BARONSMEAD VCT 2 plc

(Registered Number 3504214)

INTERIM ACCOUNTS

FOR THE SIX MONTHS

TO 30 SEPTEMBER 2002

BARONSMEAD VCT 2 plc

Profit and Loss Account

	Notes	Six months to 30 September 2002 £'000	Year to 31 March 2002 £'000
Income			
Franked income		81	157
Unfranked investment income		769	1,918
Deposit interest		26	60
Other income		2	-
Total income	1	878	2,135
Expenses			
Administrative expenses		(249)	(545)
Revenue before taxation		629	1,590
Taxation	2	(146)	(434)
Earnings		483	1,156
Ordinary dividends		(408)	1,142
		75	14
Earnings per Ordinary Share		1.18p	2.84p
Dividend per Ordinary Share		1.00p	2.80p

BARONSMEAD VCT 2 plc

Balance Sheet

	Notes	As at 30 September 2002 £'000	As at 31 March 2002 £'000
Fixed Assets			
Investments	3	38,161	39,667
Current Assets			
Debtors	4	1,068	1,082
Cash at bank and on deposit		81	2,752
Creditors (amounts falling due within one year)	5	(916)	(2,307)
Net current assets/(liabilities)		233	1,527
Total assets less current liabilities		38,394	41,194
Capital and Reserves			
Ordinary shares	6	4,098	4,097
Share premium account	7	39,979	39,964
Capital reserve realised	8	(1,950)	(1,667)
Capital reserve unrealised	8	(3,851)	(1,243)
Revenue reserve	8	118	43
Ordinary shareholders' funds		38,394	41,194
Net asset value per ordinary share		93.69p	100.54p

Director

BARONSMEAD VCT 2 plc

1. Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period is set out below.

a) **Basis of accounting**
The accounts are prepared under the historical cost convention modified to include revaluation of investments.

b) **Valuation of investments**
Quoted investments are valued at middle market prices. Unquoted investments are valued by the Directors in accordance with the following rules, which are consistent with the British Venture Capital Association guidelines:

1. Investments which have been made to date are valued at cost in the absence of overriding factors.

2. Investments which have been held for more than twelve months are valued using a price earnings ratio (at a significant discount to an appropriate stock market prospective price earnings ratio) in the absence of over-riding factors. Where such factors apply, alternative methods of valuation will include application of an arms length third party valuation, a provision on cost, or a net asset basis.

c) **Income**
Interest income on loan stock and dividends on preference shares are accrued on a daily basis. Provision is made against this income where recovery is doubtful.

Dividends on quoted shares are recognised as income on the date that the related investments are marked ex dividend.

Income from fixed interest securities and deposit interest are included on an accruals basis.

d) **Expenses**
All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except where incurred in connection with the maintenance or enhancement of the value of the Company's assets and taking account of the expected long term returns as follows:
Management fees payable have been allocated 25 per cent to revenue and 75 per cent to capital.

e) **Capital reserves**

Capital Reserve Realised:

The following are accounted for in this reserve:
- gains and losses on realisation of investments
- realised exchange differences of a capital nature
- expenses and finance costs, together with the related taxation effect, charged to this reserve in accordance with the above policies.

Capital Reserve Unrealised
The following are accounted for in this reserve:
- increases and decreases in the valuation of investments held for the period.

BARONSMEAD VCT 2 plc

		Six months to 30 September 2002 £'000	Year to 31 March 2002 £'000
1.	**Income**		
	Listed UK	718	1,739
	Unlisted UK	132	336
	Deposit interest	26	60
	Underwriting commission	2	-
		878	2,135
2.	**Taxation**		
	Corporation tax	146	434
		146	434
3.	**Investments**		
	Cost at 31 March 2002	41,136	
	Additions at cost	23,997	
	Disposals at cost	(22,895)	
	Cost at 30 September 2002	42,238	
	Unrealised depreciation	(4077)	
	Valuation at 30 September 2002	38,161	
	Listed investments	20,921	
	Quoted on the Alternative Market/Ofex	5,932	
	Unquoted investments	11,308	
		38,161	

BARONSMEAD VCT 2 plc

Notes to the Accounts

	As at 30 September 2002 £'000	As at 31 March 2002 £'000
4. Debtors		
Income tax recoverable	-	12
Accrued income	773	824
Other debtors	295	246
	1,068	1,082

5. Creditors (amounts falling due within one year)

Ordinary dividend	410	615
Taxation	273	231
Due to brokers	-	1,195
Other creditors	233	266
	916	2,307

6. Share Capital

Authorised

50,500,000 ordinary shares at 10p each	5,050	5,050
	£5,050	£5,050

Allotted, called up and fully paid:

40,971,186 ordinary shares of 10p each at 31 March 2002	4,097
100,000 bought for cancellation during May 2002	(10)
67,012 issued during June 2002	7
78,377 issued during July 2002	8
35,000 bought for cancellation during July 2002	(4)
As at 30 September 2002	4,098

BARONSMEAD VCT 2 plc

Notes to the Accounts

7. Share Premium Account

	£'000
40,971,186 ordinary shares of 10p each at 31 March 2002	39,964
100,000 bought for cancellation during May 2002	(83)
67,012 issued during June 2002	63
78,377 issued during July 2002	71
35,000 bought for cancellation during July 2002	(27)
Expenses of Issue	(9)
As at 30 September 2001	39,979

8. Reserves

Capital Reserve Realised

At 31 March 2002	(1,667)
Loss on realisation of investments	(77)
Management fees charged to capital	(298)
Corporation tax thereon	92
At 30 September 2002	(1,950)

Capital Reserve Unrealised

At 31 March 2002	(1,243)
Depreciation of investments during the period	(2,834)
Deferred consideration receivable	226
At 30 September 2002	(3,851)

Revenue Reserve

At 31 March 2002	43
Retained revenue for the period	75
At 30 September 2002	118