Registered no: 3134749

British Smaller Companies VCT plc

Interim report

for the period from 1 April 1998 to 31 January 1999

British Smaller Companies VCT plc

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for the period from 1 April 1998
to 31 January 1999

British Smaller Companies VCT plc
Directors and advisers

Directors

Sir Andrew Colin Hugh Smith
Christopher John Brown
Philip Simon Cammerman
Richard Last
Clive William Leach
Robert Lindemann
John Junior Seed

Secretary and registered office

James Ernest Peter Gervasio LL.B.
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Investment Adviser

Yorkshire Fund Managers Limited
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Registrars

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VCT Status Adviser

PricewaterhouseCoopers
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London
WC2N 6NN

Auditors

PricewaterhouseCoopers
Benson House
33 Wellington Street
Leeds
LS1 4JP

Quoted Investment Adviser

Carr Sheppards Limited
122 Leadenhall Street
London
EC3V 4SS

Solicitors

Pinsent Curtis
41 Park Square
Leeds
LS1 2NS

Bankers

The Royal Bank of Scotland plc
27 Park Row
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Stockbrokers

Beeson Gregory Limited
The Registry
Royal Mint Court
London
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British Smaller Companies VCT plc

Directors' report for the period from 1 April 1998 to 31 January 1999

The directors present the interim financial statements of British Smaller Companies VCT plc ('the Company') for the period from 1 April 1998 to 31 January 1999.

Principal activity, business review and future developments

The revenue account for the year is set out on page 5.

The Company is an investment company as defined in Section 266 of the Companies Act 1985. The Company operates as a Venture Capital Trust and has been provisionally approved by the Inland Revenue as an authorised venture capital trust under section 842AA of the Income and Corporation Taxes Act 1988. The directors expect that the Company will continue with this activity for the foreseeable future.

The directors consider the financial position at the end of the period to be sound.

Results and dividend

The revenue profit for the period after taxation amounted to £516,000.

An interim dividend of 1.75p per share in respect of the period ended 30 September 1998 was paid on 18 December 1998. The directors recommend the payment of a second interim dividend of 1.5p per share.

Directors and their interests

The directors of the Company at 31 January 1999 and their interests in the share capital of the Company were as follows:

	Number of Ordinary shares
Sir Andrew Hugh Smith	30,000
CJ Brown	15,000
PS Cammerman	15,000
R Last	15,000
CW Leach	145,000
R Lindemann	15,000
JJ Seed	15,000

Share capital

Between 1 April 1998 and 2 June 1998 4,866,345 10p Ordinary shares were subscribed for at £1.05 in connection with a Public Issue for cash as set out in the prospectus dated 13 February 1998 and pursuant to the directors' authority to allot shares.

On 26 June 1998 the Company purchased 6,000 10p Ordinary shares, representing 0.04% of the called up capital on that date, at a price of 93p. These shares have been cancelled. The purchase was made in the market in furtherance of the Board's policy of maintaining liquidity in the Company's shares.

Substantial shareholdings

Yorkshire Enterprise Limited, the ultimate holding company of Yorkshire Fund Managers Limited, which acts as investment adviser and provides administrative and secretarial services to the Company, held 3.3% of the issued share capital at 8 March 1999. The directors are not aware of any other substantial shareholdings representing 3% or more of the Company's issued share capital at the date of this report.

British Smaller Companies VCT plc

Statement of directors' responsibilities

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies ACT 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Messrs Coopers & Lybrand were re-appointed as auditors during the period.

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July, following which Coopers & Lybrand resigned and the directors appointed the new firm, PricewaterhouseCoopers, as auditors to fill the casual vacancy thereby arising. A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the Annual General Meeting.

By order of the Board

JEP Gervasio
Company Secretary

8 March 1999

British Smaller Companies VCT plc

Statement of total return
Period from 1 April 1998
to 31 January 1999

	Notes	10 months ended 31 January 1999 £'000	Year ended 31 March 1998 £'000
Revenue			
Gross revenue	2	913	548
Administrative expenses	3	(223)	(209)
Taxation	4	(174)	(69)
		516	270
Capital			
Realised (losses) gains (net)		(283)	25
Unrealised gains (net)		405	582
Management fee allocated to capital	3	(188)	(108)
Tax effect of capital items		47	23
		(19)	522
Total return		497	792
Appropriated:			
Revenue			
Dividend paid and payable on Ordinary shares	5	515	247
Revenue reserve		1	23
		516	270
Capital			
(Decrease) increase on reserves		(19)	522
Total return per Ordinary share			
Revenue		3.29p	3.42p
Capital		(0.12p)	6.61p
		3.17p	10.03p

The accompanying notes on pages 8 to 14 are an integral part of these financial statements.

Revenue account

	Notes	10 months ended 31 January 1999 £'000	Year ended 31 March 1998 £'000
Gross revenue	2	913	548
Administrative expenses	3	(223)	(209)
Net revenue before taxation		690	339
Taxation	4	(174)	(69)
Net revenue after taxation		516	270
Dividends paid and payable on Ordinary shares	5	(515)	(247)
Transfer to revenue reserve		1	23
Return per Ordinary share	6	3.29p	3.42p
Fully diluted return per Ordinary share		3.29p	3.36p

Notes

All activity has arisen from continuing operations.

The accompanying notes on pages 8 to 14 are an integral part of these financial statements.

British Smaller Companies VCT plc

Balance sheet
at 31 January 1999

	Notes	31 January 1999 £'000	31 March 1998 £'000
Fixed assets			
Investment Portfolio	7a	7,724	4,194
Current assets			
Debtors	8	533	426
Short-term Investments	7b	7,794	6,527
Cash and short term deposits		110	794
		8,437	7,747
Creditors: Amounts payable within one year	9	(368)	(945)
Net current assets		8,069	6,802
Total net assets		15,793	10,996
Capital and reserves			
Called up share capital	10	1,584	1,098
Share premium account	11	13,815	9,481
Capital redemption reserve	11	3	2
Capital reserve	11	386	405
Revenue reserve	11	5	10
Equity shareholders' funds		15,793	10,996
Net asset value per Ordinary share	13	99.7	100.2p

Signed on behalf of the Board

Andrew Hugh Smith

Sir Andrew Hugh Smith
Director

8 March 1999

The accompanying notes on pages 8 to 14 are an integral part of these financial statements.

British Smaller Companies VCT plc

Cash flow statement
For the period from 1 April 1998 to 31 January 1999

	Notes	10 months ended 31 January 1999 £'000	Year ended 31 March 1998 £'000
Net cash inflow from operating activities	14	323	227
Taxation			
Advance corporation tax paid (net)		(109)	(38)
Capital expenditure and financial investment			
Purchase of investments		(3,875)	(2,865)
Proceeds from disposal of investment		227	86
Net cash outflow from financial investments		(3,648)	(2,779)
Equity dividends paid		(421)	(177)
Management of liquid resources			
Purchase of fixed interest government stocks		(4,554)	(8,688)
Proceeds from the sale of fixed interest government stocks		3,527	3,701
Net movement on cash placed on short term deposit		-	147
Net cash outflow from investing activities		(1,027)	(4,840)
Financing			
Issue of Ordinary shares		4,492	6,400
Issue expenses		(289)	(326)
Purchase of own shares		(6)	(21)
Consideration for unallotted share capital		-	618
Net cash inflow from financing activities		4,197	6,671
Decrease in cash		(685)	(936)

The accompanying notes on pages 8 to 14 are an integral part of these financial statements.

Notes to the interim financial statements for the 10 months ended 31 January 1999

1 Principal accounting policies

The interim financial statements, which do not constitute statutory accounts, have been prepared on a basis consistent with the statutory financial statements for the period ended 31 March 1998. The statutory financial statements for the period ended 31 March 1998 have been reported upon without qualification by the auditors and have been delivered to the Registrar of Companies.

2 Gross revenue

	10 months ended 31 January 1999 £'000	Year ended 31 March 1998 £'000
Income from investments:		
Dividends	195	119
Interest on loans to unquoted companies	174	87
Fixed interest government securities	491	264
	860	470
Interest on deposits	53	78
	913	548

3 Administrative expenses

	10 months ended 31 January 1999 £'000	Year ended 31 March 1998 £'000
Investment advisory fee (including irrecoverable VAT)	251	144
Directors' remuneration	54	44
Auditors' remuneration	7	6
General expenses	99	123
	411	317
Less Management fee allocated to capital reserves	(188)	(108)
	223	209

Notes to the financial statements for the 10 months ended 31 January 1999 (continued)

4 Taxation charge

	10 months ended 31 January 1999 £'000	Year ended 31 March 1998 £'000
UK taxation based on net revenue for the period:		
Corporation tax at 27% (1997/98: 21%)	135	45
Tax attributable to franked investment income	39	24
	174	69

5 Dividends

		10 months ended 31 January 1999 £'000	Year ended 31 March 1998 £'000
Interim Paid	– 1.75p per share (1998 : 1.25p)	277	103
2nd Interim declared	– 1.50p per share (1998 : nil)	238	-
Final paid	– (1998 : 1.75p)	-	144
		515	247

6 Return per Ordinary share

The return per share is based on net revenue from ordinary activities after tax attributable to shareholders of £516,000 (31 March 1998 : £270,000) and on 15,711,000 shares (31 March 1998 : 7,885,000), being the weighted average number of shares in issue during the period. There is no difference between the return per share and the fully diluted return per share.

British Smaller Companies VCT plc
Notes to the financial statements
for the 10 months ended 31 January 1999 (continued)

7 Investment Portfolio

	31 January 1999 £'000	31 March 1998 £'000
a) Fixed Assets		
AIM listed investments at valuation	1,308	874
Unlisted investments at valuation	6,416	3,320
	7,724	4,194
The movement since 1 April 1998 was as follows:-		
Beginning of period	4,194	
Additions	3,875	
Disposals	(227)	
Realised loss (net)	(323)	
Unrealised gain	205	
Valuation at 31 January 1999	7,724	
End of period at cost	6,964	
b) Current Assets		
UK Government stocks at valuation	7,794	6,527
The movement since 1 April 1998 was as follows:-		
Beginning of period	6,527	
Additions	4,554	
Disposals	(3,527)	
Realised gains	40	
Unrealised gains	200	
Valuation at 31 January 1999	7,794	

8 Debtors

	31 January 1999 £'000	31 March 1998 £'000
Amounts receivable within one year:		
Prepayments and accrued income	298	291
Tax recoverable	71	99
Advance Corporation Tax recoverable	164	36
	533	426

9 Creditors

	31 January 1999 £'000	31 March 1998 £'000
Amounts payable within one year:		
Bank overdraft	1	-
Accrued expenses	70	147
Advance Corporation Tax payable	59	36
Proposed dividend	238	144
Consideration for unallotted share capital	-	618
	368	945

10 Called-up share capital

	31 January 1999 Authorised £'000	31 January 1999 Allotted, Called-up and Fully paid £'000	31 March 1998 Authorised £'000	31 March 1998 Allotted, Called-up and Fully paid £'000
Ordinary shares of 10p Authorised 18,000,000- Issued 15,839,838 (31 March 1998 :10,979,493)	1,800	1,584	1,800	1,098

Between 1 April 1998 and 2 June 1998 4,866,345 10p Ordinary shares were subscribed for at £1.05 in connection with a Public Issue for cash as set out in the prospectus dated 13 February 1998 and pursuant to the directors' authority to allot shares.

On 26 June 1998, in furtherance of the Board's policy of maintaining liquidity in the Company's shares, the Company purchased 6,000 10p Ordinary shares at a price of 93p per share. These shares have been cancelled.

11 Reserves

	Share Premium £'000	Capital Redemption £'000	Capital Reserve Realised £'000	Capital Reserve Unrealised £'000	Revenue Reserve £'000
At 1 April 1998	9,481	2	(196)	601	10
Issue of new shares	4,623				
Expenses of share issue	(289)				
Valuation of investment portfolio			(323)	205	
Valuation of current asset investments			40	200	
Capital expenses			(188)		
Tax effect of capital items			47		
Purchase of own shares		1			(6)
Retained revenue for period					1
At 31 January 1999	13,815	3	(620)	1,006	5

12 Reconciliation of movements in shareholders' funds

	1998 £'000
At 1 April 1998	10,996
Shares issued (net of expenses)	4,821
Total return after tax	497
Purchase of own shares	(6)
Dividends paid and payable	(515)
	15,793

13 Net asset value per share

The net asset value per Ordinary share is calculated on attributable assets of £15,793,000 and 15,839,838 shares in issue at the period end (31 March 1998: assets of £10,996,000 and 10,979,493 shares).

14 Reconciliation of Net Revenue on Ordinary Activities before Tax to Net Cash Inflow from Operating Activities

	10 months ended 31 January 1999 £'000	Year ended 31 March 1998 £'000
Net Revenue on ordinary activities before taxation	690	339
Increase in prepayments and accrued income	(7)	(28)
(Decrease) increase in accruals	(77)	135
Investment advisory fees charged to capital reserve	(188)	(108)
Tax deducted at source on investment income received	(95)	(111)
Net cash inflow from operating activities	323	227

15 Reconciliation of Net Cash Flow to Movement in Net Funds

	10 months ended 31 January 1999 £'000	Year ended 31 March 1998 £'000
Decrease in cash in the period	(685)	(936)
Cash outflow from increase in liquid resources	1,027	4,840
Changes in net funds resulting from cash flows	342	3,904
Other non-cash items:		
Movement in value of fixed interest quoted investments	240	27
Net funds beginning of period	7,321	3,390
Net funds at end of period	7,903	7,321

Notes to the financial statements for the 10 months ended 31 January 1999 (continued)

16 Analysis of Net Funds

	31 March 1998 £'000	Cash flow £'000	Other non cash changes £'000	31 January 1999 £'000
Cash on call deposit	794	(684)	-	110
Overdraft	-	(1)	-	(1)
	794	(685)	-	109
Fixed interest quoted investments	6,527	1,027	240	7,794
	7,321	342	240	7,903