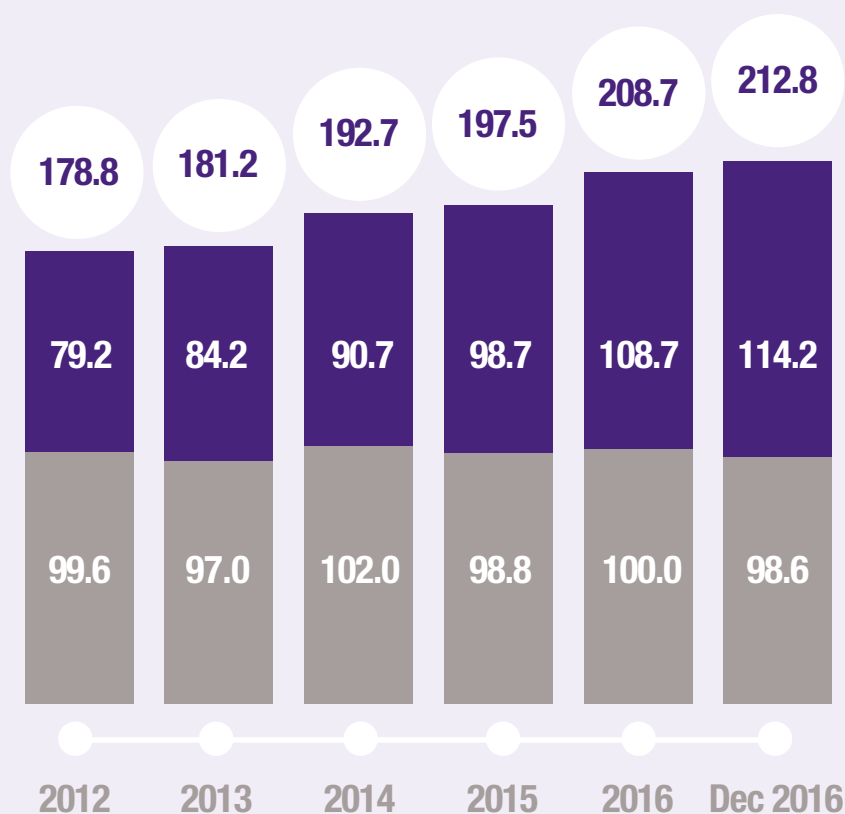


# British Smaller Companies VCT plc Offer for Subscription

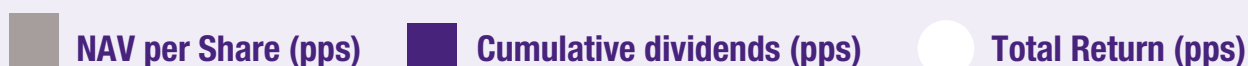
to raise up to  
**£4,250,000**

## Total Shareholder Return and Cumulative Dividends Paid

The chart below shows the increase in Total Return for the Company since 2012.



As at 31 March unless otherwise stated



In the nine months to 31 December 2016 the Company paid dividends totalling 5.5p per Share. Together with the interim dividend of 16.5p per Share that was paid on 18 January 2017 (which included a special dividend of 14.5p per Share), Shareholders will have received total dividends of 22.0p per Share in the current financial year ending 31 March 2017. This represents a yield of 22.0 per cent of the NAV at the beginning of the year.

In the nine months to 31 December 2016 the Company's Total Return has increased by 4.1p per Share to 212.8p per Share, an increase of 4.1 per cent on the opening NAV.

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

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

**VENTURE CAPITAL TRUSTS ("VCTS") ARE A PARTICULAR TYPE OF INVESTMENT COMPANY. THEY WERE ESTABLISHED BY THE UK GOVERNMENT WITH THE INTENTION OF ENCOURAGING INVESTMENT IN SMALLER, OR "VENTURE", UK COMPANIES. INVESTMENT IN VCTS IS HIGH-RISK AND FOR THE LONG-TERM. WHEN CONSIDERING AN INVESTMENT IN BRITISH SMALLER COMPANIES VCT PLC ("THE COMPANY"), POTENTIAL INVESTORS SHOULD CONSULT THEIR FINANCIAL OR OTHER ADVISER(S). PLEASE SEE THE RISKS ASSOCIATED WITH INVESTING IN THE COMPANY PRINTED ON PAGES 5 AND 6.**

## **British Smaller Companies VCT plc**

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

**Offer for Subscription of new Ordinary Shares of 10 pence each  
in the Company to raise up to £4,250,000**



**Investment Adviser: YFM Private Equity Limited**

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

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

No person other than YFM and RAM Capital has been authorised to issue any advertisement or give any information or make any representations in connection with this Offer, 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 and or YFM. The Company has one market maker in its shares.

# CONTENTS

Letter from the Chairman	3
Expected Timetable and Offer Statistics	4
Risk Factors	5
Forward Looking Statements	7
Part I - The Offer	8
Part II - The Company	11
Part III - Investment Policy	14
Part IV - The Investment Adviser	15
Part V - Taxation Considerations	16
Definitions	20
Terms and Conditions of Subscription	23
Notes on how to complete the Subscription Form	27
Subscription Form	33
Investment Adviser and Service Providers	37

# LETTER FROM THE CHAIRMAN

## Directors:

Helen Sinclair (Chairman)  
Philip Cammerman  
Edward Buchan

## Registered Office

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

[www.bscfunds.com](http://www.bscfunds.com)

10 February 2017

Dear Shareholder/Investor

I am delighted to offer Existing Shareholders priority until 6 March 2017 to invest in a top up Offer of New Shares by the Company to raise up to £4,250,000 before expenses. If the Offer is oversubscribed at that date New Shares will be allotted by way of a Ballot and the Offer will then be closed. If however the top up Offer is not fully subscribed by 6 March 2017, new Investors will also be invited to apply for New Shares in the Company and Subscriptions will be accepted in order of receipt. The Offer will then close on the date the Offer is fully subscribed or 5 April 2017 whichever is the earlier.

In order to be as fair as possible to all Investors if the Offer is oversubscribed at 6 March 2017 the minimum individual Subscription has been set at £3,000 and only one Subscription will be accepted per Investor – multiple Subscriptions will be rejected in their entirety.

The Company will only accept payment by cheque and will only present cheques for successful Subscriptions once the Ballot has concluded. Banker's drafts and electronic payments will not be accepted.

Although it has taken some time for HMRC to issue their guidelines on the application of the new VCT rules introduced in November 2015, it is pleasing that the Company's investment rate has started to increase significantly, with investments totalling £6.4 million completed in the nine months to 31 December 2016, and a number of others under consideration.

The new VCT rules have changed the nature of the businesses that the Company can invest in and typically they are at an earlier stage of their development, needing to reinvest profits to fund their growth plans. Their funding generally consists mainly of equity, rather than interest bearing debt instruments, which is likely to be the norm going forwards; this will make future returns more dependent on the timing of exits and in the long-term is likely to mean a more volatile dividend stream for Shareholders. However, your Company is advised by one of the most experienced private equity investment teams in the UK with good experience in investing in earlier stage businesses.

The Company is seeking to raise approximately £4,250,000, before expenses, this being the sterling equivalent of the maximum €5,000,000 allowed as a top up Offer as at today's date. The funds raised under the Offer will be utilised by the Company in accordance with its investment policy, to maintain liquidity and to enable payment of the Company's expenses.

Amounts subscribed by Investors under the Offer will be used to purchase New Shares in the Company and will enable them to participate in the investment returns of the Company's existing investment portfolio following the allotment of the New Shares.

Assuming 5,021,326 New Shares are issued at an illustrative Offer Price of 84.639p (as set out on page 9) the top up Offer will comprise approximately 4.9 per cent of the current Shares in issue. Please note that only Subscriptions returned by post, or delivered by hand to the Receiving Agent, will be accepted. In order to maximise the opportunity for Existing Shareholders to subscribe for New Shares in the Company the Directors, and directors of the Investment Adviser, will only subscribe for New Shares if the Offer is not fully subscribed before 6 March 2017, and therefore remains open beyond that date.

Potential Investors should consult their professional or Financial Adviser before deciding whether and, if so, how much they should invest under the Offer. Should you have any questions concerning the Subscription procedure please contact Tracey Nice at YFM on 0113 261 6478 or at [tracey.nice@yfmepl.com](mailto:tracey.nice@yfmepl.com) or Capita Asset Services on 0800 181 4729. No investment, financial or tax advice can be given by YFM or Capita Asset Services and if you are in any doubt you should consult your independent Financial Adviser.

Please note that YFM, RAM Capital and Capita Asset Services act only for the Company and not for any Investor under the Offer and will not be responsible to the Investors for providing the protections afforded to their regulatory clients.

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

Yours sincerely



**Helen Sinclair**  
Chairman

## EXPECTED TIMETABLE

Offer opens to Existing Shareholders	<b>10 February 2017</b>
Exclusivity period for Existing Shareholders ends	<b>6 March 2017</b>
Offer open to new Investors	<b>7 March 2017</b>
Communication of Ballot results*	<b>13 March 2017</b>
Offer closes**	<b>11.00 a.m. 5 April 2017</b>
First and final allotment**	<b>5 April 2017</b>
Dealings in New Shares commence	<b>within ten Business Days of allotment</b>
Definitive Share certificates dispatched	<b>within ten Business Days of allotment</b>

\* If the Offer is fully subscribed on 6 March 2017.

\*\* The Board may close the Offer earlier than the date stated above if it is fully subscribed by an earlier date although it will remain open until at least 6 March 2017. The Board further reserves the right to accept valid Subscription Forms and to allot and arrange for the listing of New Shares in respect of Subscriptions received on or prior to the closing date of the Offer as the Board sees fit, which may not be on the dates stated above.

## OFFER STATISTICS

The number of New Shares to be allotted in the Offer will be determined by the Offer Price as set out below.

The Offer Price at which the New Shares will be allotted in respect of the Offer will be calculated on the basis of the formula (the "Pricing Formula") as set out on page 8. In summary:

**For direct Subscriptions or through a Financial Adviser:**

**Latest published NAV per Ordinary Share at the time of allotment (adjusted for any subsequent dividends paid or payable for which the new Shareholder is not eligible) divided by 0.97 (to allow for the costs of the Offer).**

**For Subscriptions through an execution only platform or broker:**

**Latest published NAV per Ordinary Share at the time of allotment (adjusted for any subsequent dividends paid or payable for which the new Shareholder is not eligible) divided by 0.951 (to allow for the costs of the Offer).**

Minimum individual Subscription under the Offer	<b>£3,000</b>
Costs of the Offer:	
Direct Subscriptions or through a Financial Adviser	<b>3 per cent</b>
Subscriptions through an execution only platform or broker	<b>5 per cent</b>
Expected net proceeds of the Offer (assuming costs of the Offer of 5 per cent)	<b>£4,037,500</b>

# RISK FACTORS

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

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

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

## General risks

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

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

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

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

## Investment and market risks

An investment in unquoted companies, by its nature, involves a higher degree of risk than investment in companies traded on the main market for listed securities of the London Stock Exchange. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals.

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

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

The Company's portfolio currently includes a small number of shares traded on AIM. The fact that a share is traded on AIM 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 valuation of the Company's portfolio and opportunities for realisation may also depend on stock market conditions.

## Risk Factors (continued)

Any change of governmental, economic, fiscal, monetary, or political policies, or in particular current government spending reviews and cuts, could materially affect, directly or indirectly, the operation of the Company and/or the performance of the Company (and the portfolio of companies in which it invests) and the value of and returns from securities and/or its ability to achieve or maintain VCT status.

### Tax and legislative risks

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

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

The disposal of New Shares within five years of their issue will result in some or all of the 30 per cent income tax relief available on investment becoming repayable. On this basis, investing in New Shares should be considered a long-term investment. The Finance Act 2014 which came into force with effect from 6 April 2014 restricts the availability of income tax relief on a subscription for shares issued in a VCT after 5 April 2014 where the subscription is “linked” to a sale of shares in the same VCT. For these purposes, linked means (i) the sale of shares in the VCT was conditional on the subscription for shares in the same VCT (or vice versa) or (ii) the subscription and sale are within six months of each other (irrespective of which comes first). If the subscription is “linked”, the amount on which the upfront income tax relief can be claimed will be reduced by the amount of consideration of any linked sales. In addition, the Finance Act 2014 restricts the ability of a VCT to return capital to its investors. If a VCT makes a payment to its shareholders in relation to shares issued on or after 6 April 2014, which amounts to a repayment of share capital (including the payment of a dividend or a distribution), other than for the purpose of redeeming or repurchasing such shares, before the end of the third accounting period following the accounting period in which the shares were issued, the VCT status of the VCT will be withdrawn.

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

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

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



## FORWARD LOOKING STATEMENTS

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

# PART I – THE OFFER

## Terms of the Offer

Subscribers must subscribe a minimum of £3,000 under the Offer (before any Adviser Charges are deducted) and, thereafter, in multiples of £1,000. Only one Subscription per Investor is permitted; multiple Subscriptions will be rejected.

The New Shares will rank pari passu with existing Shares. There is no maximum amount a Subscriber may subscribe for under the Offer. However, prior to subscribing to the Offer, a Subscriber may wish to consider the annual VCT allowance of £200,000 per Qualifying Investor, as detailed in Part V of this Document, and the acquisition of other shares (including shares issued under a DRIS) in all VCTs that they may have made during the current tax year.

## Pricing Formula

### For direct Subscriptions or through a Financial Adviser:

The number of New Shares to be allotted under the Offer will be determined by dividing the Subscription amount (less Adviser Charge if applicable) by the appropriate Offer Price which will be calculated on the basis of the following Pricing Formula:

**Latest published NAV per Ordinary Share at the time of allotment (adjusted for any subsequent dividends paid or payable for which the new Shareholder is not eligible) divided by 0.97 (to allow for the costs of the Offer).**

### For Subscriptions through an execution only platform or broker:

The number of New Shares to be allotted under the Offer will be determined by dividing the Subscription amount (plus any commission waived by the Intermediary) by the appropriate Offer Price which will be calculated on the basis of the following Pricing Formula:

**Latest published NAV per Ordinary Share at the time of allotment (adjusted for any subsequent dividends paid or payable for which the new Shareholder is not eligible) divided by 0.951 (to allow for the costs of the Offer).**

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

As at the date of this Document the most recently published (unaudited) NAV was 98.6p as at 31 December 2016, which was announced on 10 February 2017. An interim dividend of 16.5p per Share was paid on 18 January 2017.

The maximum amount to be raised under the Offer is approximately £4,250,000. For illustrative purposes, assuming New Shares are issued at an illustrative Offer Price of 84.639p (as set out on page 9), the maximum number of New Shares that will be issued under the Offer is approximately 5,021,326 (although the actual number of New Shares that will be issued will depend on the Offer Price which could be higher or lower than the illustrative Offer Price of 84.639p).

The Board may close the Offer earlier than the date stated on page 4, although it will remain open until at least 6 March 2017. The Board further reserves the right to accept a Subscription and to allot and arrange the listing of New Shares in respect of Subscriptions received on or prior to the closing date of the Offer as the Board sees fit, which may not be on the dates stated on page 4.

## Illustrative Offer Prices

An illustration of the application of the Pricing Formula based on the most recently published (unaudited) NAV at 31 December 2016 (98.6p) is set out below.

Unaudited NAV per Share as at 31 December 2016	Dividends paid	Adjusted unaudited NAV per Share as at 31 December 2016	Illustrative Offer Price* direct or through a Financial Adviser	Illustrative Offer Price* execution only platform or broker
98.6p	[16.5p]	82.1p	84.639p	86.337p

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

## Illustrative Share allotments

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

	Direct or through a Financial Adviser (no Facilitated Fee)	Through a Financial Adviser (Facilitated Fee 2%)	Execution only platform or broker, no commission waived by an Intermediary	Execution only platform or broker, 2% commission waived by an Intermediary
Amount subscribed	£10,000	£10,000	£10,000	£10,000
Facilitated Fee	-	(£200)	-	-
Commission waived by the Intermediary	-	-	-	£200
	£10,000	£9,800	£10,000	£10,200
Illustrative Offer Price as set out above	84.639p	84.639p	86.337p	86.337p
Illustrative number of New Shares to be allotted	11,814	11,578	11,582	11,814

## Costs of the Offer

### Investment Adviser charges

The Investment Adviser will, in respect of the services provided pursuant to the Offer, receive a fee of 3 per cent of the gross proceeds of the Offer in respect of Subscriptions received either direct or through a Financial Adviser; or 5 per cent of the gross proceeds of the Offer for Subscriptions received through an execution only platform or broker. Out of this fee, the Investment Adviser will pay all costs associated with the Offer, on behalf of the Company. The Investment Adviser will, therefore, be responsible for all costs associated with the Offer. Assuming the costs of the Offer are 5 per cent of the gross proceeds of the Offer, the net proceeds of the Offer would be approximately £4,037,500 if the Offer is fully subscribed.

### Commissions

Initial commissions may be payable by the Company (although the Investment Adviser ultimately bears the costs for such commissions) in respect of Subscriptions received through execution only brokers. Those Intermediaries that are permitted to receive commission will receive an initial commission of 2 per cent of the amount invested by their clients under the Offer.

## Part I – The Offer (continued)

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

### Adviser Charges

The Company has agreed to facilitate the payment of one off Adviser Charges, by accepting instructions from an Investor to deduct the amount of the fee agreed by them with their Financial Adviser, from the amount they send to the Company. Ongoing fees to Intermediaries will not be facilitated by the Company. Investors who wish the Company to facilitate the payment of a fee in this manner are required to specify the amount of the charge in Part (i) of Section 5 of the Subscription Form, and the Adviser Charge will be paid to the relevant Financial Adviser on behalf of the Subscriber from an equivalent amount due to the Subscriber from the Company. The Investor will be issued fewer New Shares (to the equivalent value of the Adviser Charge) as set out on page 9. Where the Adviser Charge stated on the Subscription Form is inclusive of VAT, the Investor may remain liable for the VAT element thereof.

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

### Advising ordinary retail Investors

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

### Subscription procedure

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

The Offer is open to Existing Shareholders exclusively until 6 March 2017. If the Offer is fully subscribed at that date, Subscriptions will be selected by way of a Ballot and the Offer will then close. After this date, if not fully subscribed, new Investors will also be invited to apply for New Shares in the Company and all subsequent Subscriptions under the Offer will be accepted in the order of receipt (subject always to the discretion of the Directors).

Subscriptions will only be accepted with cheque payments. It is the Company's intention only to present cheques for payment once it has been confirmed that a Subscription has been successful under the Offer. Electronic transfers and banker's drafts will not be accepted.

Subscriptions accompanied by a post-dated cheque will not be accepted. The Company may, in its absolute discretion, reject Subscriptions if cheques do not clear on first presentation. Multiple Subscriptions will be rejected.

The Terms and Conditions of Subscription for the New Shares under the Offer are set out on pages 23 to 26 of this Document. By signing the Subscription Form, Subscribers will be declaring that they have read the Terms and Conditions of Subscription and agree to be bound by them. Prior to completing a Subscription Form, Subscribers are advised to read the notes on how to complete the Subscription Form on pages 27 to 31 of this Document.

Please send all completed Subscription Forms to:

Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Kent BR3 4TU.

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

YFM, RAM Capital and Capita Asset Services are not providing investment, financial or tax advice in relation to the Offer.

## PART II – THE COMPANY

### Investment objective

The Company is a tax efficient listed company which aims to achieve long-term investment returns for private investors. Funds raised under the Offer will be utilised by the Company in accordance with its published investment policy, to maintain liquidity and to enable payment of costs without reducing the overall amounts currently available for investment. The Company co-invests with British Smaller Companies VCT2 plc ("BSC2") and also with other funds managed/advised by YFM, enabling it to invest in transactions that require an element of replacement capital that the Company and BSC2 cannot provide.

### Investment policy

The Company's investment policy is to create a portfolio that blends a mix of businesses operating in traditional industries with those that offer opportunities in the application and development of innovation. Investing across a range of companies and sectors reduces exposure to particular markets and individual companies.

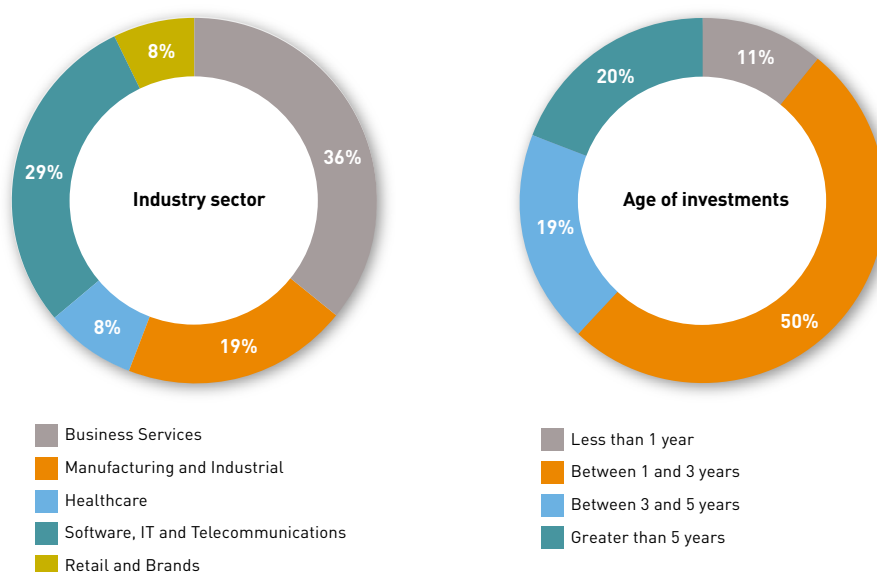
To this end the Company will invest in UK businesses across a broad range of sectors including Software, IT and Telecommunications, Retail and Brands, Business Services, Manufacturing and Industrial Services and Healthcare and these investments will primarily be in unquoted UK companies which meet the definition of a Qualifying Investment so as to maintain the Company's VCT status. It is anticipated that the majority of these businesses will be reinvesting their profits for growth and the investments will therefore comprise mainly equity instruments.

### Co-investment policy

Together with BSC2, the Company has first choice of all investment opportunities received and appraised by the Investment Adviser that meet the criteria of Qualifying Investments that require up to £4.5 million of equity, and the basis for allocation is 60 per cent to the Company and 40 per cent to BSC2. The Board has the discretion as to whether to take up their allocation in such co-investment opportunities. The replacement capital element of any investment will be provided by other funds managed/advised by YFM.

### Established Company and investment portfolio

The Company was established in 1995 and as at 31 December 2016 had an unaudited NAV of £95.4 million, equivalent to 98.6p per Share. As at the same date the Company had investments in 37 unquoted companies and 4 quoted companies. A summary of the unaudited investment portfolio as at 31 December 2016 is shown below:



## Part II – The Company (continued)

### Track record (Excluding all tax reliefs)

Set out below is the Total Return on each fundraising round per Share and the Total Return if a Shareholder had participated in the Company's DRIS. The Total Return comprises the (unaudited) NAV at 31 December 2016 and the cumulative dividends paid since the respective offers.

Tax Years	Offer Price	Net Asset Value at 31 December 2016	Cumulative dividends paid since	Total Return including fundraising	Overall return excl. tax relief with participation in the DRIS
	Pence	Pence	Pence	Pence	Pence
1995/96 & 1996/97	100.0	98.6	114.2	212.8	252.1
1996/97 & 1997/98	100.0	98.6	111.2	209.8	252.1
1997/98 & 1998/99	105.0	98.6	107.5	206.1	252.1
2004/05 & 2005/06 (C share <sup>1</sup> )	100.0	110.9	89.6	200.5	227.5
2005/06	99.5	98.6	83.8	182.4	237.8
2006/07 & 2007/08	102.5	98.6	79.3	177.9	226.5
2007/08 & 2008/09	106.3	98.6	74.3	172.9	215.0
2009/10 & 2010/11	97.3	98.6	64.3	162.9	191.7
2010/11 & 2011/12	128.0	98.6	58.0	156.6	178.7
2011/12	99.8	98.6	35.0	133.6	143.2
2012/13 & 2013/14	95.8	98.6	30.0	128.6	135.6
2013/14 & 2014/15	100.8	98.6	23.5	122.1	126.5
2014/15 & 2015/16	99.5	98.6	15.5	114.1	116.2

<sup>1</sup> All figures have been adjusted for conversion of C shares into Ordinary Shares in May 2007

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

### Regular dividends

It is the intention of the Company that Shareholders receive dividends twice a year following the publication of its interim and final results. The dividend policy of the Company has the objective of achieving consistent and maintainable dividends over time. The ability of the Company to meet this objective depends significantly on the level and timing of profitable realisations and it cannot be guaranteed. Wherever possible additional dividends will be paid from any significant gains from realisations.

The table below sets out the dividends paid over the five years to 31 March 2016 and the nine months to 31 December 2016. As indicated on page 3 the Board anticipates that future returns will be more dependent on the timing of exits, which is likely to mean a more volatile dividend stream for Shareholders in the long term.

	31 March 2012	31 March 2013	31 March 2014	31 March 2015	31 March 2016	31 December 2016
Normal dividends	5.0p	5.0p	5.5p	5.5p	5.5p	3.5p
Special dividends	18.0p	-	1.0p	2.5p	4.5p	2.0p
Total dividends	23.0p	5.0p	6.5p	8.0p	10.0p	5.5p
Yield <sup>1</sup> – Normal dividends	4.2%	5.0%	5.7%	5.4%	5.6%	3.5% <sup>2</sup>
Yield <sup>1</sup> – Total dividends	19.2%	5.0%	6.7%	7.8%	10.1%	5.5% <sup>2</sup>

<sup>1</sup> Yield is the annual dividends paid divided by the published NAV at the start of the period

<sup>2</sup> 5.5 per cent including the 'normal' dividend of 2.0p per Share paid on 18 January 2017

In the nine months to 31 December 2016 the Company paid dividends totalling 5.5p per Share. Together with the interim dividend of 16.5p per Share that was paid on 18 January 2017 (which included a special dividend of 14.5p per Share), Shareholders will have received total dividends of 22.0p per Share in the current financial year ending 31 March 2017. This represents a yield of 22.0 per cent of the NAV at the beginning of the year.

In the nine months to 31 December 2016 the Company's Total Return has increased by 4.1p per Share (2.0 per cent) to 212.8p per Share, an increase of 4.1 per cent on the opening NAV.

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

## Shareholder communications

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

## Share buy-back policy

The Company buys back its Shares if, in the opinion of the Board, a repurchase of its Shares would be in the best interests of the Shareholders as a whole. The Board seeks to buy back Shares at a discount of up to 5 per cent of the most recently published NAV. Any purchase of Shares will be made subject to the Listing Rules and will be made within the guidelines established from time to time by the Board. There can be no guarantee that the Company will be able to maintain its Share buy-back policy and future Share buy-backs, if any, will depend, amongst other things, on market circumstances at the time. The policy is subject to periodic approval of the Shareholders. The Company purchased 333,334 Shares under this buy-back policy in the period from 1 April 2016 to the date of this Document (year to 31 March 2016: 364,332) for aggregate consideration of £306,143 (2016: £316,349).

## Annual running costs

Annual running costs, including the Investment Adviser's fees, and the costs incurred by the Company in the ordinary course of business (but excluding any performance fees payable to the Investment Adviser (see page 15), VAT and trail commission) are capped at 2.9 per cent of NAV, any excess being met by the Investment Adviser by way of a reduction in future fees. Further details of the fees paid to the Investment Adviser are set out on page 15 of this Document.

Annual running costs for the year ended 31 March 2016 of £2.1million were 2.2 per cent of NAV.

## VCT status

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

## PART III – INVESTMENT POLICY

The investment policy of the Company is as follows:

### Investment Strategy

The investment strategy is to create a portfolio with a mix of companies operating in traditional industries and those that offer opportunities in the development and application of innovation.

### Diversification

The Company invests in UK businesses across a broad range of sectors including but not limited to Software, IT and Telecommunications, Business Services, Manufacturing and Industrial Services, Retail and Brands and Healthcare in VCT qualifying unquoted companies.

### Borrowing

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

### Co-investment

Together with BSC2, the Company has first choice of all investment opportunities received and appraised by the Investment Adviser that meet the criteria of Qualifying Investments that require up to £4.5 million of equity, and the basis for allocation is 60 per cent to the Company and 40 per cent to BSC2. The Board has the discretion as to whether to take up their allocation in such co-investment opportunities. The replacement capital element of any investment will be provided by other funds managed/advised by YFM.

### Asset Mix

Pending investment in VCT Qualifying Holdings, surplus cash is primarily held in interest bearing instant access and, where permissible, short-notice bank accounts.

### VCT regulation

The Company's investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. The current VCT conditions, amongst others, state that the Company may not invest more than 15 per cent by value of its investments calculated in accordance with section 278 of the Tax Act ("VCT Value") in a single company or group of companies and must have at least 70 per cent of its investment by VCT Value throughout the period in shares and securities comprised in Qualifying Holdings. At least 70 per cent by VCT Value of Qualifying Holdings must be in "eligible shares", which are ordinary shares which have no preferential rights to assets on a winding up and no rights to be redeemed, but may have certain preferential rights to dividends. For funds raised before 6 April 2011, at least 30 per cent by VCT Value of Qualifying Holdings must be in eligible shares, which are ordinary shares which do not carry any rights to be redeemed or preferential rights to dividends or to assets on a winding up. At least 10 per cent of each Qualifying Investment must be in eligible shares.

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

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

- (i) An aggregate limit of £12 million (or £20 million for Knowledge Intensive Companies) on the amount of State Aid Risk Finance investment a business can receive during its lifetime;
- (ii) No more than seven years can have elapsed since the first commercial sale achieved by the business (ten years in the case of a Knowledge Intensive Company), unless:
  - a. the business has previously received an investment from a fund that has received state aid, or
  - b. the investment comprises more than 50 per cent of the average of the previous five years' turnover and the funds are to be used in the business to fund growth into new product markets or geographies;
- (iii) VCTs may only invest in Qualifying Holdings and in certain money market securities, shares and securities which are listed on a European regulated market, and short term cash deposits.



## PART IV –THE INVESTMENT ADVISER

YFM has advised or managed the British Smaller Companies VCTs since the Company's incorporation in 1995. As at 30 September 2016 (being the latest date for which unaudited published NAVs are available for both the British Smaller Companies VCTs) the combined unaudited Net Asset Value of the British Smaller Companies VCTs was £152 million. YFM has offices in Birmingham, Leeds, London, Manchester and Sheffield. At the date of this Document YFM and YFM Equity Partners have a total staff of 32 of whom 14 are engaged in finding, investing in and advising on investments to the British Smaller Companies VCTs and institutional clients.

### Management and administration

The annual advisory fee payable to the Investment Adviser is 2.0 per cent of the Net Asset Value. Based on the Company's unaudited Net Assets of £95.4 million as at 31 December 2016 this equated to £1,908,000 per annum. This is calculated half yearly at 31 March and 30 September.

The Investment Adviser also provides and procures the provision of secretarial and administration services to the Company. The Investment Adviser receives an annual accounting and secretarial fee, index linked, which is currently £61,000.

### Performance fee

A performance fee is also payable to the Investment Adviser equal to 20 per cent of the amount by which dividends paid in the relevant accounting period exceed 4.0p per Share (increasing in line with RPI), subject to cumulative shortfalls (currently £nil) in prior accounting periods being made up. As at 31 March 2016, the adjusted target was 4.9p per Share, and the calculation was verified by the Company's auditors. The performance fee is also conditional upon the average NAV being not less than 94.0p per Share in the relevant accounting period, as adjusted for the impact of Share issues and buy backs; the relevant adjusted average NAV per Share at 31 March 2016 was 92.7p per Share.

The amount of the performance fee paid to the Investment Adviser for any one year shall, when taken with all other relevant costs, ensure that the total expenses of the Company in any financial year is no greater than five per cent of its Net Asset Value at the end of the financial year (as adjusted for dividends paid in excess of 5.5 pence per Share during that year (the "Total Expenses Ratio")). Any performance fee in excess of a Total Expenses Ratio of 5 per cent will not be paid to the Investment Adviser but will be carried over to subsequent financial years and be included in the calculation of the Total Expenses Ratio.

### Other fees received by the Investment Adviser

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

In the year ended 31 March 2016 the fees receivable by the Investment Adviser from investee companies which were attributable to advisory and directors' and monitoring fees amounted to £467,000.

# PART V – TAXATION CONSIDERATIONS

## Tax position of Investors

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

### 1. Tax reliefs

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

#### 1.1 Income tax

##### 1.1.1 Relief from income tax on investment

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

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

##### 1.1.2 Dividend relief

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

##### 1.1.3 Purchases in the market

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

##### 1.1.4 Withdrawal of relief

Relief from income tax on a subscription for VCT shares (including New Shares) will be withdrawn if the VCT shares are disposed of (other than between spouses or on death) within five years of issue or if the VCT loses its approval within this period as detailed in paragraph 1.3 on page 17.

Dividend relief ceases to be available once the Qualifying Investor ceases to be beneficially entitled to the dividend or if the VCT loses its approval within this period as detailed in paragraph 1.3 on page 17.

##### 1.1.5 Linked sales

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

## 1.2 Capital gains tax

### 1.2.1 Relief from capital gains tax on disposal of VCT shares

Except where VCT shares that were issued after 5 April 2014 and within three years of the issue are bought by the VCT directly from the Shareholder, a disposal by a Qualifying Investor of VCT shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. The relief is limited to the disposal of VCT shares acquired within the limit of £200,000 for any tax year.

### 1.2.2 Purchases in the market

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

## 1.3 Loss of VCT approval

For a company to be fully approved as a VCT it must meet the various requirements for full approval as set out on page 18.

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

## 2. Illustration of effect of tax relief for Qualifying Investors

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

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

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

## 3. Obtaining tax reliefs

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

### Tax position of the Company

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

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

#### 1. Qualification as a VCT

To qualify as a VCT a company must be approved by HMRC. To obtain such approval it must:

- (i) Not be a close company;
- (ii) Have each class of its ordinary share capital listed on a regulated market;
- (iii) Derive its income wholly or mainly from shares or securities;
- (iv) Have at least 70 per cent by VCT Value of its investments in shares or securities in Qualifying Investments of which 70 per cent must be in eligible shares (30 per cent for funds raised before 6 April 2011);
- (v) Have at least 10 per cent by VCT Value of each Qualifying Investment in eligible shares;
- (vi) Not have more than 15 per cent by VCT Value of its investments in a single company or group (other than a VCT or a company which would, if its shares were listed, qualify as a VCT);
- (vii) Not retain more than 15 per cent of its income derived from shares or securities in any accounting period;
- (viii) Not make an investment in a company which causes that company to receive more than £5 million of state aid investment (including from VCTs) in the twelve months ending on the date of the investment, nor more than a total of £12 million of state aid investment (£20 million for a Knowledge Intensive Company);
- (ix) Not make an investment in a company whose first commercial sale was more than seven years prior to date of investment, except where previous State Aid Risk Finance was received by the company within seven years (ten years for a Knowledge Intensive Company) or where a turnover test is satisfied;
- (x) Not make a non-Qualifying Investment other than those specified in section 274 of the Tax Act; and
- (xi) Not make an investment in a company where the funds are to be used to acquire shares, another existing business or trade, or certain intangible assets in use in a trade.

The term “eligible shares” means shares which carry no preferential rights to assets on a winding-up and no rights to be redeemed, although they may have certain preferential rights to dividends. For funds raised before 6 April 2011, “eligible shares” are shares which do not carry any rights to be redeemed or a preferential right to dividends or to assets on a winding-up.

#### 2. Qualifying Investments

A Qualifying Investment consists of shares or securities first issued to the VCT (and held by it ever since) by a Qualifying Company satisfying the conditions set out in chapter 4 of Part 6 of the Tax Act.

The conditions are detailed but include that the company must have gross assets not exceeding £15 million immediately before and £16 million immediately after the investment; have fewer than 250 full-time (or full-time equivalent) employees (or 500 in the case of a Knowledge Intensive Company); apply the money raised for the purposes of a qualifying trade within a certain time period; cannot be controlled by another company; at the time of investment does not obtain more than £5 million of investment from EU state aided risk capital measures in the twelve month period ending on the date of the investment by the VCT; at the time of the investment and including the amount of the investment will not have received more than £12 million (or £20 million if a Knowledge Intensive Company) over its lifetime and no more than seven years (ten years for a Knowledge Intensive Company) has elapsed since the date of its first commercial sale.

### **3. Qualifying Companies**

A Qualifying Company must be unquoted for VCT purposes and must carry on a qualifying trade. For this purpose certain activities are excluded (such as dealing in land or shares or providing certain financial services). The qualifying trade must either be carried on by, or be intended to be carried on by, the Qualifying Company, or by a qualifying subsidiary at the time of the issue of shares or securities to the VCT (and at all times thereafter).

A Qualifying Company must have a permanent establishment in the UK, but a Qualifying Company need not be UK resident. A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue thereafter.

A Qualifying Company may have no subsidiaries other than qualifying subsidiaries which must, in most cases, be at least 51 per cent owned.

There is a disqualifying purpose test under which an investment will not be a Qualifying Investment if the investee company has been set up for the purpose of accessing tax reliefs or is in substance a financing business.

Funds received from an investment by a VCT into a company cannot be used to acquire shares, another existing business or trade, or certain intangible assets in use in a trade.

### **4. Approval as a VCT**

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

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

The Company has received approval as a VCT from HMRC.

### **5. Withdrawal of approval**

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

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

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

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

# DEFINITIONS

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

<b>“Admission”</b>	the respective date on which the New Shares allotted pursuant to the Offer are listed on the premium segment of the Official List and admitted to trading on the London Stock Exchange’s main market for listed securities;
<b>“Adviser Charge(s)” or “Facilitated Fee”</b>	the fee(s) payable to an Intermediary, agreed with the Investor for the provision of a personal recommendation or related services in relation to an investment in New Shares, and detailed on the Subscription Form;
<b>“AIM”</b>	AIM, a market operated by the London Stock Exchange, formerly known as the Alternative Investment Market;
<b>“Ballot”</b>	the process to determine which Existing Shareholders will receive New Shares under the Offer, if the Offer is fully subscribed at 6 March 2017;
<b>“Beneficial Owner”</b>	a person in whom the beneficial ownership of Shares is vested, or will be vested immediately upon their release;
<b>“Board” or “Directors”</b>	the directors of the Company as at the date of this Document;
<b>“British Smaller Companies VCTs”</b>	the Company and BSC2;
<b>“BSC2”</b>	British Smaller Companies VCT2 plc;
<b>“Business Day”</b>	a day (excluding Saturday and Sunday and public holidays in England and Wales) when the banks are generally open for business in London;
<b>“Capita Asset Services”</b>	a trading name of Capita Registrars Limited, whose details are given on page 37 of the Document;
<b>“the Company”</b>	British Smaller Companies VCT plc;
<b>“CREST”</b>	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)) for the paperless settlement of transfers and the holding of shares in uncertificated form which is administered by Euroclear UK & Ireland Limited (registered number 2878738);
<b>“Directors” or “Board”</b>	the directors of the Company as at the date of this Document;
<b>“Dealings”</b>	buying, selling, subscribing for or underwriting of securities in the Company or offering or agreeing to do so, either as principal or agent;
<b>“Document”</b>	this document, which describes the Offer;
<b>“DGTRs”</b>	the Disclosure Guidance and Transparency Rules made by the FCA under Part VI of FSMA;
<b>“DRIS”</b>	a Dividend Re-Investment Scheme;
<b>“EU”</b>	the European Union;
<b>“Existing Shareholders”</b>	registered holders of Ordinary Shares on the register as at 3 February 2017, or a person who, as at 3 February 2017, was a spouse or civil partner of a registered holder of Ordinary Shares;
<b>“Facilitated Fee” or “Adviser Charge(s)”</b>	the fee(s) payable to an Intermediary, agreed with the Investor for the provision of a personal recommendation or related services in relation to an investment in New Shares, and detailed on the Subscription Form;
<b>“FCA”</b>	the Financial Conduct Authority;
<b>“Financial Adviser”</b>	an authorised Intermediary offering investment advice to their client;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000;
<b>“HMRC”</b>	Her Majesty’s Revenue and Customs;
<b>“Howard Kennedy”</b>	Howard Kennedy Corporate Services LLP;

<b>“Intermediary (ies)”</b>	an authorised firm who signs the Subscription Form and whose details are set out in Section 8 of that document;
<b>“Investment Adviser” or “YFM”</b>	YFM Private Equity Limited, registered number 02174994, in its position as the FCA authorised and regulated subsidiary of YFM Equity Partners whose registered office is 5th Floor, Valiant Building, 14 South Parade, Leeds LS1 5QS. FCA ref. no.122120;
<b>“Investor(s)” or “Qualifying Investor(s)”</b>	an individual(s) who subscribes for New Shares;
<b>“Knowledge Intensive Company”</b>	a company satisfying the conditions in Section 331(A) of Part 6 of the Tax Act;
<b>“Listing Rules”</b>	listing rules issued by the UK Listing Authority, as amended from time to time;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“NAV” or “Net Asset Value”</b>	net asset value per Ordinary Share;
<b>“Net Assets”</b>	gross assets less all liabilities (excluding contingent liabilities) of the Company;
<b>“Net Asset Value” or “NAV”</b>	net asset value per Ordinary Share;
<b>“New Shares”</b>	new Ordinary Shares in the Company to be issued under the Offer;
<b>“Nominee”</b>	a party who holds, or subscribes for, Shares on behalf of, and as trustee of, a Beneficial Owner;
<b>“Offer”</b>	the offer for Subscription of new Ordinary Shares of 10 pence each in the Company to raise up to £4,250,000, described in this Document;
<b>“Offer Price”</b>	the Subscription price of each New Share issued under the Offer as calculated in accordance with the Pricing Formula;
<b>“Official List”</b>	the Official List of the UK Listing Authority;
<b>“Ordinary Share(s)” or “Share(s)”</b>	ordinary share(s) of 10p each in the capital of the Company;
<b>“Pricing Formula”</b>	the formula to be used to calculate the Offer Price of the New Shares under the Offer as set out on page 8 of this Document;
<b>“Qualifying Company”</b>	an unquoted (including AIM-traded) company carrying on a qualifying trade wholly or mainly in the UK satisfying the conditions in Chapter 4 of Part 6 of the Tax Act;
<b>“Qualifying Investor(s)” or “Investor(s)”</b>	an individual(s) who subscribes for New Shares;
<b>“Qualifying Holdings” or “Qualifying Investments”</b>	shares in, or securities of, a Qualifying Company held by a Venture Capital Trust which meets the requirements described in Chapter 4 of Part 6 of the Tax Act;
<b>“RAM Capital”</b>	RAM Capital Partners LLP;
<b>“Receiving Agent” or “Registrar”</b>	Capita Asset Services;
<b>“Restricted Territories”</b>	US, Canada, Australia, Japan and South Africa (and each a Restricted Territory);
<b>“RPI”</b>	UK Index of Retail Prices;
<b>“Securities Act”</b>	The United States Securities Act of 1993, as amended;
<b>“Share(s)” or “Ordinary Share(s)”</b>	ordinary share(s) of 10p each in the capital of the Company;
<b>“Shareholder(s)”</b>	holder(s) of Ordinary Shares;
<b>“State Aid Risk Finance”</b>	as compatible within the European Commission’s “Guidelines on State aid to promote risk finance investments 2014/C 19/04”;
<b>“Subscriber”</b>	a person whose name appears in a Subscription Form for use in connection with the Offer;

## Definitions (continued)

<b>“Subscriptions”</b>	offers by Subscribers pursuant to the Offer and made by completing the Subscription Form and posting (or hand delivering) these to the Receiving Agent or as otherwise indicated on the Subscription Form (and each a Subscription);
<b>“Subscription Form”</b>	the subscription form for use in connection with the Offer as set out on pages 33 to 35 of this Document;
<b>“Tax Act”</b>	the Income Tax Act 2007 (as amended);
<b>“Terms and Conditions”</b>	terms and conditions of Subscription as set out on pages 23 to 26;
<b>“Total Return”</b>	NAV plus cumulative dividends paid;
<b>“UK Listing Authority”</b>	the FCA acting in its capacity as the competent authority for the purposes of FSMA;
<b>“United States” or “US”</b>	the United States of America, its states, territories and possessions (including the District of Columbia);
<b>“VAT”</b>	value added tax;
<b>“VCT Regulations”</b>	The Venture Capital Trust (Winding Up and Mergers) (Tax) Regulations 2004, as amended from time to time;
<b>“VCT Value”</b>	the value of an investment calculated in accordance with section 278 of the Tax Act;
<b>“Venture Capital Trust” or “VCT”</b>	a venture capital trust as defined in section 259 of the Tax Act;
<b>“YFM Equity Partners”</b>	YFM Equity Partners LLP, registered number OC384467, the ultimate holding company of YFM;
<b>“YFM” or “Investment Adviser”</b>	YFM Private Equity Limited, registered number 02174994, in its position as the FCA authorised and regulated subsidiary of YFM Equity Partners whose registered office is 5th Floor, Valiant Building, 14 South Parade, Leeds LS1 5QS. FCA ref. no.122120.



# TERMS AND CONDITIONS OF SUBSCRIPTION

The following Terms and Conditions apply to the Offer:

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

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

1. The contract created by the acceptance of a Subscription under the Offer will be conditional on Admission, unless otherwise so resolved by the Board.
2. The right is reserved by the Company to present all cheques for payment on receipt and to retain the relevant Share certificates and Subscription monies, pending clearance of such successful Subscribers’ cheques. The Company may treat Subscriptions as valid and binding even if not made in all respects in accordance with the prescribed instructions and the Company may, at its discretion, accept a Subscription in respect of which payment is not received by the Company prior to the closing date of the Offer. If any Subscription is not accepted in full or if any contract created by acceptance does not become unconditional, the Subscription monies or, as the case may be, the unused balance thereof in excess of £2.00 will be returned (without interest) by returning each relevant Subscriber’s (or Nominee’s) cheque or by crossed cheque in favour of the Subscriber (or Nominee), through the post at the risk of the person(s) entitled thereto. Balances of less than £2.00 may be retained by the Company and used for its own purposes. In the meantime, Subscription monies will be retained by the Company in a separate account. The Board reserves the right to close the Offer earlier than the closing date if fully subscribed. Subscriptions which are accompanied by post-dated cheques will not be accepted, subject to the Board’s discretion to accept such Subscriptions. If any dispute arises as to the date or time on which Subscription is received, the Board’s determination shall be final and binding. Electronic transfers and banker’s drafts will not be accepted.
3. Subject to paragraph [4] below, no person receiving a copy of this Document or any part thereof, or a Subscription Form, in any territory other than the UK may treat the same as constituting an invitation or offer to them, nor should they in any event use such Subscription Form unless, in the relevant territory, such an invitation or offer could lawfully be made to them or such Subscription Form could lawfully be used without contravention of any regulation or other legal requirements. It is the responsibility of any person outside the UK wishing to make a Subscription to satisfy themselves as to the full observation of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying issue, transfer or other taxes required to be paid in such territory.
4. The New Shares have not been, nor will they be, registered in the United States under the Securities Act or under the securities laws of the Restricted Territories and they may not be offered or sold directly or indirectly within the United States or any of the Restricted Territories or to, or for the account or benefit of, US persons (as defined in Regulation S made under the Securities Act) or any national, citizen or resident of the United States or any of the Restricted Territories. The Offer is not being made, directly or indirectly, in or into the United States or any of the Restricted Territories or in any other jurisdiction where to do so would be unlawful. The distribution of this Document in jurisdictions other than the UK may be restricted by law and therefore, persons into whose possession this Document comes should inform themselves about and observe any of these restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities law of any such jurisdiction. The Subscription Form is not being and must not be forwarded to or transmitted in or into the United States or any Restricted Territory. No Subscription will be accepted if it bears an address in the United States.
5. Subscribers will be bound by the Subscription(s) indicated by them on their Subscription Forms. Multiple Subscriptions under the Offer are not permitted and will be rejected. The Offer is open to Existing Shareholders exclusively until 6 March 2017. If the Offer is fully subscribed at that date, Subscriptions will be selected by way of a Ballot and the Offer will then close. After this date, if not fully subscribed, new Investors will also be invited to apply for New Shares in the Company and all subsequent Subscriptions under the Offer will be accepted in the order of receipt (subject always to the discretion of the Directors). It is the Company’s intention to only present cheques for payment once it has been confirmed that a Subscription has been successful under the Offer. Electronic transfers and banker’s drafts will not be accepted. The right is reserved to reject in whole or in part and scale down any Subscription or any part thereof including, without limitation, Subscriptions in respect of which any verification or identity which the Company or the Receiving Agent consider may be required for the purpose of the Money Laundering Regulations 2007 has not been satisfactorily supplied. The Board in its absolute discretion may decide to close or suspend the Offer. The Offer shall be suspended if the issue of

## Terms and Conditions of Subscription (continued)

such New Shares in the Company would result in a breach of the Listing Rules, the Company not having the requisite Shareholder authorities from time to time to allot New Shares or a breach of any other statutory provision or regulation applicable to the Company. Dealings prior to the issue of certificates for New Shares will be at the risk of Subscribers. A person so dealing must recognise the risk that a Subscription may not have been accepted to the extent anticipated or at all.

6. By completing and delivering a Subscription Form, you confirm and warrant that you:
- (i) offer to Subscribe the monetary amount stated on the Subscription Form in the Company for such number of New Shares obtained by dividing the monetary amount (as adjusted for Adviser Charges or waived commission, where applicable) by the applicable Offer Price of the New Shares resulting from the application of the Pricing Formula (as described in this Document), subject to these Terms and Conditions of Subscription, and subject to the memorandum and articles of association of the Company;
  - (ii) agree that, in consideration of the Company agreeing to process your Subscription, your Subscription will not be revoked until the Offer is closed and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon dispatch by post to, or (in the case of delivery by hand) on receipt by, the Receiving Agent of your Subscription Form;
  - (iii) agree and warrant that your cheque may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive a certificate in respect of the New Shares in the Company until you make payment in cleared funds and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify the Company and the Receiving Agent against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation), and you agree that, at any time prior to the unconditional acceptance by the Company of such late payment, the Company may (without prejudice to its other rights) void the agreement to allot such New Shares to you and may issue or allot such New Shares to some other person, in which case you will not be entitled to any payment in respect of such New Shares, other than the refund to you, at your risk, of the proceeds (if any) of the cheque accompanying your Subscription Form, without interest;
  - (iv) agree that, in respect of those New Shares for which your Subscription has been received and is not rejected, your Subscription may be accepted at the election of the Company either by notification to the London Stock Exchange of the basis of allocation or by notification of acceptance thereof to the Receiving Agent;
  - (v) agree that any monies refundable to you may be retained by the Company pending clearance of your remittance and any verification of identity which is, or which the Company or the Receiving Agent may consider to be, required for the purpose of the Money Laundering Regulations 2007 and that such monies will not bear interest;
  - (vi) authorise the Receiving Agent to send Share certificate(s) or arrange for your CREST account to be credited in respect of the number of New Shares for which your Subscription is accepted and authorise the Company to send a crossed cheque for any monies returnable, by post, at your own risk, without interest, to your address set out in the Subscription Form and to procure that your name is placed on the register of members of the Company in respect of such New Shares;
  - (vii) agree that all Subscriptions, acceptances of Subscriptions and contracts resulting therefrom and any non-contractual obligations arising out of or in connection with your Subscription shall be governed by and construed in all respects in accordance with English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with any such Subscription, acceptances of Subscriptions and contracts in any other manner permitted by law or any court of competent jurisdiction;
  - (viii) agree and acknowledge that you are making your Subscription on the basis of the information and statements concerning the Company and the New Shares contained in this Document and that no person responsible solely or jointly for this Document or any part thereof or involved in the preparation thereof shall have any liability for any other information or representation relating to the Company or the New Shares or for any change in the law or regulations affecting VCTs;

- (ix) irrevocably authorise the Receiving Agent and/or the Company or any person authorised by any of them, as your agent, to do all things necessary to effect registration of any New Shares subscribed by or issued to you in your name and authorise any representative of the Receiving Agent or of the Company, as relevant, to execute any document required thereof;
- (x) agree that, having had the opportunity to read the Document, you shall be deemed to have had notice of all information and statements concerning the Company and the New Shares contained therein;
- (xi) confirm that you are not a US person within the meaning of Regulation S made under the Securities Act or a resident of any of the Restricted Territories and that you are not applying for any New Shares with a view to their offer, sale, delivery to or for the benefit of any US Person or a resident of any of the Restricted Territories, and that you have reviewed the restrictions contained in paragraphs (3) and (4) above and warrant compliance therewith;
- (xii) declare that you are an individual aged 18 or over;
- (xiii) agree that all documents in connection with the Offer and returned monies will be sent by post at your risk;
- (xiv) agree to the Receiving Agent, where necessary, carrying out enquiries to verify your identity to ensure compliance with the Money Laundering Regulations 2007. Verification of the Investor's identity may be provided by means of a "Letter of Introduction" from an Intermediary or other regulated person (such as a solicitor or accountant) who is a member of a regulatory authority and is required to comply with the Money Laundering Regulations 2007 or a UK or EU financial institution (such as a bank). The Receiving Agent will supply specimen wording on request;
- (xv) if a Subscription is made direct (not through a financial Intermediary), the Company or a third party acting on behalf of the Company, may carry out a check of the Investor's identity using an online anti-money laundering and identity verification system.  
  
To enable this process you may be requested to provide a copy of your passport or driving licence. Investors may opt out of the electronic identity verification system. If an Investor chooses to opt out they must enclose a copy of their passport or driving licence certificated by a bank or a solicitor stating that it is a "true copy of the original and a true likeness of the client" followed by their name, and a recent (no more than three months old) bank or building society statement or utility bill showing their name and address with the Subscription Form. **Copies of online statements will not be accepted.** If a cheque is drawn by a third party, the above will also be required from the third party;
- (xvi) agree, on request by the Company, YFM or the Receiving Agent, to disclose promptly in writing, any information which may be reasonably requested in connection with your Subscription including, without limitation, satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations 2007 and authorise the Company, YFM or the Receiving Agent to disclose any information relating to your Subscription as the Company, YFM, or the Receiving Agent consider appropriate;
- (xvii) agree that neither YFM nor the Receiving Agent will treat you as a customer by virtue of your Subscription being accepted nor owe you any duties or responsibilities concerning the price of the New Shares in the Company or the suitability for you of New Shares or be responsible to you for providing the protections afforded to its customers;
- (xviii) declare that a loan has not been made to you or any associate which would not have been made, or would not have been made on the same terms, but for you offering to subscribe for, or acquiring, New Shares and that the New Shares are being acquired for bona fide commercial purpose and not as part of a scheme of arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax;
- (xix) confirm and warrant that the information provided in the Subscription Form is true and accurate;
- (xx) warrant that, if you sign the Subscription Form on behalf of somebody else, you have due authority to do so on behalf of that other person, and such person will also be bound accordingly and will be deemed also to have given confirmations, warranties, undertakings and authority contained herein and undertake to enclose your power of attorney or a copy thereof duly certified by a solicitor or bank with the Subscription Form; and
- (xxi) consent to the information provided on the Subscription Form being provided to the Receiving Agent and the Registrar to process shareholding details and send notifications to you.

## Terms and Conditions of Subscription (continued)

7. The Company reserves the right to publish revised Subscription Forms from time to time. Subscribers and their Intermediaries should, therefore, check when completing the Subscription Forms that no subsequent version has been published or made available by the Company – which will be downloadable from the Company's website at [www.bscfunds.com](http://www.bscfunds.com)

# NOTES ON HOW TO COMPLETE THE SUBSCRIPTION FORM

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

**Please send the completed Subscription Form, together with your cheque by post, or deliver it by hand, to: Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.**

If you have any questions on how to complete the Subscription Form please contact Tracey Nice at YFM on 0113 261 6478 or at [tracey.nice@yfmepl.com](mailto:tracey.nice@yfmepl.com) in the first instance or call Capita Asset Services on 0800 181 4729 (freephone). However, no investment, financial or tax advice can be given by YFM or Capita Asset Services. Lines are open between 8.30 am - 5.30 pm, Monday to Friday excluding public holidays. Alternatively please speak to your Financial Adviser.

- Sections 1-2 of the Subscription Form require you to provide your personal details and your Subscription details.
- Section 3 asks you to confirm your method of payment.
- Section 4 asks you to confirm your dividend payment options.
- Section 5 asks you to confirm whether or not you have received financial advice in relation to your Subscription and to describe the type of financial Intermediary you have used, if any, with respect to your Subscription.
- Section 6 requires you to sign, state your name and date your Subscription Form.
- Section 7 asks you to provide your CREST details if you would like any New Shares allotted to you to be credited to your CREST account.
- If you have used a financial Intermediary, Sections 8 and 9 require them to provide their firm's details so that the Receiving Agent can deal with the instructions as to (i) whether any permissible commission is to be paid and (ii) how any commission payable is to be administered.
- Sections 8 and 9 should not be completed if you apply directly and have not used a financial Intermediary with respect to your Subscription. Commission, where permissible, can be paid only to authorised financial Intermediaries who are acting on behalf of "execution only" clients and are not providing a platform service.
- Multiple Subscriptions under the Offer are not permitted and will be rejected.
- The Subscription Form is printed towards the end of this Document as well as being available separately. Additional Subscription Forms can be obtained from [www.bscfunds.com](http://www.bscfunds.com) and from the Investment Adviser and the Receiving Agent, whose contact details are set out on the inside back cover of this Document.

Note: If there is a query over a Subscription there is no guarantee that it will be resolved before any subsequent Subscriptions are received/processed.

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

### Page 1 of Subscription Form

#### Section 1 – Personal Details

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

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

If you are the spouse or civil partner of an Existing Shareholder or a new Shareholder subscribing for New Shares after 6 March 2017, please indicate if your preference is to receive hard copies of documentation and information published by the Company rather than electronic communications.

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

It is very important that you complete this section clearly and accurately, as the Receiving Agent will send an email acknowledgement, or if no email address is given, a confirmation letter to you at the address shown in this section. If your Subscription to the Offer is successful your name and address as stated in this section will be entered onto the Register of the Company and printed on the tax and Share certificates.

If you wish to opt out of the electronic identity verification system please tick the box provided. If you choose to opt out you must enclose a copy of your passport or driving licence certificated by a bank or a solicitor stating that it is a "true copy of the original and a true likeness of the client" followed by your name, and a recent (no more than three months old) bank or building society statement or utility bill showing your name and address with the Subscription Form. **Copies of online statements will not be accepted.** If a cheque is drawn by a third party, the above will also be required from the third party.

If you have invested through a Financial Adviser or wealth manager YFM may be asked to provide them with data on your investment so that they can provide an enhanced level of reporting to you. To enable this to happen the Company will need to share certain data. Please indicate if you do not want us to share your investment data with your Financial Adviser or wealth manager.

#### Section 2 – Subscription Details

Insert the amount of money which you wish to subscribe. Your Subscription must be for a minimum value of £3,000 and in multiples of £1,000. The maximum investment on which tax reliefs on investments in Venture Capital Trusts (including shares issued under a DRIS) is available is £200,000 in each tax year.

#### Section 3 – Payment Details

It is the Company's intention to only present cheques for payment once it has been confirmed that a Subscription has been successful under the Offer. Electronic transfers and banker's drafts will not be accepted.

Please attach a cheque to the Subscription Form for the exact amount shown in Section 2. Your cheque must be made payable to **"CRL re: BSC 2017 top-up" and crossed "A/c Payee only"**. Your payment must relate solely to this Subscription. Cheques may be presented for payment on receipt. Subscription Forms accompanied by a post-dated cheque will not be accepted. Your Subscription Form will be acknowledged by Capita Asset Services.

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

The right is reserved to reject any application in respect of which the Subscriber's cheque has not been cleared on first presentation. Any monies will be returned in the same manner as originally received e.g. by cheque in the post at the risk of the persons entitled thereto.

## Page 2 of Subscription Form

### Section 4 – Dividend Payment Details

Please complete this section if you are a spouse or civil partner of an Existing Shareholder or a new Shareholder subscribing after 6 March 2017.

If you wish to participate in the Company's Dividend Re-investment Scheme having first read and understood the terms and conditions of the scheme, which can be found on the website [www.bscfunds.com](http://www.bscfunds.com), please then tick the appropriate box in Section 4.

The dividends paid by the Company can be taken as cash. Section 4 of the Subscription Form allows you to indicate whether you would like to have them paid directly into your bank account. Dividends paid by cheque will be sent to the Shareholder's registered address using the standard mail delivery at the Shareholder's own risk if Section 4 is not completed. The Company's Registrar will charge administration fees for re-issuing cheques.

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

### Section 5 – Investment Type

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

You should tick box 5(i) if you have received financial advice with respect to your Subscription to the Offer. (If you tick box 5(i) your financial Intermediary should complete Sections 8 and 9 of the Subscription Form). Intermediaries on advised investments are entitled to payment of Adviser Charges as agreed with their clients. Please insert the agreed fee in the box as a sum of money. The number of Offer Shares issued to the Applicant will be reduced by the amount of the Adviser Charge. The Adviser Charge is inclusive of VAT, if applicable.

You should tick box 5(ii) if you have not received financial advice with respect to your Subscription to the Offer and have used a financial Intermediary on an "execution only" basis (other than platform service providers). (If you tick box 5(ii) your financial Intermediary should complete Sections 8 and 9 of the Subscription Form).

For execution only – you should tick box 5(iii) and complete to show the fees or commission structure you wish to receive.

You should tick box 5(iv) if you have not used a financial Intermediary and have applied direct. Sections 8 and 9 should not be completed if you apply directly and have not used a financial Intermediary with respect to your Subscription.

### Section 6 – Declaration and Signature

You must sign, state your name and date the Subscription Form in Section 6.

By signing and dating the Subscription Form you agree to invest in the Company in accordance with the Terms and Conditions of the Subscription as set out on pages 23 to 26 of this Document.

**If this section of the Form is unsigned the Receiving Agent will not be able to process your Subscription and your Subscription monies will be returned to you.**

## Notes on How to Complete the Subscription Form (continued)

### Section 7 – CREST details (if any)

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

### Page 3 of Subscription Form

### Section 8 – Financial Intermediary Details

Intermediaries must complete (in BLOCK CAPITALS) Section 8 giving their full company name and address, a contact name, telephone number, email address and details of their authorisation under the FSMA. The right is reserved to reject any application or withhold any payment of fees or commission if the Company is not, at its sole discretion, satisfied that the Intermediary is authorised or is unable to identify the Intermediary on the basis of information provided. In order for commission or Adviser Charges to be paid by BACS, please complete the relevant boxes.

### Section 9 – Authorised Financial Intermediary's Declaration

Intermediaries should sign and date the Subscription Form in Section 9 and include their signing capacity.

### Administration of Shareholder account

If you are an Existing Shareholder in the Company, the existing name, banking and dividend re-investment (if any) details will be applied to your Subscription. If you are the spouse or civil partner of an Existing Shareholder or a new Shareholder subscribing after 6 March 2017, please complete the bank account details in Section 4 in order to receive dividends in cash or tick the box for option B if you wish your dividends to be re-invested.

Existing Shareholders' dividends payment/re-investment details and Shareholder communications preferences will not be altered as a result of New Shares being issued to them. Should any Existing Shareholder wish to change any of the existing instructions with regards to the administration of the Existing Shareholder account(s) they should do so separately by contacting the Registrars, Capita Asset Services or by registering via their Shareholder portal [www.capitashareportal.com](http://www.capitashareportal.com).

### Money Laundering Notice – Important Procedures for Subscriptions

**A note for Investors** - Investors should be aware of the following requirements in respect of the Money Laundering Regulations 2007 for Subscriptions that, together with any existing investment in the Company, bring the value of their total shareholding to the sterling equivalent of more than €15,000 (for these purposes approximately £12,500, as at the date of this Document).

A. For those who **have** previously invested in the Company, if the Subscription:

- a. Is made through an authorised Intermediary then verification of the Subscriber's identity may be provided by:
  - (i) the authorised financial Intermediary signing Section 9 of the Subscription Form; or
  - (ii) alternatively by way of a "Letter of introduction" from an independent Financial Adviser or other regulated person (such as a solicitor or accountant) who is a member of a regulated authority and is required to comply with the Money Laundering Regulations 2007 or a UK or EU authorised financial institution (such as a bank). The Receiving Agent will supply specimen wording on request; or



- b. Is made direct (i.e. not through a financial Intermediary), the Company, or a third party acting on behalf of the Company, will carry out a check of your identity using an online anti-money laundering and identity verification system. To enable this process you may be asked to provide a copy of your passport or driving licence.

If you do not want the online check to be carried out please tick the box in Section 1 of the Subscription Form that states that you are opting out of the electronic identity verification system. If you tick this box you **must** enclose:

- (i) a copy of your passport or driving licence certified by a bank or solicitor stating that it is a "true copy of the original and a true likeness of the client" followed by your name; and
- (ii) a recent (no more than three months old) bank or building society statement or utility bill showing your name and address with the Subscription Form. **Copies of online statements will not be accepted.**

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

B For those who **have not** previously invested in the Company, if the Subscription:

- a. Is made through an authorised financial Intermediary then verification of the Subscriber's identity may be provided by:
- (i) the authorised financial Intermediary signing Section 9 of the Subscription Form; or
  - (ii) alternatively by way of a "Letter of introduction" from an independent Financial Adviser or other regulated person (such as a solicitor or accountant) who is a member of a regulated authority and is required to comply with the Money Laundering Regulations 2007 or a UK or EU authorised financial institution (such as a bank). The Receiving Agent will supply specimen wording on request; or
- b. Is made direct (i.e. not through a financial Intermediary), the Company, or a third party acting on behalf of the Company, will carry out a check of your identity using an online anti-money laundering and identity verification system. To enable this process you **must** provide a copy of your passport or driving licence.

If you do not want the online check to be carried out please tick the box in Section 1 of the Subscription Form that states that you are opting out of the electronic identity verification system. If you tick this box you **must** enclose;

- (i) a copy of your passport or driving licence certified by a bank or solicitor stating that it is a "true copy of the original and a true likeness of the client" followed by your name; and
- (ii) a recent (no more than three months old) bank or building society statement or utility bill showing your name and address with the Subscription Form. **Copies of online statements will not be accepted.**

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

On request by the Company or YFM or the Receiving Agent, you will disclose promptly in writing any information which may be reasonably requested in connection with your Subscription including, without limitation, satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations 2007 and authorise the Company, YFM or the Receiving Agent to disclose any information relating to your Subscription as the Company, YFM or the Receiving Agent consider appropriate.

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

# SUBSCRIPTION FORM

## Before you begin

Please detach the Subscription Form from this Document before you begin.

You will find it is easier this way to refer to the Notes on pages 27 to 31 and to ensure you provide the correct information.

## Cheques and return address

- Please make your cheque payable to:  
**“CRL re: BSC 2017 top-up” and crossed “A/c Payee only”.**
- Please attach your cheque to the top of page 1 of the Subscription Form.
- Return by post or by hand to:  
**Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.**

## Further help

If you have any questions on how to complete the Subscription Form, please contact YFM (details below) in the first instance or call Capita Asset Services on 0800 181 4729 (freephone). Lines are open between 8.30 am–5.30 pm, Monday to Friday excluding public holidays. Alternatively speak to your Financial Adviser.

### Tracey Nice

Investment Services Manager

**T:** 0113 261 6478

**E:** [tracey.nice@yfmepl.com](mailto:tracey.nice@yfmepl.com)

**W:** [bscfunds.com](http://bscfunds.com)

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

# SUBSCRIPTION FORM

## British Smaller Companies VCT plc

- The closing date for the exclusivity period for Existing Shareholders is 6 March 2017.
- The closing date for the Offer will be 11.00 a.m. on 5 April 2017 (unless fully subscribed earlier). If you post this form you are recommended to use first class post and allow at least four days for delivery.
- Your completed Subscription Form, together with your cheque, should be posted to:  
Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
- Before completing this Subscription Form you should read the Terms and Conditions of Subscription and Notes on how to complete the Subscription Form.

### 1. Personal Details

Please use BLOCK CAPITALS

Title and Full Name:

Permanent Address:

Postcode:

Tel no (day):

Tel no (evening):

Date of Birth:

National Insurance No:

Country of Residence for Tax Purposes:

Email:

Are you an Existing Shareholder or spouse or civil partner of an Existing Shareholder?

Yes ☐

No ☐

Name of spouse or civil partner (if applicable):

If your existing Shares are held by a Nominee or in CREST, please tick this box. (We may need to contact you for further information)

☐

**If you are an Existing Shareholder in the Company, please ensure that the details provided in this section exactly match those shown on your existing Share certificate(s), so as to avoid duplicate Shareholder accounts being created.**

If you are a new Shareholder and you would like to receive Shareholder communications in hard copy rather than electronically, please tick this box.

☐

If you do not want a check to be carried out please tick this box to opt out of the electronic identity verification system. If you tick this box you must provide the certificated copy documents as set out in the Money Laundering Notice on pages 30 and 31.

☐

If you do not want the Company to share your investment data with your Financial Adviser or wealth manager, please tick this box.

☐

### 2. Subscription Details

I wish to subscribe under the Offer for £

(minimum £3,000)

of New Shares, or such lesser amount for which these Subscription(s) will be accepted, which is to be invested in the Company pursuant to the Offer.

### 3. Payment Details

Please complete

I enclose a cheque drawn on a UK clearing bank for:

£

Made payable to: "CRL re: BSC 2017 top-up" and crossed "A/c Payee only", being equal to the amount in Section 2.



## 4. Dividend Payment Details

Please complete EITHER **OPTION A** or **OPTION B**

### OPTION A - Dividends paid in cash

Please complete the details below to have dividends paid directly into your bank or building society.

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

**The Company cannot accept responsibility if any details provided by you are incorrect.**

### OPTION B - Dividend Re-Investment Scheme for capital growth

☐ Please tick the box if you have read the dividend re-investment scheme terms and conditions on the website [www.bscfunds.com](http://www.bscfunds.com) and you would like to have your dividends re-invested into Ordinary Shares, rather than received in cash.

## 5. Investment Type

Please tick **ONE** box only

- (i) **Advised:** You have been advised on this investment by an Intermediary. ☐  
Please ensure Sections 8 and 9 are completed by your Intermediary. Please sign and date Section 6.  
If you have agreed an Adviser Charge with your Intermediary and request that the Company pay that fee, please insert the fee amount in this box. Please note that the number of New Shares issued to you will be reduced by the Adviser Charge. This payment is inclusive of VAT, if applicable  £
- (ii) **Execution only:** This investment is being processed through your Intermediary who is not providing you with advice – please leave the rest of this section blank and ensure Sections 8 and 9 are completed by your Intermediary. Please sign and date Section 6. ☐
- (iii) **For execution only applications**  
Please tick this box if you wish all initial commission to be waived and re-invested: ☐  
If you wish to waive and re-invest part of the initial commission please enter the relevant % in the box:  %
- (iv) **Direct – No Intermediary:** This is a direct investment (i.e. you are not submitting this application through an Intermediary). Please sign and date Section 6. ☐

## 6. Declaration and Signature

BY SIGNING THIS FORM I HEREBY DECLARE THAT: (i) I have read the enclosed Terms and Conditions of Subscription of the Document dated 10 February 2017 and agree to be bound by them; (ii) I will be the Beneficial Owner of the New Shares in the Company issued to me pursuant to this Subscription; and (iii) to the best of my knowledge and belief, the particulars I have given to the Company are correct.

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

Signature:	Date:
Print name:	

## 7. CREST Details

I request that any New Shares for which my Subscription is accepted are issued through CREST

CREST Participant ID:	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
CREST Member Account ID:	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

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

## 8. Financial Intermediary Details

TO BE COMPLETED BY FCA AUTHORISED INTERMEDIARIES ONLY

FCA Authorised Intermediary Name:

Contact Name (for administration):

Firm Name:

Address:

Postcode:

FCA No:

Tel No:

Email:

### Financial Intermediary Bank Details

Please provide details of your bank or building society so that any initial commission or Adviser Charges can be paid via BACS

Name of Bank or Building Society:

Account Name:

Account No:

Branch:

Sort Code:

Email address for commission statements:

## 9. Authorised Financial Intermediary's Declaration

I confirm that I have identified and verified the identity of the Subscriber and the source of the Subscription funds to the standard required by the Money Laundering Regulations 2007 within the guidance for the UK Capital Financial Sector issued by the Joint Money Laundering Steering Group and have the authority to sign this declaration on behalf of the authorised Financial Intermediary.

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

Capacity:

Date:

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

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

**Your completed Subscription Form, together with your cheque and, if necessary, the certificated copy documents as set out in the Money Laundering Notice on pages 30 and 31, should be posted or hand delivered to:**

Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

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

**Tracey Nice**

Investment Services Manager

or

**Capita Asset Services**

**T:** 0113 261 6478

**T:** 0800 181 4729

**E:** tracey.nice@yfmeap.com

**W:** bscfunds.com



Page left intentionally blank

# INVESTMENT ADVISER AND SERVICE PROVIDERS

## Investment Adviser

### YFM Private Equity Limited

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

## Registrars

### Capita Asset Services

The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

## Solicitors

### Howard Kennedy LLP

No.1 London Bridge  
London  
SE1 9BG

## Stockbrokers

### Panmure Gordon (UK) Limited

One New Change  
London  
EC4M 9AF

## Receiving Agent

### Capita Asset Services

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

## Promoter

### RAM Capital Partners LLP

4 Staple Inn  
London  
WC1V 7QH

## Independent Auditor

### BDO LLP

55 Baker Street  
London  
W1U 7EU

## VCT Status Adviser

### Philip Hare & Associates LLP

Suite C, First Floor  
4-6 Staple Inn  
Holborn  
London  
WC1V 7QH

## Bankers

### Santander UK plc

44 Merrion Street  
Leeds  
LS2 8JQ

## Company Secretary

### The City Partnership (UK) Limited

110 George Street  
Edinburgh  
EH2 4LH

# British Smaller Companies VCT plc

**YFM** Equity  
Partners

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

Telephone 0113 244 1000  
Email [info@yfmepl.com](mailto:info@yfmepl.com)



**RAM**  
Capital Partners

Promoter to the Offer  
T 020 3006 7530  
[www.ramcapital.co.uk](http://www.ramcapital.co.uk)