 4 – Dividend Payment Details

Please complete this section if you are a New Shareholder or wish to update your payment preferences.

The dividends paid by the Companies can be taken as cash. Section 4 of the Application Form allows you to provide your bank details for dividends to be paid directly into.

Payment to your bank account: in order to facilitate the payment of dividends on any shares held in the Companies directly to your bank or building society account, please provide your bank or building society details in the space provided. Dividends paid directly into your account will be paid in cleared funds on the dividend payment date. Your bank or building society statement will identify details of the dividends as well as the dates and amounts paid.

Dividends paid by cheque will be sent to the Shareholder's registered address using the standard mail delivery at the Shareholder's own risk if Section 4 is not completed. The Companies' Registrar will charge administration fees for re-issuing cheques.

If you wish to participate in the Companies' dividend re-investment schemes, having first read and understood the terms and conditions of the schemes which can be found on the website www.bscfunds.com, please then tick the appropriate box in Section 4.

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Section 5 – CREST Details

Any New Shares allotted to you will be in a registered form capable of being transferred by means of the CREST system. Subscribers who wish to take advantage of the ability to trade in New Shares in uncertificated form, and who have access to a CREST account, may arrange to have their New Shares allotted directly to their CREST account, or subsequently to convert their holdings into dematerialised form in CREST. Investors should be aware that New Shares delivered in certificated form are likely to incur higher dealing costs than those in respect of New Shares held in CREST. The Companies' share registers will be kept by the Companies' Registrar, Link Group.

Section 6 – Preferences

Please indicate in Section 6 how you would like to receive Shareholder communications.

Section 6a – Authority in Relation to Providing Shareholder Information to Financial Intermediaries

In order that your adviser can provide you with a full valuation service of your shareholding you'll need to give your authority to YFM to disclose details of your shareholding(s). This will replace all existing authorities.

Section 7 - Payment Details

Payment can be made by electronic transfer (to the Lloyds Bank plc account details of which are set out on Section 7 of the Application Form), cheque or banker's draft. Your payment must relate solely to this application.

To pay by cheque or banker's draft please attach a cheque or banker's draft to the Application Form for the exact amount shown in Section 2. Your cheque or banker's draft must be made payable to "LMS re: BSC VCT-2021 OFS A/C" and crossed "A/C Payee only". Your payment must relate solely to this application. Cheques may be presented for payment on receipt. Application Forms accompanied by a post-dated cheque will not be accepted. Your Application Form will be acknowledged by Link.

Your electronic transfer, cheque or banker's draft must be drawn in sterling from an account with a United Kingdom or EU regulated credit institution, which is in the sole or joint name of the Subscriber and must bear, if a cheque, the appropriate sort code in the top right-hand corner.

The payment instruction relating to the electronic transfer must also include a unique reference comprising your contact telephone number which should be entered in the reference field on the payment instruction. For example a telephone number of 01234 567 8910, would have a reference of 012345678910. The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference nor where a payment has been received but without an accompanying Application Form. The right is reserved to reject any application in respect of which the Subscriber's electronic transfer, cheque or banker's draft has not been cleared on first presentation. Any monies will be returned in the same manner as originally received e.g. by cheque in the post or by a credit to the remitting account, at the risk of the persons entitled thereto.

Section 8 – Declaration and Signature

You must sign, state your name and date the Application Form in Section 8 and complete the declaration that you have read the Companies' Key Information Document ("KID"). By signing and dating the Application Form you agree to invest in the Companies in accordance with the Terms and Conditions of Application as set out on pages 33 to 35 of the Document.

If the KID declaration is not completed or if this section of the Form is unsigned the Receiving Agent will not be able to process your application and your application monies will be returned to you.

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Section 9 – Financial Intermediary Details

Intermediaries must give (in BLOCK CAPITALS) in Section 9 their full company name and address, a contact name, telephone number, email address and details of their authorisation under the FSMA. The right is reserved to reject any application or withhold any payment of fees or commission if the Companies are not, at their sole discretion, satisfied that the Intermediary is authorised or is unable to identify the Intermediary on the basis of information provided. In order for commission or Adviser Charges to be paid by BACS, please complete the relevant boxes.

Investment Type

Please tick the relevant box to identify the type of investment you are making – Direct, Advised, Execution only.

You should tick box (i) if you have not used a financial Intermediary and have applied direct. The rest of sections 9 and 10 should not be completed if you apply directly and have not used a financial Intermediary with respect to your application.

You should tick box (ii) if you have received financial advice with respect to your application. (If you tick box (ii) your financial Intermediary should complete Sections 9 and 10 of the Application Form). Intermediaries on advised investments are entitled to payment of Adviser Charges as agreed with their clients. Please complete the relevant box to confirm whether or not the fee has been facilitated and if it has then insert the agreed fee in the subsequent box as a sum of money if the payment of the agreed fee is to be facilitated by the Companies and in which case the number of New Shares issued to the Subscriber will be reduced by the amount of the facilitated Adviser Charge. The Adviser Charge is inclusive of VAT, if applicable.

You should tick box (iii) if you have not received financial advice with respect to your application and have used a financial Intermediary on an “execution only” basis (other than platform service providers). (If you tick box (iii) your financial Intermediary should complete Sections 9 and 10 of the Application Form).

For execution only – you should tick box (iii) and complete to show the fees or commission structure you wish to receive.

Section 10 – Authorised Financial Intermediary’s Declaration

Intermediaries should sign and date the Application Form in Section 10 and include their signing capacity.

Administration of Shareholder account

If you are an Existing Shareholder, your existing name, banking and dividend reinvestment (if any) details will be applied to your Application. If you are a New Shareholder please complete the bank account details in Section 4 in order to receive dividends in cash or tick the box for option B if you wish your dividends to be re-invested.

Unless indicated on the Application Form, Existing Shareholders’ dividend payment/re-investment details and Shareholder communications preferences will not be altered as a result of New Shares being issued to them. Should any Existing Shareholder wish to change any of the existing instructions with regards to the administration of their account(s) they should do so separately by contacting the Registrar, Link, or by registering via their Shareholder portal at www.signalshares.com

Money Laundering Notice – Important Procedures for Applications

A note for Investors

In processing an application under the Offers where the Application Amount (or total investment under the Offers when a Subscriber makes a series of applications) is above the anti-money laundering threshold, Link (as Receiving Agent) is obliged to apply the requirements of The Money Laundering Regulations to verify a Subscriber's identity and/or the source of funds (SOF). This applies for amounts above an anti-money laundering threshold of €15,000 (or the sterling equivalent of £13,000 if currency exchange rates should have changed at the time of processing). The reason for these checks is to ensure that 1) Investors are who they say they are; and 2) application monies have not been acquired illegally or that Link itself is not being used as part of criminal activity, most commonly the placement, layering and integration of illegally obtained money. This means that for some Applications, Link may need to contact a Subscriber to request documents as evidence of their identity and/or SOF documents.

Please be assured that such money laundering checks are a routine part of the proper processing of Applications, as required by the regulations and which ultimately help to protect Investors and their brokers, and do not indicate that the Investor is suspected of anything illegal.

NOTE: Shares cannot be allotted if Link has not been able to verify a Subscriber's identity and/or the source of funds. Failure to provide satisfactory evidence (where it is requested) may result in a delay in processing an application or, at the point of closure of the Offers, the application being treated as invalid and funds returned.

No money laundering verification is required to be enclosed if the application is for less than €15,000 (approximately £13,000) and the total shareholding of the Subscriber (in the case of Existing Shareholders) does not exceed 10,000 shares, or if payment is by means of a cheque drawn on an account in the name of the Subscriber (provided that (a) the cheque includes details of the Subscriber's bank account or building society account (as applicable) and (b) the cheque is drawn on an account with a UK bank). However, please also note that the Companies and the Receiving Agent may, in their absolute discretion, require Money Laundering verification.

The Companies, or a third party acting on behalf of the Companies, will carry out a check of your identity using an online anti-money laundering and identity verification system. To enable this process you may be asked to provide a copy of your passport or driving licence.

Verification of Subscriber Identity

Link will carry out checks to verify a Subscriber's identity using the widely accepted Experian Credit Reference system for Applications of more than £13,000. Importantly, the Experian checks have no impact on a Subscriber's credit score or their ability to obtain credit, and simply carry out a 'soft search' on the investor's credit report which leaves only an 'enquiry footprint' in order that the Subscriber can see who has enquired (the enquiry simply shows that an identity check was carried out in respect of an investment, to comply with Anti-Money Laundering Regulations).

Typically this check is sufficient to verify the identity of most Subscribers. In the few cases where the Experian check isn't able to verify the identity using a Credit Reference check, Link will need the Subscriber to supply documentary evidence of their identity and will contact the Subscriber (or their financial Intermediary if they have applied that way) to request copies of the relevant documents (typically an original or certified copy of a passport, driving licence and recent bank statements).

In addition, for Applications that, together with any existing investment in the Companies, bring the value of a total shareholding to the sterling equivalent of more than €15,000 (for these purposes approximately £13,000, as at the date of this Document), the Companies, or a third party acting on behalf of the Companies, may carry out a check of your identity using an online anti-money laundering and identity verification system. To enable this process you may be asked to provide a copy of your passport or driving licence.

If you do not want the online check to be carried out please tick the box in Section 7 of the Application Form that states that you are opting out of the electronic identity verification system. If you tick this box you **must** enclose:

- (i) a copy of your passport or driving licence certified by a bank or solicitor stating that it is a "true copy of the original and a true likeness of the client" followed by your name; and

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

- (ii) a recent (no more than three months old) bank or building society statement or utility bill showing your name and address with the Application Form. **Copies of online statements will not be accepted.**

If the cheque for your application is drawn by a third party, the above documentation **will** also be required from the third party.

Verification of Source of Funds (SOF)

Link is required to ensure that an Subscriber's monies do come from an account in their own name (where the Subscriber has sole or joint ownership of the account), and for certain payment amounts and methods will therefore require the Subscriber to provide verification of the account which is the Source of Funds.

Cheques for Application Amounts of £13,000 or less

SOF documents are **not** required for any Application Amounts of £13,000 or less OR for any application where payment is made by personal cheque (regardless of the amount).

Electronic transfers

Whilst Link may be able to verify SOF for electronic payments with the remitting/receiving banks, SOF documents may also be required and will be requested separately.

On request by the Companies or YFM or the Receiving Agent, you will disclose promptly in writing any information which may be reasonably requested in connection with your application including, without limitation, satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations and authorise the Companies, YFM or the Receiving Agent to disclose any information relating to your application as the Companies, YFM or the Receiving Agent consider appropriate.

Failure to provide the necessary evidence of identity may result in your application being treated as invalid or in delay of confirmation.

Application Form

If you have any questions on how to complete the Application Form please contact YFM (details below) in the first instance or call Link on 0800 181 4729 (freephone). Lines are open between 9.00 am - 5.30 pm, Monday to Friday excluding public holidays. Alternatively please speak to your Financial Adviser.

Tracey Nice

Investor Relations Support Manager

T: 0113 261 6478 or 07500 330986

E: tracey.nice@ymep.com

W: bscfunds.com

5th Floor, Valiant Building

14 South Parade

Leeds

LS1 5QS



APPLICATION FORM

British Smaller Companies VCT plc (“BSC”) and British Smaller Companies VCT2 plc (“BSC2”)

- > The closing date for the exclusivity period for Existing Shareholders is 2 March 2021
- > The closing date for the Offers will be 11.00 am on 1 April 2021 (unless fully subscribed earlier)
- > If you post this form, you are recommended to use first class post and allow at least four days for delivery
- > Your completed Application Form, together with any cheque(s) or banker’s draft(s) should be posted to:
Link Group, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU
- > Before completing this Application Form you should read the Terms and Conditions of Application and Notes on how to complete the Application Form which are available in the Offer Document section at www.bscfunds.com

1. Personal details*

IVC Code BSC:	IVC Code BSC2:
Title and Full Name:	
Permanent Address:	
	Postcode:
Tel no (day):	Tel no (evening):
Date of Birth:	National Insurance no:
Country of residence for tax purposes:	
Email:	
Are you an Existing Shareholder or spouse or civil partner of an Existing Shareholder of either Company? Yes <input type="checkbox"/> No <input type="checkbox"/>	
Name of spouse or civil partner (if applicable):	
<input type="checkbox"/> If your existing Shares are held by a nominee or in CREST, please tick this box.	
Please provide:	
CREST Participant ID:	<input type="text"/>
CREST Member Account ID:	<input type="text"/>

* PLEASE NOTE – you should provide the contact email and telephone number you wish the Receiving Agent or the Manager to use in the event of any queries in respect of your Application Form, associated documents or application monies.

APPLICATION FORM

2. Investment Amount

The amounts you set out below must include the amount of any initial Adviser Charge set out in Section 9 of this Application Form if the payment of that Adviser Charge is to be facilitated by the Companies, and any electronic transfer or cheque payment you provide must be for the total amount set out below. Please note that Applications in respect of each of the Companies must be for a minimum amount of £3,000 per Company (and thereafter in multiples of £1,000).

1. Application Amount – BSC Offer

£

2. Application Amount – BSC2 Offer

£

3. Application Amount – Total, please complete

£

3. Re-allocation/Return Instructions

In the event that an Offer for which I have applied has closed, or is deemed closed, at the time my Application Form is processed, then I hereby request the following (**tick one box only**):

(i) The amount in respect of the closed Offer be re-allocated to the other Offer irrespective of whether I have applied for that other Offer

(ii) The amount in respect of the closed Offer be returned to me

Please note that if you fail to tick a box above, or tick both boxes, option (ii) will apply and your application monies in respect of the closed Offer will be returned to you.

4. Dividend Payment Mandate

Please complete either **OPTION A** or **OPTION B** only.

Please only complete if you wish to update your payment preferences or if you are a New Shareholder.

The dividends paid by the Companies can be taken as cash or re-invested. If you elect to take cash dividends please provide your bank or building society details in **OPTION A** below.

OPTION A - Dividends paid in cash

Name of Bank or Building Society:	Account Name:
	Account No: <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Branch:	Sort Code: <input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/>

The Companies, the Receiving Agent, RAM Capital and YFM cannot accept responsibility if any details provided by you are incorrect.

OPTION B - Dividend Re-investment Scheme

Please tick the box if you have read the dividend re-investment scheme terms and conditions on the website www.bscfunds.com and you would like to have your dividends re-invested into Ordinary Shares, rather than received in cash. Please note any instruction given here will supersede your current mandate.

APPLICATION FORM

5. CREST Details

I request that any New Shares of which my application is accepted are issued to my nominee through CREST

CREST Participant ID:

CREST Member Account ID:

The Companies, the Receiving Agent, RAM Capital and YFM do not accept responsibility if any details provided by you are incorrect.

6. Preferences

The Companies would like to communicate with you electronically in respect of your shareholding in the Companies. This means that you will receive notifications either (i) by email or (ii) by letter notifying you that information and/or documents are available on the Companies' website and how they can be accessed. You have the right to opt out of electronic communication at any time and to revert to paper format by contacting Tracey Nice whose contact details are on the front of this Application Form.

(A) Please confirm your agreement to the Companies sending or supplying documents and information to you in electronic form to the email address provided in Section 1. If you do not provide an email address and do not complete B below, the Companies will send you notifications by letter, to the address in Section 1.

OR

(B) If you would prefer to receive hard copy documents please tick the box here.

6a. Authority in relation to providing shareholder information to financial Intermediaries

By ticking the box, I hereby authorise YFM to provide, to the financial Intermediary noted in Section 9 upon request, information regarding my shareholdings in the Companies (including any existing Shares) for which I have applied. This authority shall remain in effect until I revoke such authority by informing YFM in writing. This authority only extends to the provision of information regarding my shareholding, and I understand that my financial Intermediary will be unable to instruct any register changes or transactions on my behalf. Note – if you do not provide this authority, your Intermediary will not be able to request information from YFM without you providing a separate letter of authority. Your details will not be shared with any other third party.

7. Payment Details – Complete section (i) or (ii)

(i) I can confirm that I will make a bank transfer to Link Group to the following account:

Bank name: **Lloyds Bank plc**
Account Name: **LMS re: BSC VCT - 2021 OFS CHAPs A/C**
Account Number: **2110 6060**
Sort Code: **30-80-12**

I confirm that funds will be transferred within 48 hours of posting the application, and understand that any delay in providing funds may affect acceptance of the application. I have provided any necessary source of funds evidence (if applicable) set out on pages 40 and 41 of the Document.

In addition, please provide the following information about the account from which you will transfer the funds. The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference nor where a payment has been received but without an accompanying Application Form.

Bank or Building Society:

Account Name:

Account Number:

Sort Code:

Reference (telephone number e.g. 012345678910):

If you do not want a check to be carried out please tick this box to opt out of the electronic identity verification system. If you tick this box you must provide the certified copy documents as set out in the Money Laundering Notice on pages 40 and 41 of the Document.

(ii) I enclose a cheque or banker's draft made payable to "LMS re: BSC VCT - 2021 OFS A/C" and crossed "A/C Payee Only"

APPLICATION FORM

8. Declaration and Signature

By signing this form I HEREBY DECLARE THAT: (i) I have read the Terms and Conditions of Application of the Document dated 2 February 2021 and agree to be bound by them; (ii) I will be the beneficial Owner of the New Shares in the Companies issued to me pursuant to this application; (iii) to the best of my knowledge and belief, the particulars I have given to the Companies are correct.

IMPORTANT

I declare that I have read the Companies' Key Information Document ("KID"), which is available in the Companies' own sections at www.bscfunds.com, with hard copies also posted to you free of charge upon request to the Companies.*

HM Revenue & Customs may inspect this Application Form. It is a serious offence to make a false declaration. The Companies, the Receiving Agent, RAM Capital and YFM do not accept responsibility if any details provided by you are incorrect.

Signature:

Date:

Print name:

*** HAVE YOU TICKED THE BOX ABOVE TO CONFIRM YOU HAVE READ THE KID AND SIGNED THE DECLARATION? YOUR APPLICATION CANNOT BE PROCESSED UNTIL THIS BOX IS TICKED. FULLY COMPLETED APPLICATION FORMS WILL BE GIVEN PRIORITY.**

APPLICATION FORM

9. Financial Intermediary details

TO BE COMPLETED BY FCA AUTHORISED INTERMEDIARIES ONLY	
FCA Authorised Intermediary Name:	
If you are a Partner with St James Place please provide your partner code:	
Contact name (for administration):	
Firm name:	
Address:	
Postcode:	
FCA No:	Tel no:
Email:	

Investment Type	
Please tick ONE box	
(i) Direct – No Intermediary: This is a direct investment (i.e. you are not submitting this application through an Intermediary). Please sign and date section 8.	<input type="checkbox"/>
(ii) Advised: You have been advised on this investment by an Intermediary. Please ensure this section and section 10 are completed by your Intermediary. Please sign and date section 8.	<input type="checkbox"/>
Have you agreed an Adviser Charge with your Intermediary and request that the Companies pay that fee?	<input type="checkbox"/> Y/N
If yes, please insert the fee amount in this box. Please note that the number of New Shares issued to you will be reduced by the Adviser Charge. This payment is inclusive of VAT, if applicable.	£ <input type="text"/>
(iii) Execution only: This investment is being processed through your Intermediary who is not providing you with advice – please leave the rest of this section blank and ensure this section and section 10 are completed by your Intermediary. Please sign and date section 8.	<input type="checkbox"/>
For execution only applications	
Please tick this box if you wish all initial commission to be waived and re-invested	<input type="checkbox"/>
If you wish to waive and re-invest part of the initial commission please enter the relevant % in the box	<input type="text"/> %

Financial Intermediary Bank Details	
Please provide details of your bank or building society so that any initial commission or Adviser Charges can be paid via BACS.	
Name of Bank or Building Society:	Account Name:
	Account No: <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Branch:	Sort Code: <input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> <input type="text"/>
Email address for commission statements:	

APPLICATION FORM

10. Authorised Financial Intermediary's Declaration

By signing this form I HEREBY DECLARE THAT I have read the Terms and Conditions of Application set out on pages 33 to 35 of the Document (and as further contained herein) and agree to be bound by them. I confirm that (i) I have the authority to sign this declaration on behalf of the financial Intermediary; and (ii) the amount(s) inserted in Section 9 (ii) and 9 (iii) (if applicable) has been agreed with my client. Where we have completed the Application Form on behalf of the Subscriber, I can confirm that the Subscriber has given us the authority to complete the form on their behalf and that the Subscriber will be providing funds in respect of the application.

Signature (to be signed by the FCA Authorised Intermediary):

Capacity:

Date:

Please note that this Application Form is likely to be rejected if this box is not completed correctly and/or the signatory's capacity is not inserted.

The Companies, the Receiving Agent, RAM Capital and YFM do not accept responsibility if any details provided by you are incorrect.

Your completed Application Form, together with any cheque(s) or banker's draft(s) and, if necessary, the certified copy documents as set out in the Money Laundering Notice on pages 40 and 41 of the Document, should be delivered to:

**Link Group
Corporate Actions
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU**

Any queries in respect of completion of this form please contact:

Tracey Nice
Investor Relations Support Manager
T: 0113 261 6478 or 07500 330986
E: tracey.nice@yfmep.com
W: bscfunds.com

Link Group
T: 0800 181 4729

Manager and Service Providers

Manager

YFM Private Equity Limited

5th Floor, Valiant Building
14 South Parade
Leeds
LS1 5QS

Registrars

Link Group

The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Solicitors

Howard Kennedy LLP

No.1 London Bridge
London
SE1 9BG

Stockbrokers

Panmure Gordon (UK) Limited

One New Change
London
EC4M 9AF

Receiving Agent

Link Group

Corporate Actions
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Promoter

RAM Capital Partners LLP

4 Staple Inn
London
WC1V 7QH

Independent Auditor

BDO LLP

150 Aldersgate Street
London
EC1A 4AB

VCT Status Adviser

Philip Hare & Associates LLP

Hamilton House
1 Temple Avenue
London
EC4Y 0HA

Bankers

Santander UK plc

44 Merrion Street
Leeds
LS2 8JQ

Company Secretary

The City Partnership (UK) Limited

110 George Street
Edinburgh
EH2 4LH



**British Smaller Companies VCT plc; and
British Smaller Companies VCT2 plc**

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bscfunds.com

Transforming small businesses