

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to what action you should take, you should consult your own independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your Ordinary Shares in the Company, please send this document at once to the purchaser/transferee, the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

The Directors of the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who or which have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

British Smaller Companies VCT plc

[incorporated in England and Wales under the Companies Act 1985 with registered number 3134749]

APPROVED DIVIDEND REINVESTMENT SCHEME IN RELATION TO THE COMPANY'S ORDINARY SHARES

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4 July 2011

Part I

Important Notice

This document, which constitutes a financial promotion for the purposes of section 21 of the Financial Services and Markets Act 2000, has been approved, for the purposes of that section only, by YFM which is authorised and regulated by the Financial Services Authority in the United Kingdom pursuant to the Financial Services and Markets Act 2000 ("the Act").

In approving this document YFM is acting solely for the Company and no-one else and will not be responsible to anyone other than the Company for providing the protections afforded by the 2006 Act or for providing financial advice in relation to the subject of this document.

There is no guarantee that the Company's investment objective will be attained. If you are in any doubt as to what action to take, you should contact an independent financial adviser. The levels and bases of reliefs from taxation described in this document are those currently available. These may change and their value depends on an investor's individual circumstances.

No person has been authorised to issue any advertisements or give any information, or make any representations in connection with the Dividend Reinvestment Scheme, 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 Company.

Risk Factors

The Directors draw the attention of Shareholders who may be considering an investment in the Company under the Scheme to the following risk factors, which may affect the performance of the Company and/or the availability of tax reliefs:

- Investment in the Company should be regarded as long-term in nature and may not be suitable for all individuals. If they are in any doubt potential investors should consult their professional advisers about the Scheme.
- Investment in unquoted companies and PLUS or AiM companies by its nature involves a higher degree of risk than investment in a quoted portfolio. Unquoted and PLUS or AiM investments may be difficult to realise.
- The market price of the Ordinary Shares may not fully reflect their underlying net asset value. Past performance is not a guide to the future and the value of an investment in the Company, and the income derived from it may go down as well as up and an investor may not get back the amount invested.
- Although the Shares will be listed on the Official List of the UK Listing Authority it is possible that there may not be a liquid market in the Shares and Shareholders may have difficulty in selling their Shares.
- Any realised losses on a disposal of Shares will not be allowable losses, for the purposes of capital gains tax, and will therefore not be capable of set off against any capital gains.
- There can be no guarantee that the Company will maintain full VCT qualifying status. If the Company ceases to retain approval as a VCT, before Participating Shareholders have held their shares for five years, any income tax relief will have to be repaid. Following a loss of VCT status, Shareholders will be taxed on dividends paid by the Company and, in addition, a liability to capital gains tax may arise on any subsequent disposal of the Shares.
- Where full approval as a VCT is withdrawn the Company will also lose its exemption from corporation tax on capital gains. If at any time VCT status is lost dealings in the Ordinary Shares will normally be suspended until such time as the Company has published proposals either to continue as an investment company or to be wound up.
- Should a VCT not qualify as a VCT, or if it qualifies but the Shares fall outside the qualifying limit of the Shareholder, the Shareholder will generally be liable to income tax on the aggregate amount of the dividend and the notional tax credit equal to 1/9th of the dividend. The notional tax credit will discharge the income tax liability of a basic rate taxpayer. Shareholders who also pay tax at the higher rate can use the notional credit to offset against their higher rate tax liability.
- The information in this document is based on existing legislation. The tax reliefs described are those currently available. 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.
- The investments made by the Company may be difficult to realise. The fact that a share is traded on AiM or PLUS does not guarantee its liquidity. The spread between the buying and selling price of such shares may be wide and thus the price used for valuation may not be achievable.
- The Company's ability to obtain maximum value from its investment (for example, through a sale or takeover) may be limited by requirements imposed in order to maintain its VCT status (such as the condition that not less than 70% by value of a VCT's total investments must be in shares in, or securities of, an unquoted (including AiM quoted) company carrying on a qualifying trade wholly or mainly in the UK satisfying the conditions in Chapter 4 of the Income Tax Act 2007).

Part II – Introduction

British Smaller Companies VCT plc

Directors:

Ms Helen Sinclair
Philip Cammerman
Edward Buchan

Registered Office:

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

Background

At the Annual General Meeting of the Company held on 6 August 2008 the Directors were authorised by special resolution to establish a dividend reinvestment scheme for the Company's Shareholders and at the general meeting of the Company held on 11 January 2011 the Directors were further authorised to continue to provide the Scheme to Shareholders in respect of dividends declared prior to 11 January 2016.

Dividend reinvestment enables Shareholders to increase their total holding in the Company without incurring dealing costs, issue costs or stamp duty. Subject to individual circumstances, these Shares should qualify for income tax relief (currently at 30 per cent) that is applicable to subscriptions for new shares in Venture Capital Trusts. The terms and conditions of the Scheme, which apply only to holders of Ordinary Shares in respect of their Ordinary Shares, are set out at Part III of this document.

Dividend Reinvestment Scheme

Shares subscribed for via the Scheme will form part of each Shareholder's annual limit for investing in Venture Capital Trusts and qualifying for tax reliefs.

The New Ordinary Shares issued under the Scheme will rank pari passu in all respects with the Ordinary Shares then in issue. Subject to individual circumstances these Shares should qualify for the VCT tax reliefs that are available to subscriptions for new shares in Venture Capital Trusts (a summary of which can be found at Part IV of this document).

The terms of the Scheme only permit a Shareholder to join if all dividends on the Ordinary Shares registered in their name at the Record Date for the dividend are mandated to the Scheme. If you elect to receive New Ordinary Shares in respect of your total holding of Ordinary Shares, any residual cash balance arising representing a fractional entitlement will be carried forward to the next dividend.

The terms and conditions of the Scheme as set out in Part III of this document are as approved by the Directors pursuant to the authority granted by the Shareholders on 6 August 2008 (subject to amendments in accordance with paragraph 18 of the terms and conditions of the Scheme, by the Directors with the approval of the Scheme Administrators, in December 2010 and June 2011).

If you elect to join the Scheme, the mandate given in the Mandate Form will remain in force for all dividends to which the Scheme is applied up to 11 January 2016 unless and until you give notice to terminate your participation in the Scheme in accordance with the terms of the Scheme. The Directors and the Scheme Administrator may from time to time and at any time grant Participating Shareholders the opportunity to dis-apply their mandate in relation to a particular special dividend (as may from time to time be declared by the Company) and instead receive the special dividend in cash. Those Shareholders not electing to join the Scheme at this time will be able to do so in respect of dividends declared for later periods.

Shareholders who elect to reinvest dividends under the Scheme should be eligible to claim income tax relief on the amounts subscribed provided the New Ordinary Shares are issued in the name of the Shareholder and not in the name of the nominee. Further details regarding the availability of tax reliefs can be found in Part III and Part IV of this document. If you are in doubt regarding your personal tax position, or whether you should participate in the Scheme, you should contact your professional adviser immediately.

Mandate Forms to participate in the Scheme have been included with this document, and must be returned at least 20 Business Days prior to the payment of a dividend which is to be reinvested.



Helen Sinclair
Chairman

Part III – Terms and Conditions of the Dividend Reinvestment Scheme

1. Shareholders on the register of members at the close of business on the relevant Record Date may elect to receive New Ordinary Shares, credited as fully paid, instead of receiving the dividend in cash for the relevant financial period ("the full cash dividend"). The election may only be made by Shareholders in respect of the whole (and not part only) of their shareholdings and shall, subject to conditions 7 and 16 below, operate as a mandate in respect of all future dividends declared in respect of Ordinary Shares after the date on which the Shareholder joins the Scheme and prior to 11 January 2016 unless and until the Shareholder gives notice to terminate his or her participation in the Scheme in accordance with the terms of the Scheme.
2. Shareholders may only join the Scheme if all dividends on the Ordinary Shares registered in their name are mandated to the Scheme. The number of Ordinary Shares held by such Participating Shareholder which are mandated to the Scheme shall be altered immediately following any change to the number of Ordinary Shares in respect of which such Shareholder is the registered holder as entered onto the register of members of the Company from time to time.
3. The Company shall invest the monies held within the Scheme (being dividends paid on Ordinary Shares by, or on behalf of, Participating Shareholders) in the subscription of New Ordinary Shares in the Company. The Company shall not have the discretion to vary such investments and Shareholders may not instruct the Company or the Scheme Administrator to make any other investments.
4.
 - (a) On or as soon as practicable after a day on which any dividend is paid to Shareholders (a "Reinvestment Day"), the funds held by the Company on behalf of each Participating Shareholder shall be applied on behalf of that Shareholder in the subscription for the maximum number of New Ordinary Shares as can be acquired with those funds.
 - (b) The number of New Ordinary Shares issued to a Participating Shareholder pursuant to condition 4(a) above shall be calculated by dividing the aggregate value of the dividends paid on the Ordinary Shares to which the Participating Shareholder is entitled by the greater of (i) the net asset value per Ordinary Share being the most recently announced financial year end or half yearly net asset value per Ordinary Share (as adjusted for the relevant dividend in question) less 5%; and (ii) the nominal value per Ordinary Share.
 - (c) No fractions of New Ordinary Shares will be issued under the Scheme and subject to condition 4(d) below the election may only be made by Shareholders in respect of the whole and not part of their shareholdings. Any balance of cash remaining with the Company after the subscription shall be held by the Company on behalf of the Participating Shareholder to whom it relates and added to the cash available in respect of that Shareholder for the subscription of New Ordinary Shares on the next Reinvestment Day. No interest shall accrue or be payable by the Company in favour of any Shareholder on any such cash balances.
 - (d) The Scheme involves the reinvestment of the whole dividend paid on each shareholding each time a dividend is paid by the Company, together with any cash residue brought forward from the previous dividend. Partial reinvestment of dividends is only permitted by nominees, who need to lodge a Mandate Form for each Reinvestment Day quoting the number of Ordinary Shares in respect of which their election is made. Shareholders will remain in the Scheme so that, subject to condition 16 below, all future dividends will be reinvested in the same way, until they give notice in writing to the Scheme Administrator that they wish to terminate their participation in the Scheme.
5. The Scheme Administrator shall on the relevant Reinvestment Day take all necessary steps to ensure that the Participating Shareholders are entered onto the share register of the Company as the registered holders of the New Ordinary Shares (as the case may be), issued to them under the Scheme, and that share certificates in respect of such Shares issued are posted to the Participating Shareholders at their own risk as soon as is reasonably practical, unless such Shares are to be uncertificated.
6. To assist Participating Shareholders with their tax returns, the Scheme Administrator will attach to the new share certificates a Statement of Entitlement or if Shares are held in uncertificated form, a Statement of Entitlement will be sent to the Participating Shareholder's nominee separately, detailing the following:– (i) the total dividend payable; (ii) the subscription price per New Ordinary Share; (iii) the number of New Ordinary Shares allotted to a Participating Shareholder; (iv) the residual cash balance (if any) representing an entitlement to a fraction of a New Ordinary Share to be carried forward to the next dividend; and (v) the cash equivalent of the New Ordinary Shares issued, together with any such other information as shall be required under the Listing Rules of the UK Listing Authority.

Part III – Terms and Conditions of the Dividend Reinvestment Scheme

7. Application to join the Scheme can be made at any time by returning a completed Mandate Form. However, Mandate Forms need to have been received by the Scheme Administrator Capita Registrars Limited, New Issues, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU at least 20 Business Days prior to the payment of a dividend which is to be reinvested. Mandate Forms received after that date shall be effective in relation to any future dividends in respect of which the Directors offer a dividend reinvestment alternative.
8. If, prior to the day on which the Ordinary Shares became ex-dividend, a Shareholder has sold all or some of his or her holdings in Ordinary Shares, the Shareholder should consult his or her stockbroker or agent without delay.
9. An application will be made to the UK Listing Authority for admission of the New Ordinary Shares to the Official List and to the London Stock Exchange plc for admission to trading on the London Stock Exchange plc's market for listed securities (together "Admission"). On issue, the New Ordinary Shares will rank pari passu in all respects with the existing issued Ordinary Shares and will rank for future dividends. Subject to Admission, definitive share certificates for the New Ordinary Shares will be posted as soon as practicable following Admission at the risk of the persons entitled to them. Where New Ordinary Shares are issued as uncertificated shares, as soon as practicable following Admission the Company will arrange for the relevant Participating Shareholders' stock accounts in CREST to be credited with their entitlement to New Ordinary Shares and a Statement of Entitlement will be posted to their nominee. New Ordinary Shares will be allotted as and when the Directors determine it appropriate, with Admission and Dealings expected within 10 Business Days of allotment.

In the event that Admission does not become effective, Mandate Forms will be disregarded in respect of the dividend and the full cash dividend will be paid as soon as possible in the usual way.
10. Further copies of this document and/or Mandate Forms may be obtained from the Scheme Administrator Capita Registrars Limited, New Issues, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
11. All costs and expenses incurred by the Scheme Administrator in administering the Scheme will be borne by the Company.
12. Each Shareholder applying to participate in the Scheme will be deemed to warrant to the Scheme Administrator and the Company in the Mandate Form that (i) save in the case of a Shareholder holding his or her Ordinary Shares as nominee, during the continuance of his or her participation in the Scheme he or she will remain the sole beneficial owner of the Ordinary Shares mandated to the Scheme free from encumbrances or security interests; and (ii) all information set out in the Mandate Form is correct and, to the extent any of the information changes, he or she will notify the changes to the Scheme Administrator.
13. Each Participating Shareholder acknowledges that neither the Company, the Scheme Administrator nor YFM is providing a discretionary manager service. Neither the Scheme Administrator, YFM nor the Company shall be responsible for any loss or damage to Participating Shareholders as a result of their participation in the Scheme unless due to the negligence or default of the Scheme Administrator or the Company (respectively), its servants or agents.
14. The financial calendar and procedure for future dividends both as to any final and/or interim dividend will be notified in writing to Shareholders and/or published through a RIS.
15. The Participating Shareholder may at any time, by notice to the Scheme Administrator of not less than 20 Business Days prior to the relevant Reinvestment Day, terminate his or her participation in this Scheme. If a Participating Shareholder shall at any time cease to hold any Ordinary Shares in the Company, he or she shall be deemed to have served such a notice in respect of his or her participation in the Scheme in respect of such shares. If a Shareholder in whose name Ordinary Shares are held on behalf of a Participating Shareholder shall at any time cease to hold any such Shares on behalf of that Participating Shareholder, he or she shall be deemed to have served such a notice in respect of his or her participation in the Scheme.
16. The Company and the Scheme Administrator shall be entitled, at any time and from time to time, to suspend the operation of the Scheme in whole or in part and/or to terminate the Scheme without notice to the Participating Shareholders. Circumstances under which the Directors might suspend or terminate the Scheme include, but are not limited to changes in legislation governing Venture Capital Trusts (including changes in available tax reliefs) and adverse market conditions in the public markets. The Directors and the Scheme Administrators shall also be entitled, at any time and from time to time, to give each Participating Shareholder the opportunity to choose to dis-apply their mandate in respect of a particular special dividend, as may from time to time be declared by the Company, to which the Participating Shareholder is entitled, and to instead receive the full cash dividend.

Part III – Terms and Conditions of the Dividend Reinvestment Scheme

17. All notices and instructions to be given to the Scheme Administrator shall be in writing and delivered or posted to Capita Registrars Limited, New Issues, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Applications to participate in the Scheme will be made by way of a mandate form in the prescribed form as provided by the Scheme Administrator.
18. Subject to the prior agreement of the Scheme Administrator, the Directors shall be entitled to amend the Scheme terms and conditions on giving one month's notice in writing to all Participating Shareholders. If such amendments have arisen as a result of any change in statutory or other regulatory requirements, notice of such amendment will not be given to Participating Shareholders unless in the Scheme Administrator's opinion, the change materially affects the interests of Participating Shareholders. Amendments to the Scheme terms and conditions which are of a formal, minor or technical nature, or made to correct a manifest error and which do not adversely affect the interests of Participating Shareholders, may be effected without notice.
19. By completing and delivering the Mandate Form provided by the Scheme Administrator, the Participating Shareholder will (i) agree to provide the Company with any information which it may request in connection with such application and to comply with legislation relating to Venture Capital Trusts or other relevant legislation (as the same may be amended from time to time); and (ii) declare that no loan has been made to the Participating Shareholder or any associate, which would not have been made, or not have been made on the same terms but for the Participating Shareholder offering to subscribe for, or acquiring, Ordinary Shares, and that the Shares are being acquired for bona fide commercial purposes and not as part of a scheme or arrangement, the main purpose of which is the avoidance of tax.
20. Subscriptions for Venture Capital Trust shares only attract tax reliefs if in any tax year subscriptions to all Venture Capital Trusts do not exceed £200,000 (including subscriptions pursuant to dividend reinvestment schemes). Where shares are held by a nominee as at the relevant Record Date, that nominee's beneficiary will not be entitled to receive the tax reliefs otherwise available to Participating Shareholders under the Scheme. Participating Shareholders under the Scheme are responsible for ascertaining their own tax status and liabilities and neither the Scheme Administrator nor the Company can accept any liability in the event they do not receive any Venture Capital Trust tax reliefs, or such reliefs are reduced or restricted in any way.
21. Since dividends on Ordinary Shares acquired in excess of £200,000 in any tax year will not be exempted from income tax in the same way as Ordinary Shares acquired within this limit, Participating Shareholders will generally be liable to tax on such dividends.
22. The election to receive New Ordinary Shares in place of the cash dividend is not being offered to, or for the benefit of, any citizen of the United States, Canada or Australia, any corporation, partnership or other entity created or organised in, or under the laws of the United States, Canada or Australia or any political sub-division thereof or with a registered office in any of these countries or any estate or trust, the income of which is subject to United States Federal, or Canadian, or Australian income taxation regardless of its source. "United States" means United States of America (including the District of Columbia). References to the United States, Canada and Australia include their territories, possessions and all areas subject to their jurisdiction.

No person receiving a copy of this circular and/or Mandate Form in any territory other than the United Kingdom may treat it as constituting an invitation to him or her unless in the relevant territory such an invitation could lawfully be made to him or her without complying with any registration or other legal requirements. **It is the responsibility of the Shareholder outside the United Kingdom wishing to elect to receive New Ordinary Shares to satisfy himself or herself as to the full observance of the laws of the relevant territory in connection with the offer, including obtaining any governmental or other consents which may be necessary and observing any other formalities requiring to be observed in such territory.**
23. The Company shall not be required to issue New Ordinary Shares hereunder if the Directors so decide.
24. These Scheme terms and conditions shall be governed by, and construed in accordance with, English law and each Participating Shareholder submits to the jurisdiction of the English courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with the Scheme in any other manner permitted by law or in any court of competent jurisdiction.

Shareholders in any doubt about their tax position should consult their independent adviser.

Part IV – Taxation

The following information is based on the law and practice currently in force in the United Kingdom. It assumes that an investor (including an existing Shareholder participating in the Scheme) is resident or ordinarily resident in the UK and not in any other jurisdiction. If potential investors are in any doubt as to their tax position, they should consult their professional advisers.

1. Tax Reliefs for Individual Investees

Investors must be individuals subscribing in their own name and aged 18 or over to be eligible for the respective tax reliefs. Tax reliefs will only be given in relation to an individual's total investments in VCTs in any tax year not exceeding £200,000.

Income Tax Relief

Relief on investment

An investor subscribing for new ordinary shares (including by way of reinvestment of dividends) in VCTs during any tax year will be entitled to claim income tax relief on amounts subscribed up to the permitted maximum of £200,000. The relief is given for the tax year in which the shares are issued and is currently at the rate of 30 per cent. The relief is restricted to the amount which reduces the investor's income tax liability to nil.

If the shares are sold or otherwise disposed of (other than to the investor's spouse) within five years of their issue then some or all of the income tax relief obtained will have to be repaid. Shares may be transferred into the name of a nominee, provided the nominee holds them for the investor's benefit.

Relief on dividends

An investor who either subscribes for or purchases ordinary shares in a VCT, up to a maximum of £200,000 in any given tax year will not be liable to UK income tax on dividends paid by the VCT.

Capital Gains Tax Relief

Any gain or loss accruing to investors on a disposal of ordinary shares in a company which was a VCT at the time he or she acquired the shares, and which has remained a VCT throughout his or her period of ownership, will neither be a chargeable gain, nor an allowable loss, for the purposes of capital gains tax.

2. Obtaining Tax Relief

Income tax relief on investment

The company will give each investor a certificate which he or she can use to claim the income tax relief, either (where applicable) immediately by obtaining an adjustment to his or her tax coding from the HM Revenue & Customs or by waiting until the end of the tax year and claiming the relief on his or her tax return.

3. Loss or Clawback of Tax Reliefs

The company

If the company loses approval as a VCT, it will lose its exemption from corporation tax on chargeable gains. Loss of approval takes effect either on the date when notice is given to the company by the HM Revenue & Customs or, if earlier and at the HM Revenue & Customs' discretion, from the beginning of the company's accounting period in which the notice is given.

Investors

Withdrawal or clawback of investors' tax reliefs can occur as a result of the company losing full approval as a VCT or as a result of actions taken by the investors themselves.

Income tax relief on investment

If the company loses approval as a VCT within five years from the time when an investor acquired the ordinary shares by subscription, the income tax relief will be clawed back by an assessment to income tax for the year of assessment in respect of which the relief was given.

Income tax relief on dividends

If the company loses approval as a VCT then shares acquired by an investor after loss of approval are not capable of generating tax free dividends and any dividend paid in respect of profits or gains arising to the company in any accounting period ending at a time when the company was not a VCT will likewise not be exempt from income tax.

Part IV – Taxation

Exemption from capital gains tax on disposal

If the company loses approval as a VCT, then investors will be deemed to have disposed of and reacquired the ordinary shares at market value immediately before withdrawal of approval of the company as a VCT and so any accrued gain or loss to that date will not be taxable or allowable. Investors subsequently disposing of the ordinary shares will be treated as making a chargeable gain or an allowable loss (as the case may be).

Any investor acquiring ordinary shares in the company after it has lost VCT approval will likewise make a chargeable gain or an allowable loss on subsequent disposal.

4. Stamp Duty and Stamp Duty Reserve Tax

No stamp duty or (unless shares are issued to a nominee for a clearing system or a provider of depository receipts) stamp duty reserve tax should be payable on the issue of shares.

This is only a brief summary of the law concerning the tax position of individual investors in VCTs. Any potential investor in doubt as to the taxation consequences of investment in a VCT should consult an appropriately qualified professional adviser.

Part V – Definitions

“2006 Act”	the Companies Act 2006
“Admission”	the admission of the New Ordinary Shares to the official list maintained by the UK Listing Authority and to trading on the London Stock Exchange plc market for listed securities
“Board” or “Directors”	the board of directors of the Company
“Business Day”	a day (excluding Saturday and Sunday and public holidays in England and Wales) when the banks are generally open for business in London
“Company”	British Smaller Companies VCT plc
“Dealings”	buying, selling subscribing for or underwriting of securities in the Company or offering or agreeing to do so, either as principal or agent
“Mandate Form”	the form enclosed with this document which enables Shareholders to participate in the Scheme
“New Ordinary Shares”	the new Ordinary Shares to be issued from time to time under the Scheme
“Ordinary Shares”	ordinary shares of 10 pence each in the capital of the Company
“Participating Shareholder(s)”	those Shareholders who elect to participate in the Scheme
“Record Date”	the date set out in the dividend procedure timetable published by the London Stock Exchange plc by which a Shareholder must hold Ordinary Shares to be entitled to a dividend declared by the Company
“RIS”	a regulatory information service that is on the list of Regulatory Information Services maintained by the Financial Services Authority
“Scheme” or “Dividend Reinvestment Scheme”	the dividend reinvestment scheme, the terms and conditions of which are described in this document
“Scheme Administrator”	Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU
“Shares”	Ordinary Shares
“Shareholders”	the holders of Ordinary Shares
“Venture Capital Trust” or “VCT”	a company which is, for the time being, approved as a venture capital trust under Chapter 3 of Part 6 of the Income Tax Act 2007
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
“YFM” or “the Manager”	YFM Private Equity Limited, Company number 2174994. whose registered office is at Saint Martins House, 210-212 Chapeltown Road, Leeds, LS7 4HZ

British Smaller Companies VCT plc

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British Smaller Companies VCT plc

[Registered in England No. 3134749]

DIVIDEND REINVESTMENT SCHEME MANDATE FORM

THIS MANDATE FORM IS NOT TRANSFERABLE

Dividend Reinvestment Scheme Mandate Form

If you wish to participate in the dividend reinvestment scheme (the "Scheme") in respect of your holding of Ordinary Shares, please sign and return this form to the Scheme Administrator Capita Registrars Limited, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU no later than 20 Business Days before the payment of a dividend by the Company. All enquiries concerning this form should be made to Capita Registrars Limited, New Issues, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU (telephone: 0871 6640321 Calls cost 10p per minute plus network extras. Lines are open 8.30am — 5.30pm Mon-Fri).

If your British Smaller Companies VCT plc Ordinary Shares are held in more than one account you must complete a separate form for each account. You may obtain further copies of this form from Capita Registrars Limited.

To: the Scheme Administrator and the Company

I/We, the undersigned, confirm that I/we have read and understood the terms and conditions of the Scheme and that [subject to my/our retaining the right to exercise any rights as may be granted by the Directors and the Scheme Administrators to dis-apply my/our mandate in respect of a particular special dividend ("Opt-Out")] I/we wish to participate in the Scheme for each future dividend paid on the Ordinary Shares and to which the Scheme is applied. I/We agree that subject to the terms and conditions of the Scheme including the exercise of any right of Opt-Out, future dividends paid on Ordinary Shares will be reinvested in Ordinary Shares.

All Shareholders named above must sign.

Signature(s):	<input type="text"/>	Date:	<input type="text"/>
Signature(s):	<input type="text"/>	Date:	<input type="text"/>
Signature(s):	<input type="text"/>	Date:	<input type="text"/>
Signature(s):	<input type="text"/>	Date:	<input type="text"/>
Daytime telephone number: <input type="text"/>			

In the case of joint holders all must sign. In the case of a corporation this form must be executed under its common seal or be signed by a duly authorised official, whose capacity should be stated in accordance with Section 44 of the 2006 Act.

If this form is not completed to the satisfaction of the Scheme Administrator it will not be processed and will be returned to you for completion.

If you decide to participate in the Scheme you will be deemed to have agreed that any mandate which you may have given for the payment of cash dividends directly to your Bank or Building Society account shall be suspended in respect of all dividends declared by the Company to which the Scheme applies, for so long as you remain a participant in the Scheme.

Shareholders in any doubt about their tax position should consult their independent professional adviser.

British Smaller Companies VCT plc

(Registered in England No. 3134749)

DIVIDEND REINVESTMENT SCHEME MANDATE FORM

THIS MANDATE FORM IS NOT TRANSFERABLE

Please complete and return this Mandate Form in the pre-paid envelope provided.

British Smaller Companies VCT plc

(Registered in England No. 3134749)

DIVIDEND REINVESTMENT SCHEME OPT-OUT FORM IN RESPECT OF THE SPECIAL DIVIDEND OF 18.0 PENCE PER ORDINARY SHARE TO BE PAID ON 22 AUGUST 2011

THIS ELECTION OPT-OUT FORM IS NOT TRANSFERABLE

Dividend Reinvestment Scheme Opt-Out Form

If you wish to dis-apply the dividend reinvestment scheme (the "Scheme") in respect of your holding of Ordinary Shares for the purpose of the special dividend of 18.0 pence per Ordinary Share ("Special Dividend") to be paid by British Smaller Companies VCT plc ("the Company") on 22 August 2011 and instead receive the Special Dividend in cash ("Opt-Out"), please sign and return this form to the Scheme Administrator Capita Registrars Limited, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 25 July 2011. All enquiries concerning this form should be made to Capita Registrars Limited, New Issues, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU (telephone: 0871 664 0321. Calls cost 10p per minute plus network extras. Lines are open 8.30am – 5.30pm Mon-Fri).

If your British Smaller Companies VCT plc Ordinary Shares are held in more than one account you must complete a separate form for each account. You may obtain further copies of this form from Capita Registrars Limited.

To: the Scheme Administrator and the Company

I/We, the undersigned, confirm that I/we have read and understood the terms and conditions of the Scheme and the Opt-Out and that I/we wish to dis-apply the Scheme in respect of my/our holding of Ordinary Shares for the purpose of the Special Dividend and instead receive the Special Dividend in cash. I/We agree that the Scheme will continue to apply in respect of my/our holding of Ordinary Shares so that all other dividends paid on my/our holding of Ordinary Shares to which the Scheme applies (including but not limited to the final dividend proposed for approval at the Annual General Meeting of the Company on 29 July 2011) will be reinvested in Ordinary Shares.

All Shareholders named above must sign.

Signature(s):		Date:	
Signature(s):		Date:	
Signature(s):		Date:	
Signature(s):		Date:	
Daytime telephone number:			

In the case of joint holders all must sign. In the case of a corporation this form must be executed under its common seal or be signed by a duly authorised official, whose capacity should be stated in accordance with Section 44 of the 2006 Act.

If this form is not completed to the satisfaction of the Scheme Administrator it will not be processed and will be returned to you for completion.

If you decide to Opt-Out of the Scheme in respect of the Special Dividend you will be deemed to have agreed that the Special Dividend will be paid to you in cash and will not be reinvested in Ordinary Shares. You will however remain a participant in the Scheme so that all other dividends paid on your holding of Ordinary Shares to which the Scheme applies (including but not limited to the final dividend proposed for approval at the Annual General Meeting of the Company on 29 July 2011) will be reinvested in Ordinary Shares.

Shareholders in any doubt about their tax position and/or what action they should take should consult their independent professional adviser.

British Smaller Companies VCT plc

(Registered in England No. 3134749)

DIVIDEND REINVESTMENT SCHEME OPT-OUT FORM IN RESPECT OF THE SPECIAL DIVIDEND OF 18.0 PENCE PER ORDINARY SHARE TO BE PAID ON 22 AUGUST 2011

THIS ELECTION OPT-OUT FORM IS NOT TRANSFERABLE

Please complete and return this Opt-Out Form in the pre-paid envelope provided.