

**CLOSE BROTHERS AIM VCT PLC**

**Interim accounts for the four months ended**

**30 June 2000**



LD7  
COMPANIES HOUSE

\*L9HUR8K9\*

0093  
28/07/00

**CLOSE BROTHERS AIM VCT PLC**

**REPORT AND INTERIM ACCOUNTS 30 JUNE 2000**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>2</b>
<b>Statement of directors' responsibilities and directors' report</b>	<b>3</b>
<b>Statement of total return</b>	<b>4</b>
<b>Balance sheet</b>	<b>5</b>
<b>Notes to the accounts</b>	<b>6</b>

# **CLOSE BROTHERS AIM VCT PLC**

## **REPORT AND INTERIM ACCOUNTS 30 JUNE 2000**

### **DIRECTORS**

M A F Reeve FCA, Chairman  
R J Smith, BSc (Hons)  
F K Malcolm, BSc (Hons)  
S J Hazell-Smith

### **SECRETARY**

J M Gain

### **REGISTERED OFFICE**

12 Appold Street  
London EC2A 2AW

### **INVESTMENT MANAGER**

Close Investment Limited  
12 Appold Street  
London EC2A 2AW  
020-7426-4000

### **REGISTRAR**

Capita IRG Plc  
Balfour House  
390/398 High Road  
Ilford  
Essex IG1 1NQ  
020-8478-8241

### **AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR

### **TAXATION ADVISER**

Ernst & Young  
Rolls House  
7 Rolls Building  
Fetter Lane  
London EC4A 1NH

# **CLOSE BROTHERS AIM VCT PLC**

## **REPORT AND INTERIM ACCOUNTS 30 JUNE 2000**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the Directors to prepare interim financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period. In preparing those interim financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether all applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the Company's system of internal control, safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors confirm that applicable accounting standards have been followed in the financial statements which accompany this report.

### **DIRECTORS' REPORT**

The directors confirm that the interim accounts for the four months to 30 June 2000 set out on pages 5 to 9 have been properly prepared within the meaning of section 272 of the Companies Act 1985. The directors confirm that the accounts give a true and fair view of the balance sheet at 30 June 2000 and of the profit and loss for the four month period then ended.



F K Malcolm  
Director  
28 July 2000

CLOSE BROTHERS AIM VCT PLC

REPORT AND INTERIM ACCOUNTS 30 JUNE 2000

**Unaudited Statement of Total Return**  
**(incorporating the profit and loss account)**  
**for the four months to 30 June 2000**

	<i>Ordinary Shares</i> <i>4 months to 30 June 2000</i>			<i>Ordinary Shares</i> <i>12 months to 29 February 2000</i>			<i>Ordinary Shares</i> <i>6 months to 31 August 1999</i>		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	-	(1,784)	(1,784)	-	8,207	8,207	-	746	746
Income (note 3)	171	-	171	386	-	386	225	-	225
Investment management fees	(35)	(106)	(141)	(68)	(205)	(273)	(29)	(87)	(116)
Other expenses	<u>(21)</u>	<u>-</u>	<u>(21)</u>	<u>(65)</u>	<u>-</u>	<u>(65)</u>	<u>(32)</u>	<u>-</u>	<u>(32)</u>
Return on ordinary activities before tax	115	(1,890)	(1,775)	253	8,002	8,255	164	659	823
Tax on ordinary activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42)</u>	<u>(42)</u>	<u>-</u>	<u>(23)</u>	<u>14</u>	<u>(9)</u>
Return attributable to Shareholders	115	(1,890)	(1,775)	211	8,044	8,255	141	673	814
Dividends (note 4)	<u>-</u>	<u>(2,519)</u>	<u>(2,519)</u>	<u>(227)</u>	<u>(1,010)</u>	<u>(1,237)</u>	<u>(126)</u>	<u>-</u>	<u>(126)</u>
Transfer to (from) reserves	<u>115</u>	<u>(4,409)</u>	<u>(4,294)</u>	<u>(16)</u>	<u>7,034</u>	<u>7,018</u>	<u>15</u>	<u>673</u>	<u>688</u>
Basic Return per share	1.1p	(18.7)p	(17.6)p	2.1p	79.6p	81.7p	1.4p	6.7p	8.1p
Fully Diluted Return per share	1.0p	(17.0)p	(16.0)p	1.9p	72.4p	74.3p	1.4p	6.7p	8.1p

All revenue and capital items in the above statement derive from continuing operations.  
 Income is restated in accordance with FRS 16.

CLOSE BROTHERS AIM VCT PLC


REPORT AND INTERIM ACCOUNTS 30 JUNE 2000

**Unaudited Summary Balance Sheet  
at 30 June 2000**

	<b>30 June 2000</b> Ordinary Shares £'000	<b>29 February 2000</b> Ordinary Shares £'000
<b>Fixed Asset Investments (note 5)</b>		
Qualifying Investments	8,643	11,607
Non-qualifying Investments	<u>4,492</u>	<u>4,620</u>
<b>Total fixed asset investments</b>	13,135	16,227
<b>Current Assets</b>		
Debtors	174	136
Short term money market deposits	<u>2,567</u>	<u>1,398</u>
	2,741	1,534
<b>Creditors: due within one year</b>	<u>(3,682)</u>	<u>(1,235)</u>
<b>Net current (liabilities)/assets</b>	<u>(941)</u>	<u>299</u>
<b>Net assets</b>	<u>12,194</u>	<u>16,526</u>
<b>Capital and Reserves (note 6):</b>		
Called up share capital	5,038	5,050
Share premium account	-	4,545
Special reserve	4,507	-
Capital redemption reserve	12	-
Capital reserve		
realised	203	190
unrealised	2,260	6,682
Profit and Loss account	<u>174</u>	<u>59</u>
<b>Total Shareholders' funds</b>	<u>12,194</u>	<u>16,526</u>
<b>Basic net asset value per share</b>	121.1p	163.6p
<b>Fully diluted net asset value per share</b>	119.0p	157.7p

These interim accounts were approved by the Board of Directors on 28 July 2000.

Signed on behalf of the Board of Directors

  
M A F Reeve  
Chairman

# CLOSE BROTHERS AIM VCT PLC

## REPORT AND INTERIM ACCOUNTS 30 JUNE 2000

### NOTES TO THE ACCOUNTS

Period ended 30 June 2000

#### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" (SORP) in all material aspects. The Company is no longer an investment company within the meaning of s266, Companies Act 1985. However, it conducts its affairs as a venture capital trust for taxation purposes under s842AA of the Income and Corporation Taxes Act 1988. The Directors therefore consider it necessary to present the accounts in accordance with the SORP giving a statement of total return in which the revenue section is the profit and loss account of the Company. The revenue section excludes certain capital items which, since the Company is not an investment company, the Companies Act and FRS 3 would ordinarily require to be included in the profit and loss account: profits and losses on disposal of investments, calculated by reference to their previous carrying amount. In the opinion of the Directors the inclusion of these items in the profit and loss account would be misleading because they would obscure and distort both the revenue and capital performance of the Company and would not show clearly the revenue profits emerging to be distributable by way of dividend. The Directors therefore consider that these departures from the specific provisions of Schedule 4 of the Companies Act relating to the form and content of accounts for companies other than investment companies and these departures from accounting standards are necessary to give a true and fair view. The departures have no effect on the total return or on the balance sheet and are consistent with the prior year.

The particular accounting policies adopted are described below.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention, modified by the revaluation of certain investments.

#### **Investments**

Listed investments and investments quoted on AIM are stated at market value based upon middle market prices at the end of the accounting period. The unrealised depreciation or appreciation on the valuation of investments are dealt with in the unrealised capital reserve, whilst gains and losses arising on the disposal of investments are dealt with in the realised capital reserve.

It is not the Company's policy to exercise controlling or significant influences over investee companies. Therefore the results of these companies are not incorporated into the revenue account except to the extent of any income accrued.

# CLOSE BROTHERS AIM VCT PLC

## REPORT AND INTERIM ACCOUNTS 30 JUNE 2000

### Income and expenses

All income and expenses are treated on the accruals basis and dividend income is included in revenue when the investment is quoted ex-dividend. Income received is treated in accordance with Financial Reporting Standard No. 16.

### Management charge

75 per cent. of management fees representing the proportion of the investment management expenses attributable to the enhancement of the value of the investments of the Company, have been charged to capital reserves, net of corporation tax. The balance of all other expenses is charged to the revenue account.

### Taxation

Taxation has been applied on the current basis in accordance with Financial Reporting Standard No.16. This change in accounting policy does not affect the previous year's results or the brought forward reserves of the company.

## 2. RETURN PER SHARE

A weighted average of 10,094,877 Ordinary Shares were in issue throughout the period.

## 3. INCOME

	<i>4 months to 30 June 2000</i>	<i>6 months to 31 August 1999</i>
	<i>Ordinary Shares</i>	<i>Ordinary Shares</i>
	<i>£</i>	<i>£</i>
Dividends	29	26
Income from UK floating rate interest securities	91	135
Bank interest	45	63
Other income	<u>6</u>	<u>1</u>
	<u>171</u>	<u>225</u>

The six months to 31 August 1999 is restated in accordance with FRS 16.

## 4. DIVIDEND

The directors recommend the payment of a special capital dividend of 25 pence per ordinary share for the period to 30 June 2000. This will amount to £2,518,750 payable on 29 September 2000, to shareholders registered on 11 August 2000.

The directors do not recommend the payment of a revenue dividend at this interim stage. However the directors expect to be able to announce a revenue dividend in November, payable to ordinary shareholders, for the six month period to 31 August 2000.

CLOSE BROTHERS AIM VCT PLC

REPORT AND INTERIM ACCOUNTS 30 JUNE 2000

5. FIXED ASSET INVESTMENTS

	<i>Qualifying AIM Investments</i>	<i>Non- Qualifying AIM Investments</i>	<i>Non- Qualifying Unlisted Investments</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Beginning of period: at valuation	11,607	128	4,492	16,227
Purchases at cost	1,708	-	999	2,707
Sales - proceeds	(2,639)	(390)	(1,000)	(4,029)
realised profit on sales	2,357	296	(1)	2,652
Increase/(decrease) in unrealised appreciation	(4,390)	(34)	2	(4,422)
Closing valuation: 30 June 2000	<u>8,643</u>	<u>-</u>	<u>4,492</u>	<u>13,135</u>
Opening book cost	<u>4,954</u>	<u>94</u>	<u>4,497</u>	<u>9,545</u>
Closing book cost	<u>6,379</u>	<u>-</u>	<u>4,496</u>	<u>10,875</u>

6. MOVEMENT IN RESERVES AND SHARE CAPITAL

	<i>Share capital</i>	<i>Share premium account</i>	<i>Special reserve</i>	<i>Realised capital reserve</i>	<i>Unrealised capital reserve</i>	<i>Revenue reserve</i>	<i>Capital redemption reserve</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Beginning of period	5,050	4,545	-	190	6,682	59	-
Cancellation of share premium	-	(4,545)	4,545	-	-	-	-
Cost of cancellation of share premium	-	-	(7)	-	-	-	-
Purchase of own shares	(12)	-	(31)	-	-	-	12
Net gain on realisation of investments	-	-	-	2,652	-	-	-
Costs associated with realisation	-	-	-	(14)	-	-	-
Increase in unrealised appreciation	-	-	-	-	(4,422)	-	-
Costs charged to capital net of tax	-	-	-	(106)	-	-	-
Capital dividend	-	-	-	(2,519)	-	-	-
Retained net revenue for the year	-	-	-	-	-	115	-
End of period	<u>5,038</u>	<u>-</u>	<u>4,507</u>	<u>203</u>	<u>2,260</u>	<u>174</u>	<u>12</u>