Registered no: 3134749

British Smaller Companies VCT plc

Interim report

for the period from 1 April 1999 to
30 September 1999

British Smaller Companies VCT plc

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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

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Registrars

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VCT Status Adviser

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Auditors

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Quoted Investment Adviser

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2 Gresham Street
London
EC2V 7QN

Solicitors

Pinsent Curtis
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Bankers

The Royal Bank of Scotland plc
27 Park Row
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Stockbrokers

Beeson Gregory Limited
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British Smaller Companies VCT plc

Directors' report for the period from 1 April 1999 to 30 September 1999

The directors present the interim financial statements of British Smaller Companies VCT plc ('the Company') for the period from 1 April 1999 to 30 September 1999.

Principal activity, business review and future developments

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

During the period the Company was 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. Following the Court's approval to the cancellation of the Company's Share Premium Account on the 17 November 1999 (see Note 16), the directors will be taking action to revoke the investment company status of the Company as described in the Circular to Shareholders dated 10 June 1999.

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 £256,000.

The directors recommend the payment of a dividend of 1.55p per share.

Directors and their interests

The directors of the Company at 30 September 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

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 26 November 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.

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

PricewaterhouseCoopers were re-appointed as auditors during the period.

Post Balance Sheet Events

Following the resolution passed at the Annual General Meeting on 16 July 1999 an application to cancel the Company's Share Premium Account, for the purpose of facilitating the market purchases of the Company's own shares, was approved by the Court on 17 November 1999.

By order of the Board

JEP Gervasio
Company Secretary

30 November 1999

British Smaller Companies VCT plc

Statement of total return
Period from 1 April 1999
to 30 September 1999

	Notes	Unaudited 6 months ended 30 September 1999 £'000	Unaudited 6 months ended 30 September 1998 £'000	Audited Year ended 31 March 1999 £'000
Revenue				
Gross revenue	2	448	530	1,101
Administrative expenses	3	(157)	(123)	(298)
Taxation	4	(35)	(105)	(253)
		256	302	550
Capital				
Realised (losses) gains (net)		(416)	64	(193)
Unrealised (losses) gains (net)		(1,280)	(179)	160
Management fee allocated to capital	3	(138)	(97)	(235)
Tax effect of capital items		29	27	64
		(1,805)	(185)	(204)
Total return		(1,549)	117	346
Appropriated:				
Revenue				
Dividend payable on Ordinary shares		246	277	553
Revenue reserve		10	25	(3)
		256	302	550
Capital				
Decrease on reserves		(1,805)	(185)	(204)
Total return per Ordinary share				
Revenue		1.62p	1.93p	3.50p
Capital		(11.40p)	(1.18p)	(1.30p)
		(9.78p)	0.75p	2.20p

The accompanying notes on pages 8 to 13 are an integral part of these financial statements.

British Smaller Companies VCT plc

Revenue account

	Notes	Unaudited 6 months ended 30 September 1999 £'000	Unaudited 6 months ended 30 September 1998 £'000	Audited Year ended 31 March 1999 £'000
Gross revenue	2	448	530	1,101
Administrative expenses	3	(157)	(123)	(298)
Net revenue before taxation		291	407	803
Taxation	4	(35)	(105)	(253)
Net revenue after taxation		256	302	550
Dividends payable on Ordinary shares		(246)	(277)	(553)
Transfer to (from) revenue reserve		10	25	(3)
Return per Ordinary share	5	1.62p	1.93p	3.50p
Fully diluted return per Ordinary share		1.62p	1.93p	3.50p

Notes

All activity has arisen from continuing operations.

The accompanying notes on pages 8 to 13 are an integral part of these financial statements.

British Smaller Companies VCT plc

Balance sheet
at 30 September 1999

	Notes	Unaudited 30 September 1999	Unaudited 30 September 1998	Audited 31 March 1999
		£'000	£'000	£'000
Fixed assets				
Investment Portfolio	6a	7,866	6,074	7,956
Current assets				
Short-term Investments	6b	5,651	9,304	6,879
Debtors	7	461	614	465
Cash and short term deposits		140	67	457
		6,252	9,985	7,801
Creditors: Amounts payable within one year	8	(309)	(408)	(153)
Net current assets		5,943	9,577	7,648
Total net assets		13,809	15,651	15,604
Capital and reserves				
Called up share capital	9	1,584	1,584	1,584
Share premium account	10	13,815	13,815	13,815
Capital redemption reserve	10	3	3	3
Capital reserve	10	(1,604)	220	201
Revenue reserve	10	11	29	1
Equity shareholders' funds		13,809	15,651	15,604
Net asset value per share				
Ordinary shares	12	87.2p	98.8p	98.5p

Signed on behalf of the Board

Sir Andrew Hugh Smith
Director

30 November 1999

The accompanying notes on pages 8 to 13 are an integral part of these financial statements.

British Smaller Companies VCT plc

Cash flow statement
For the period of 1 April 1999 to 30 September 1999

	Notes	Unaudited 6 months ended 30 September 1999 £'000	Unaudited 6 months ended 30 September 1998 £'000	Audited Year ended 31 March 1999 £'000
Net cash inflow (outflow) from operating activities	13	139	(42)	314
Taxation				
Tax repayment received		-	-	19
Advance corporation tax (paid) received		(40)	33	(61)
Net Tax Paid		(40)	33	(42)
Investing Activities				
Purchase of investments		(1,411)	(2,394)	(4,490)
Proceeds from disposal of investment		67	227	471
Net cash outflow from investing activities		(1,344)	(2,167)	(4,019)
Equity dividends paid to shareholders		(38)	(144)	(659)
Management of liquid resources				
Purchase of fixed interest government stocks		-	(4,554)	(6,627)
Proceeds from the sale of fixed interest government stocks		966	1,949	6,499
Net cash inflow (outflow) from management of liquid resources		966	(2,605)	(128)
Financing				
Issue of Ordinary shares		-	4,492	4,492
Issue expenses		-	(289)	(289)
Purchase of own shares		-	(6)	(6)
Net cash inflow from financing activities		-	4,197	4,197
Decrease in cash		(317)	(728)	(337)

The accompanying notes on pages 8 to 13 are an integral part of these financial statements.

Notes to the interim financial statements for the 6 months ended 30 September 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 1999. The statutory financial statements for the period ended 31 March 1999 have been reported upon without qualification by the auditors and have been delivered to the Registrar of Companies.

2 Gross revenue

	Unaudited 6 months ended 30 September 1999 £'000	Unaudited 6 months ended 30 September 1998 £'000	Audited Year ended 31 March 1999 £'000
Income from investments:			
Dividends	134	88	273
Interest on loans to unquoted companies	88	97	203
Fixed interest government securities	219	297	571
	441	482	1,047
Interest on deposits	7	48	54
	448	530	1,101

3 Administrative expenses

	Unaudited 6 months ended 30 September 1999 £'000	Unaudited 6 months ended 30 September 1998 £'000	Audited Year ended 31 March 1999 £'000
Investment advisory fee (including irrecoverable VAT)	184	129	313
Directors' remuneration	32	32	65
Auditors' remuneration	4	4	7
General expenses	75	55	148
	295	220	533
Less Management fee allocated to capital reserves	(138)	(97)	(235)
	157	123	298

Notes to the financial statements for the 6 months ended 30 September 1999 (continued)

4 Taxation charge

	Unaudited 6 months ended 30 September 1999 £'000	Unaudited 6 months ended 30 September 1998 £'000	Audited Year ended 31 March 1999 £'000
UK taxation based on net revenue for the period:			
Corporation tax at 21% (1998/99: 27%)	35	87	55
Tax attributable to franked investment income	-	18	152
ACT written off	-	-	46
Profit and Loss Account	35	105	253
Allocated to capital reserve	(29)	(27)	(64)
Net charge	6	78	189

5 Return per Ordinary share

The return per share is based on net revenue from ordinary activities after tax attributable to shareholders of £256,000 (March 1999: £550,000) and on 15,839,838 shares (March 1999: £15,732,038), 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 in either period.

6 Investment Portfolio

	Unaudited 30 September 1999 £'000	Audited 31 March 1999 £'000
a) Fixed Assets		
AIM listed investments at valuation	1,261	1,053
Unlisted investments at valuation	6,605	6,903
	7,866	7,956
The movement since 1 April 1999 was as follows:-		
Beginning of period	7,956	
Additions	1,411	
Disposals	(67)	
Realised loss	(425)	
Unrealised loss	(1,009)	
Valuation at 30 September 1999	7,866	
End of period at cost	8,298	

Notes to the financial statements for the 6 months ended 30 September 1999 (continued)

Investment Portfolio (continued)

	Unaudited 30 September 1999 £'000	Audited 31 March 1999 £'000
b) Current Assets		
UK Government stocks at valuation	5,651	6,879
The movement since 1 April 1999 was as follows:-		
Beginning of period	6,879	
Additions	-	
Disposals	(966)	
Realised gains	9	
Unrealised losses	(271)	
Valuation at 30 September 1999	5,651	

7 Debtors

	Unaudited 30 September 1999 £'000	Unaudited 30 September 1998 £'000	Audited 31 March 1999 £'000
Amounts receivable within one year:			
Prepayments and accrued income	263	466	276
Tax recoverable	198	79	189
Advance Corporation Tax recoverable	-	69	-
	461	614	465

8 Creditors

	Unaudited 30 September 1999 £'000	Unaudited 30 September 1998 £'000	Audited 31 March 1999 £'000
Amounts payable within one year:			
Bank overdraft	-	1	-
Accrued expenses	63	25	56
Advance Corporation Tax payable	-	105	59
Proposed dividend	246	277	38
	309	408	153

Notes to the financial statements for the 6 months ended 30 September 1999 (continued)

9 Called-up share capital

	Unaudited 30 September 1999		Audited 31 March 1999	
	Authorised £'000	Allotted, Called-up and Fully paid £'000	Authorised £'000	Allotted, Called-up and Fully paid £'000
Ordinary shares of 10p Authorised 18,000,000- Issued 15,839,838 (31 March 1999 :15,839,838)	1,800	1,584	1,800	1,584

10 Reserves

	Share Premium £'000	Capital Redemption £'000	Capital Reserve Realised £'000	Capital Reserve Unrealised £'000	Revenue Reserve £'000
At 1 April 1999	13,815	3	(560)	761	1
Valuation of investment portfolio			(425)	(1,009)	
Valuation of current asset investments			9	(271)	
Capital expenses			(138)		
Tax effect of capital items			29		
Retained revenue for period					10
At 30 September 1999	13,815	3	(1,085)	(519)	11

On 17 November 1999 an application to cancel the Company's Share Premium Account was approved by the Court.

11 Reconciliation of movements in shareholders' funds

	1999 £'000
At 1 April 1999	15,604
Total return after tax	(1,549)
Dividends payable	(246)
	13,809

British Smaller Companies VCT plc
Notes to the financial statements
for the 6 months ended 30 September 1999 (continued)

12 Net asset value per share

The net asset value per Ordinary share is calculated on attributable assets of £13,809 and 15,839,838 shares in issue at the period end (31 March 1999: assets of £15,604,000 and 15,839,838 shares).

13 Reconciliation of Net Revenue on Ordinary Activities before Tax to Net Cash (Outflow) Inflow from Operating Activities

	Unaudited 6 months ended 30 September 1999 £'000	Unaudited 6 months ended 30 September 1998 £'000	Audited Year ended 31 March 1999 £'000
Net Revenue on ordinary activities before taxation	291	407	803
(Increase) decrease in prepayments and accrued income	13	(175)	15
(Decrease) increase in accruals	7	(122)	(91)
Investment advisory fees charged to capital reserve	(138)	(97)	(235)
Tax deducted at source on investment income received	(34)	(55)	(178)
Net cash inflow (outflow) from operating activities	139	(42)	314

14 Reconciliation of Net Cash Flow to Movement in Net Funds

	Unaudited 6 months ended 30 September 1999 £'000	Unaudited 6 months ended 30 September 1998 £'000	Audited Year ended 31 March 1999 £'000
Decrease in cash in the period	(317)	(728)	(337)
Cash (inflow) outflow from increase in liquid resources	(966)	2,605	128
Changes in net funds resulting from cash flows	(1,283)	1,877	(209)
Other non-cash items:			
Movement in value of fixed interest quoted investments	(262)	172	224
Net funds beginning of period	7,336	7,321	7,321
Net funds at end of period	5,791	9,370	7,336

Notes to the financial statements for the 6 months ended 30 September 1999 (continued)

15. Analysis of Net Funds

	31 March 1999 £'000	Cash flow £'000	Other non cash changes £'000	30 September 1999 £'000
Cash on call deposit	457	(317)	-	140
Fixed interest quoted investments	6,879	(966)	(262)	5,651
	7,336	(1,283)	(262)	5,791

16. Post Balance Sheet Events

Following the resolution passed at the Annual General Meeting on 16 July 1999 an application to cancel the Company's Share Premium Account, for the purpose of facilitating the market purchases of the Company's own shares, was approved by the Court on 17 November 1999.