

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action to be taken, you should immediately consult your bank manager, stockbroker, solicitor, accountant or other independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your Shares in British Smaller Companies VCT plc (the “Company”), please send this document and accompanying documents, as soon as possible, to the purchaser or transferee or to the stockbroker, independent financial adviser or other person through whom the sale or transfer was effected for delivery to the purchaser or transferee.

British Smaller Companies VCT plc

(Registered in England and Wales with registered number 03134749)

Notice of General Meeting

Your attention is drawn to the letter from the Chairman of the Company set out on pages 3 to 6 which contains details of the Resolutions to be proposed at the General Meeting.

You will find set out at the end of this document a notice of the General Meeting to be held on 13 January 2014 at 10.30 am to approve the Resolutions. The General Meeting will be held at The Berkeley Room, First Floor, Regus Business Lounge, 17 Bruton Street, London W1.

To be valid, the form of proxy accompanying this document for the meeting should be returned not less than 48 hours before the General Meeting, either by post or by hand to Capita Registrars Limited, PXS, 34 Beckenham Road, Beckenham BR3 4TU.

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Part I – Chairman’s Letter

British Smaller Companies VCT plc

Registered Office:
Saint Martins House
210-212 Chapeltown Road
Leeds
West Yorkshire
LS7 4HZ

12 December 2013

Dear Shareholder

Notice of General Meeting

There are certain matters that require to be approved by Shareholders, and the purpose of this Circular is to explain the background to these proposals and the need for a General Meeting (“GM”) which is proposed to be held at The Berkeley Room, First Floor, Regus Business Lounge, 17 Bruton Street, London W1 on 13 January 2014. The formal notice of the GM is set out at the back of this document.

Background to the General Meeting

It has recently come to light that, between 2006 and 2008, in four instances profits and losses on disposals of investments from within the Company’s portfolio had been incorrectly accounted for as unrealised instead of realised. The total amount to be transferred, therefore, from unrealised to realised reserves is £1.578 million. As a result, although this has had no impact on the Company’s net asset value at any time, there has been an incorrect allocation between distributable (i.e. available for the payment of dividends and share buybacks) and undistributable reserves. This has now been corrected by retrospectively reallocating the net losses to realised reserves, thus reducing historically reported distributable reserves. This adjustment has been reflected in the Company’s reserves in the Interim Accounts for the six months to 30 September 2013 issued on 28 November and will be reported in the Company’s audited accounts for the year ending on 31 March 2014. The Company has been advised that there is no need to file revised accounts for prior periods.

Up until 31 March 2011 the Company had sufficient distributable reserves to fund the payment of all its dividends and share buybacks. However, under company law, due to the errors, the Company’s accounts as at 31 March 2011 were the last set of “Relevant Accounts” that could be used to determine its available distributable reserves, that is until the filing of the Company’s Interim Accounts for the period ending 30 September 2013 at Companies House on 3 December 2013. As a result, between 1 April 2011 and 3 December 2013 the Company had distributable reserves of £4.5 million but during this period the Company has made dividend payments and share buybacks totalling £13.6 million, as set out on page 4 below.

Since 1 April 2011 the Company generated further distributable reserves of £27.2 million, which became distributable reserves under company law when the Company’s Interim Accounts to 30 September 2013 were filed on 3 December 2013, which became Relevant Accounts. Following this the Company now has distributable reserves of £18.1 million.

These errors were of a technical accounting classification nature and have no impact on the past or present net asset value of the Company. I would like to reassure Shareholders that clear steps have been taken to ensure that there is no repeat of these errors.

The purpose of the Resolutions proposed at the GM is to rectify and ratify these matters in accordance with company legislation. The costs of this process will not be borne by the Company.

Part I – Chairman’s Letter (cont)

Dividends Paid

The following dividends were made at a time when the Company had insufficient distributable reserves, namely:

- (a) Dividends totalling £7.501 million on 22 August 2011 – Shareholders will recall that this was previously ratified by Shareholders at a general meeting held on 19 July 2013
- (b) An interim dividend of £0.736 million for the six months ended 30 September 2011, paid on 20 January 2012
- (c) A final dividend in respect of the year ended 31 March 2012 of £1.176 million, which was paid on 17 August 2012
- (d) The Company’s interim dividend of £0.783 million for the period ended 30 September 2012, paid on 14 January 2013
- (e) A final dividend for the year ended 31 March 2013 of £2.224 million, paid on 13 August 2013.

Share Buybacks

The following share buybacks were made under the Company’s share buyback policy at a time when the Company had insufficient distributable reserves:

- (a) On 20 September 2011, Shares were bought back of an amount of £0.043 million
- (b) On 19 December 2011, Shares were bought back of an amount of £0.139 million
- (c) On 14 June 2012, Shares were bought back of an amount of £0.256 million
- (d) On 29 June 2012, Shares were bought back of an amount of £0.045 million
- (e) On 17 December 2012, Shares were bought back of an amount of £0.268 million
- (f) On 28 March 2013, Shares were bought back of an amount of £0.136 million
- (g) On 19 June 2013, Shares were bought back of an amount of £0.329 million.

(For the purpose of this Circular, the dividends and share buybacks set out above are referred to as the “**Relevant Dividends**” and the “**Relevant Share Buybacks**”.)

Relevant Accounts

Because of the above errors, the Company has been advised that the accounts which have been relied upon for the purposes of determining whether the Company had adequate distributable reserves at the time of the Relevant Dividends or Relevant Share Buybacks did not constitute “Relevant Accounts” for the purposes of company legislation and, therefore, they cannot be relied upon to support the Relevant Dividends and Relevant Share Buybacks. Accordingly, the Company is proposing to address this by (a) seeking Shareholder approval to ratify the payment of those dividends and relieve the Directors who participated at the relevant Board Meetings at which decisions were taken to pay the Relevant Dividends and implement the Relevant Share Buybacks from any claims the Company may have against them and (b) undertaking a reduction of capital which would involve cancelling the Shares which are the subject of the Relevant Share Buybacks.

Technically, the Company may have a claim under the Companies Act 2006 (“CA 2006”) against present and past Shareholders who were recipients of the Relevant Dividends and participated in the Relevant Share Buybacks, but the Company has been advised that any such claims will only succeed if it can demonstrate that the relevant Shareholders had knowledge of the lack of available reserves, and this is highly unlikely. The Company may also have claims against those Directors who participated in the Board Meetings at which decisions were taken to pay the Relevant Dividends and make the Relevant Share Buybacks.

All Relevant Dividends and Relevant Share Buybacks were declared and made in good faith and on the assumption that the Company had sufficient distributable reserves to make these payments at the time and it is not the Company’s intention to make any such claim against either the Shareholders or Directors.

Capital Reduction

The Company is proposing to effect a capital reduction under the CA 2006 to rectify the Relevant Share Buybacks. This will involve cancelling the Shares that are the subject of the Relevant Share Buybacks and will have the effect of reducing the Company's issued share capital to the level it would have been if the Relevant Share Buybacks had been conducted in accordance with the CA 2006. Application will need to be made to the High Court to approve this capital reduction, and that is the purpose of Resolution 1 set out in the Notice. The capital reduction will become effective upon the grant by the High Court of the relevant Court Order effecting the capital reduction and registration of the same with the Registrar of Companies. It is anticipated that, assuming the relevant Resolutions are passed at the GM, this will take place towards the end of February 2014. Prior to confirming the reduction of capital, the Court will need to be satisfied that the proposal does not adversely affect the interests of the Company's creditors. The Company has been advised that it is likely that the Court will be satisfied in this regard but the Company will give such assurances or undertakings to the Court as may be necessary to obtain the approval of the Court to the proposed reduction of capital. This process will have no adverse impact on Shareholders and is merely a technical reorganisation of the Company's share capital.

Directors and Shareholders' Deed of Release

The entering into of the Directors' Deed of Release in favour of the Directors who authorised payment of the Relevant Dividends and Relevant Share Buybacks, and the Shareholders' Deed of Release in favour of Shareholders who received the Relevant Dividends and Relevant Share Buybacks, requires Shareholder approval under company law. Resolutions 2, 3 and 4 deal with this.

The Resolutions

The Resolutions to be proposed at the GM, as special resolutions (in respect of Resolutions 1 and 2) and ordinary resolutions (in respect of Resolutions 3 and 4), are to:

1. Approve the proposed reduction of capital involving the cancellation of the Shares purportedly bought back by the Company between 20 September 2011 and 19 June 2013, which Relevant Share Buybacks were not carried out in accordance with the requirements of the CA 2006 and are void;
2. Sanction the appropriation of reserves shown in the Interim Accounts of the Company for the period ended 30 September 2013 to the Relevant Dividends and waive any rights of the Company against Shareholders who received the Relevant Dividends or sold Shares the subject of the Relevant Share Buybacks and approve the entering into by the Company of the Shareholders' Deed of Release;
3. Conditional on the passing of Resolution 1, waive any rights of the Company against Directors who approved the Relevant Share Buybacks undertaken between 20 September 2011 and 19 June 2013 and approve the entering into by the Company of the Directors' Deed of Release (insofar as it relates to the waiver of claims arising in respect of the Relevant Share Buybacks); and
4. Conditional on the passing of Resolution 2, waive any rights of the Company against Directors who approved the payment of the Dividends and approve the entering into by the Company of the Directors' Deed of Release (insofar as it relates to the release of claims in respect of the Relevant Dividends).

Action to be Taken

A Form of Proxy in relation to the GM accompanies this document. You are asked to complete, sign and date this Form in accordance with the instructions printed on it and as soon as possible and, in any event, so as to be received by the Company's registrar, Capita Registrars, by no later than 48 hours before the time of the GM. Alternatively, for Shares held through CREST, you may register your proxy appointment and voting instructions through the CREST proxy voting system.

Completion and return of the Form of Proxy will not preclude you from attending the GM and voting in person if you wish to do so.

Part I – Chairman’s Letter (cont)

Quorum and Voting

The quorum for the GM is two Shareholders present in person or by proxy. Resolutions 1 and 2 are proposed as special resolutions which are required to be passed by a majority of not less than 75 per cent of the votes cast, Resolutions 3 and 4 are proposed as ordinary resolutions required to be passed by a majority of not less than 50 per cent of the votes cast.

Tax

The Company has been advised that there is no impact on the Shareholders’ or the Company’s tax position or its status as a Venture Capital Trust.

Recommendation

The Board considers that the approval of Resolutions 1 and 2 are in the best interests of the Shareholders as a whole and unanimously recommends you to vote in favour of Resolutions 1 and 2, as they intend doing in respect of their own beneficial shareholdings in the Company which, at the date of this Circular, total 78,645 Ordinary Shares (representing approximately 0.2% of the issued Ordinary Shares).

The Directors will not be voting on Resolutions 3 and 4 or providing a recommendation as to how Shareholders should vote on Resolutions 3 and 4 in view of their interest in the subject matter of that Resolution. However, the Board unanimously recommends that Shareholders exercise their right to vote on Resolutions 3 and 4.

Yours sincerely



Helen Sinclair
Chairman

Part II – Additional Information

1. Responsibility and Registered Office

The Company, and the Directors whose names appear below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who 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.

Helen Sinclair (Chairman)
Philip Cammerman
Edward Buchan

The registered office of the Company is Saint Martins House, 210-212 Chapeltown Road, Leeds, West Yorkshire LS7 4HZ.

2. Issued Share Capital

As at 11 December 2013 (being the latest practicable date before publication of this Circular) there were 49,885,991 issued Ordinary Shares, each ranking pari passu. All of the Ordinary Shares are listed on the Official List of the UK Listing Authority. The Company holds an additional 3,592,658 Shares in the treasury account.

3. Directors' and Other Interests

3.1 The interests of the Directors, or persons connected with such Directors (all of which are beneficial unless otherwise stated), in the issued share capital of the Company as at 11 December 2013 (being the latest practicable date before publication of this Circular) were:

Director	Ordinary Shares
Helen Sinclair	17,004
Philip Cammerman	55,801
Edward Buchan	5,840

3.2 Save as disclosed above, no Director nor (so far as is known to the relevant Director) any person connected with a Director has any interest in the share capital of the Company.

4. Significant Shareholdings

As at 11 December 2013 (being the latest practicable date prior to the publication of this Circular) the Directors were not aware of any holdings of 3 per cent or more of the Company's issued share capital or of any person who, directly or indirectly, jointly or severally, exercises control over the Company.

5. Material Contracts

5.1 The Company has entered into the following contracts under which it has any obligation or entitlement which is material to it as at the date of this Circular:

5.1.1 An administration and investment advisory agreement dated 28 February 1996 between the Company and YFM Private Equity (the "IAA"), as varied by an agreement dated 16 November 2012, under which YFM Private Equity agreed to provide administrative, company secretarial and investment advisory services to the Company in relation to the Company's qualifying portfolio. The IAA took effect on 4 April 1996 for an initial period of 3 years and thereafter is terminable by either party on not less than 12 months' notice or, inter alia, on the others' breach or insolvency.

Part II – Additional Information (cont)

Under the IAA, YFM Private Equity is entitled to receive an annual investment advisory fee of 2 per cent of the gross assets of the Company (as determined on 31 March and 30 September each year), payable quarterly in advance on 1 January, 1 April, 1 July and 1 October in each year together with an annual secretarial fee of £35,000 plus an annual adjustment to reflect movements in the Retail Prices Index. YFM Private Equity is also entitled to all arrangement, syndication and monitoring fees payable in respect of unquoted investments. The Company indemnifies YFM Private Equity against all things lawfully and properly done under the IAA.

Pursuant to the deed of variation dated 16 November 2012, YFM Private Equity agrees to indemnify the Company to the extent that its total annual running costs, including the investment advisory fee, exceeds 3.25 per cent (excluding trail commission, VAT and any payment of performance incentive fees) of the gross assets of the Company.

- 5.1.2 An incentive agreement (the **“Incentive Agreement”**) dated 7 July 2009 between the Company, the YFM Private Equity Carried Interest Trust (an employee benefit trust established for the benefit of employees of YFM Private Equity) and YFM Private Equity under which, with effect from 1 April 2009 (**“Effective Date”**) YFM Private Equity is entitled to receive a fee, calculated by reference to each accounting period of the Company, equal to 20 per cent of the amount by which dividends paid to Shareholders exceed 4 pence per Share per accounting period (as increased or decreased, as applicable, in each accounting period by the percentage increase or decrease (if any) in the retail prices index in the previous accounting period) (**“Target Rate”**), once cumulative dividends per Share of 10 pence or more have been paid to Shareholders. The Target Rate is further adjusted by reference to any cumulative shortfall in dividends paid per Share from any previous accounting period after the Effective Date. The payment is also conditional upon the net asset value per Share in the relevant accounting period being not less than 94 pence per Share. A compensatory payment is due if the Incentive Agreement is terminated without cause or if the Company is taken over. The compensatory payment is calculated as a percentage of the fee that would otherwise be payable under the Incentive Agreement by reference to the accounting period following the Incentive Agreement being so terminated. 80 per cent is payable in the first accounting period after such event, 55 per cent in the second, 35 per cent in the third, and nil thereafter. The maximum fee payable in any 12 month period cannot exceed an amount which would represent 25 per cent or more of the net asset value or market capitalisation of the Company at such time.
- 5.1.3 An offer agreement dated 16 November 2012 (the **“2012 Offer Agreement”**) between the Company and British Smaller Companies VCT 2 plc (**“BSC2”**) (1), the Directors (2) and YFM Private Equity (3) under which, as is usual in contracts of this type, YFM Private Equity agreed to indemnify the Company and BSC2 against the costs of the offers launched by the Company and BSC2 on 16 November 2012 (the **“2012 Offers”**) exceeding the Offer Costs Percentage, as defined in the prospectus relating to the 2012 Offers (**“2012 Prospectus”**), and received a percentage of the value of the gross proceeds received from each applicant by the Company and BSC2 under the 2012 Offers that is equal to the Offer Costs Percentage in respect of that applicant’s subscription, less the initial commission paid by the Company and BSC2 to recognised intermediaries in respect of accepted applications as set out in the 2012 Prospectus. Under the 2012 Offer Agreement YFM Private Equity, the Company and BSC2 and the Directors gave certain warranties which were subject to certain limitations. The warranties were in the usual form for a contract of this type.
- 5.1.4 An agreement between the Company and BSC2 and Howard Kennedy dated 18 August 2012 under which Howard Kennedy agreed to act as sponsor to the 2012 Offers. The Company and BSC2 agreed to indemnify Howard Kennedy in respect of losses incurred by Howard Kennedy and which arise, directly or indirectly, from its role as sponsor.
- 5.1.5 Under the terms of a letter from Brewin Dolphin Limited (**“Brewin”**) to the Company dated 25 October 2004, Brewin agreed to act as investment manager to the Company in relation to its portfolio of short-term Government securities and to produce monthly portfolio valuations. In return for such services, Brewin are entitled to receive a management fee based on an ad valorem charge of 0.2 per cent per annum (plus VAT) of funds under management, payable quarterly, subject to a maximum annual fee of £25,000 (plus VAT). This cost is borne by YFM Private Equity.

5.1.6 By a deed of novation dated 9 November 2012 (to the agreement dated 3 September 2004 as novated on 1 April 2009) between the Company and Nplus1 Singer Advisory LLP ("**Singer**"), Singer agreed to act as brokers to the Company, and, inter alia, to act as a market maker in the Shares of the Company and to carry out share purchases on the Company's behalf. Singer are entitled to receive an annual fee of £10,000, plus VAT if applicable, payable quarterly in arrears on 30 September, 31 December, 31 March and 30 June. Under the terms of the novated agreement the Company indemnifies Singer against losses arising out of Singer's appointment except where such losses arise from Singer's breach of agreement, negligence or wilful default.

5.1.7 A deed of release dated 19 July 2013 entered into by the Company and the Directors waiving any rights of the Company against the Directors who approved the payment of the special interim dividend and final dividend paid to Shareholders on 22 August 2011.

5.1.8 A deed of release dated 19 July 2013 entered into by the Company in favour of past and present Shareholders of the Company who received the special interim and final dividends paid to Shareholders on 22 August 2011.

6. Directors' Service Contracts and Remuneration

None of the Directors has a service contract with the Company and the services of the Directors are provided to the Company pursuant to letters of appointment, under which they are required to devote such time to the affairs of the Company as the Board reasonably requires consistent with their role as a non-executive director.

The Directors are each currently entitled to receive the following annual fees:

Director	£
Helen Sinclair	35,000
Philip Cammerman	20,000
Edward Buchan	20,000
	75,000

7. Significant Changes

Since 30 September 2013 (being the end of the last financial period of the Company for which unaudited interim financial information has been published), there has been no significant change in the financial or trading position of the Company.

8. Documents Available for Inspection

Copies of the following documents will be available for inspection from the date of this Circular until the conclusion of the General Meeting during normal business hours and on any weekday (Saturdays and public holidays excepted) at the registered office of the Company at Saint Martins House, 210-212 Chapeltown Road, Leeds, West Yorkshire LS7 4HZ:

8.1 the audited accounts of the Company for the years ended 31 March 2011, 2012 and 2013;

8.2 the unaudited interim financial statements for the 6 month period to 30 September 2013;

8.3 the Company's memorandum and articles of association; and

8.4 this Circular.

Date 12 December 2013

Part III – Definitions

“Board” or “Directors”	Helen Sinclair, Philip Cammerman and Edward Buchan;
the “Circular”	this document;
the “Company”	British Smaller Companies VCT plc, registered with the Registrar of Companies of England and Wales with registered number 03134749 and whose registered office is Saint Martins House, 210-212 Chapeltown Road, Leeds, West Yorkshire LS7 4HZ;
“Directors’ Deed of Release”	a deed of release to be entered into by the Company in favour of Directors who approved the payment of the Relevant Dividends and Relevant Share Buybacks;
“General Meeting” or “GM”	the general meeting of the Company to be held on 13 January 2014 (or any adjournment thereof);
“Interim Accounts”	unaudited interim accounts demonstrating sufficient distributable reserves prior to payment of such dividend;
“Listing Rules”	the listing rules of the UKLA;
“Resolutions”	the resolutions to be proposed at the General Meeting;
“Shareholders”	holders of Shares;
“Shareholders’ Deed of Release”	a deed of release to be entered into by the Company in favour of both past and present Shareholders who received the Relevant Dividends and participated in the Relevant Share Buybacks;
“Shares” or “Ordinary Shares”	ordinary shares of 10 pence each in the capital of the Company;
“UKLA” or “UK Listing Authority”	the UK Listing Authority, being the Financial Conduct Authority acting in its capacity as the competent authority for the purpose of Part VI of the Financial Services and Markets Act 2000;
“VCT”	a venture capital trust as defined in section 272 Income Taxes Act 2007; and
“YFM Private Equity”	YFM Private Equity Limited, registered with the Registrar of Companies of England and Wales with registered number 04195617 and whose registered office is Saint Martins House, 210-212 Chapeltown Road, Leeds, West Yorkshire LS7 4HZ.

Part IV – Notice of the General Meeting of British Smaller Companies VCT plc

BRITISH SMALLER COMPANIES VCT PLC

NOTICE IS HEREBY GIVEN that a General Meeting of British Smaller Companies VCT plc (the “Company”) will be held at The Berkeley Room, First Floor, Regus Business Lounge, 17 Bruton Street, London W1 at 10.30 am on 13 January 2014 to consider and, if thought fit, pass the following Resolutions which will be proposed as special resolutions as to Resolutions 1 and 2 and as ordinary resolutions as to Resolutions 3 and 4:

Special Resolutions

- (1) THAT, the share capital of the Company be reduced by cancelling and extinguishing the 1,431,373 issued Ordinary Shares of 10 pence each purportedly repurchased by the Company under Part 18 of the Companies Act 2006 between 20 September 2011 and 19 June 2013 (“the Purported Buybacks”) on the basis that the former holders thereof be released from repaying the sums paid to them by the Company in respect of any such acquisition.
- (2) THAT, the Directors be and are hereby authorised to appropriate distributable reserves of the Company (as shown in the Interim Accounts of the Company for the period ended 30 September 2013) in the aggregate sum of £12.42 million and to apply that sum in releasing the recipients of the dividends paid or purportedly paid to the Shareholders and former Shareholders of the Company on 22 August 2011, 20 January 2012, 17 August 2012, 14 January 2013 and 13 August 2013 (“the Dividends”) and that any and all claims that the Company may have in respect of the payment of the Dividends against those Shareholders who appeared on the register of members on the relevant record dates be released and a deed of release in favour of such Shareholders be entered into by the Company in the form of the deed produced to this Meeting and signed by the Chairman for the purposes of identification.

Ordinary Resolutions

- (3) THAT, conditional on the passing of Resolution 1 set out in the Notice of General Meeting convening this Meeting any and all claims which the Company may have against its Directors arising in relation to the Purported Buybacks be released and that the deed of release in favour of those Directors (insofar as it relates to claims arising in relation to the Purported Buybacks) be entered into by the Company in the form of the deed produced to this Meeting and signed by the Chairman for the purposes of identification.
- (4) THAT, conditional on the passing of Resolution 2 set out in the Notice of General Meeting convening this Meeting, any and all claims which the Company may have against its Directors arising out of the payment of the Relevant Dividends be released and that a deed of release in favour of those Directors (insofar as it relates to claims arising in relation to the Relevant Dividends) be entered into by the Company in the form of the deed produced to this Meeting and signed by the Chairman for the purposes of identification.

For the purposes of this notice, words and expressions defined in the Circular shall have the same meanings in this notice, save where the context requires otherwise.

By order of the Board

KHM Secretarial Services Limited
Secretary

Registered Office:

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

Information regarding the General Meeting, including the information required by section 311A of the Act, is available from www.yfmep.com.

12 December 2013

Part IV – Notice of the General Meeting of British Smaller Companies VCT plc (cont)

Notes

- (a) Any member of the Company entitled to attend and vote at the General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the General Meeting in order to represent his appointor. A member entitled to attend and vote at the General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (h) below. Under section 319A of the Companies Act 2006, the Company must answer any question a member asks relating to the business being dealt with at the General Meeting unless:
- answering the question would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.
- (b) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Capita Registrars Limited, PXS, 34 Beckenham Road, Beckenham BR3 4TU not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote.
- (c) In order to revoke a proxy instruction a member will need to inform the Company by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to Capita Registrars Limited, PXS, 34 Beckenham Road, Beckenham BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Capita Registrars Limited before the General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.
- (d) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the General Meeting in person, the proxy appointment will automatically be terminated.

- (e) Copies of the Directors' Letters of Appointment, the Register of Directors' interests in the Ordinary Shares of the Company and a copy of the current Articles of Association will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday and Public Holidays excluded) from the date of this notice until the end of the General Meeting and at the General Meeting venue itself for at least 15 minutes prior to and during the meeting.
- (f) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's Shares registered on the Register of Members of the Company as at 10.30 am on 10 January 2014 or, in the event that the General Meeting is adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said General Meeting in respect of such Shares registered in their name at the relevant time. Changes to entries on the Register of Members after 10.30 am on 10 January 2014 or, in the event that the General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the General Meeting.
- (g) As at 11 December 2013, the Company's issued share capital comprised 49,885,991 Ordinary Shares. The total number of voting rights in the Company as at 11 December 2013 is 49,885,991. The website referred to above will include information on the number of Ordinary Shares and voting rights.
- (h) If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights ("Nominated Person"):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the General Meeting;
 - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights;
 - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- (i) A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same Share.
- (j) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the Resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
- (k) Members may not use any electronic address provided either in this notice of General Meeting, or any related documents (including the Chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

Part IV – Notice of the General Meeting of British Smaller Companies VCT plc (cont)

- (l) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) not less than 48 hours (excluding weekends and public holidays) before the time of the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

British Smaller Companies VCT plc

Form of Proxy

For use at the General Meeting of the above named Company
to be held on 13 January 2014 at The Berkeley Room, First Floor, Regus Business Lounge,
17 Bruton Street, London W1 at 10.30 am

I/We*

(in BLOCK CAPITALS please)

of

being a member of the above named Company, hereby appoint the Chairman of the General Meeting (see note 2)

or

or

as my/our* proxy to vote for me/us* on my/our* behalf at the General Meeting of the Company to be held as detailed above or at any adjournment thereof.

Number of Ordinary Shares proxy is appointed over

Please tick here if you are appointing more than one proxy ☐

I/We* desire to vote on the Resolutions as indicated in the appropriate column below. Please indicate with an "X" how you wish your vote to be cast.

Details of the Resolutions are set out in the Notice of the General Meeting.

	FOR	AGAINST	WITHHELD
SPECIAL RESOLUTION			
1. To approve the reduction of capital	☐	☐	☐
2. To approve the appropriation of reserves and the release of the claims against Shareholders arising from the payment of the Relevant Dividends	☐	☐	☐
ORDINARY RESOLUTION			
3. To approve the release of the Directors in respect of the Relevant Share Buybacks	☐	☐	☐
4. To approve the release of the Directors in respect of the Relevant Dividends	☐	☐	☐

Dated this

day of

2013/2014*

Signature(s)

Notes:

1. The Notice of the General Meeting is set out on pages 11 to 14 of the Circular.
2. Any member of the Company entitled to attend and vote at the General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the General Meeting in order to represent his appointor. A member entitled to attend and vote at the General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the member. A member who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person.
3. If you wish to appoint a proxy of your own choice delete the words "the Chairman of the General Meeting" and insert the name and address of the person whom you wish to appoint in the space provided.
4. Any alterations to the Form of Proxy should be initialled.
5. To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Capita Registrars Limited, PXS, 34 Beckenham Road, Beckenham BR3 4TU not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote.

* Delete as appropriate

6. In order to revoke a proxy instruction a member will need to inform the Company by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to Capita Registrars Limited, PXS, 34 Beckenham Road, Beckenham BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Capita Registrars Limited before the General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note 9 below, the proxy appointment will remain valid.
7. In the case of a corporation, this form must be executed under its common seal or signed on its behalf by its attorney or a duly authorised officer of the corporation.
8. In the case of joint Shareholders, any one of them may sign. The vote of the person whose name stands first in the register of members will be accepted to the exclusion of the votes of the other joint holders.
9. Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the General Meeting in person, the proxy appointment will automatically be terminated.
10. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the Resolution. If no voting indication is given, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

British Smaller Companies VCT plc

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