

**Rensburg  
VCT plc**

**Report & Financial  
Statements 2005**

**Company Number: 3145895**



# The Company

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## Structure

Rensburg VCT plc (formerly Capital for Companies VCT plc) is a Venture Capital Trust ('VCT') established to provide individual investors with an opportunity to invest in unquoted companies, most of which are traded on the Alternative Investment Market of the London Stock Exchange ('AIM') and which meet the qualifying company requirements of the VCT legislation. By subscribing for new shares in the Company investors are able to take advantage of tax benefits available from investing in VCTs. These benefits are described on page 31. The Company has received full approval from the Inland Revenue as a VCT.

The Company was incorporated on 15 January 1996 and was registered as an investment company under Section 266 of the Companies Act 1985. It remained an investment company until 2 December 1998 when registration was revoked to allow the Company to purchase its own shares by using a new reserve which was created on cancellation of the Company's share premium account.

## Investment Objective

The Company's objective is to provide shareholders with an attractive return on their investment over the longer term by paying dividends out of both income and where possible, realised capital profits.

## Investment Policy

Funds raised are invested initially in gilt-edged stocks and blue-chip equities managed by Rensburg Investment Management Limited and unit trusts managed by Rensburg Fund Management Limited. New qualifying investments in a diversified portfolio of mainly AIM companies are funded through the realisation of these initial investments. Before making an investment, the manager must obtain approval from the VCT Board, which comprises experienced businessmen and professionally qualified directors.

## Manager

The Board has appointed the VCT division of Rensburg Investment Management Limited ('RIML') (formerly Capital for Companies) to provide investment management and secretarial services.

RIML's VCT division was established in 1983. It has raised in excess of £150 million for venture capital, business expansion scheme investments and inheritance tax planning products.

RIML's VCT division has developed an expertise in making investments in companies whose shares are traded on AIM. These companies are situated throughout the UK. RIML's VCT division executives maintain regular contact with the investee company and are responsible for monitoring the progress of the investment.

## Financial Summary

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### Financial Headlines

for the financial year ended 31 March 2005

	2005	2004
Net assets	£11,557,000	£11,803,000
Net asset value per share	73.13p	73.81p
Revenue return before tax	£155,000	£202,000
Revenue return per share after tax	1.01p	1.21p
(Loss)/profit on ordinary activities after tax	(£10,000)	£298,000
(Losses)/earnings per share	(0.06p)	1.84p
Dividends per share (including interim)	4.50p	3.00p
Total dividends returned to investors (since inception)	38.50p	34.00p

### Financial Calendar

Annual General Meeting	27 July 2005
Final Dividend Payable	26 August 2005
Interim Results Announced	November 2005
Interim Dividend Payable	January 2006

## Chairman's Statement

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### Introduction

I am pleased to present the Chairman's Statement for the Company's ninth annual report and accounts. As previously reported our name was changed from Capital for Companies VCT plc to Rensburg VCT plc at last year's AGM and this has therefore been the first year of trading under our new name.

The recovery in most major stock markets has continued, albeit at a modest rate in the latter part of 2004 and the first quarter of this year. Whilst AIM companies have also benefited, most of the increases have been in the resources sector (minerals, oil and gas industries) which due to the nature of their 'non-qualifying' activities are not eligible for investment by VCTs. The AIM index (of which the resources sector now comprises some 32.3%) increased by 19.7% in the year to 31 March 2005. With 19.4% of our portfolio in blue chip equities our own performance should also be considered in terms of the FTSE 100, which increased by 10.9%.

### Net Asset Value (NAV)

NAV at 31 March 2005 was 73.13 pence per share (2004: 73.81 pence per share), a 5.2% increase before allowing for the dividend of 4.5 pence per share in respect of the year.

### Investments

At the year end the Company had 36 qualifying investments in AIM and unquoted companies which had a book cost of £6.1 million and were valued at £7.1 million. During the period we sold over £5.7 million of investments realising a profit of £135,000 (2004: profit of £396,000).

We continue to invest in established AIM companies in growth industries. During the year we invested £1.4 million in seven qualifying companies, details of which can be found in the Manager's Report.

### Results and dividend

The total return on ordinary activities before tax in the year was a loss of £10,000 (2004: profit of £298,000). Offsetting this loss was an unrealised gain on the valuation of investments of £550,000 (2004: gain of £1.7 million). The total return after tax (including unrealised gains) was 3.39 pence per share (2004: 12.29 pence per share).

I am pleased to report that the Company made a positive revenue return on ordinary activities after tax of £161,000 (2004: £197,000) equivalent to 1.01 pence per share (2004: 1.21 pence per share). We intend to distribute all of these revenue profits together with a proportion of reserves as a dividend. In addition to the interim dividend of 1.0 pence per share we now propose, subject to shareholders' approval, to pay a final dividend of 3.5 pence per share (2004: 2.0 pence per share) on 26 August 2005 to shareholders on the register at close of business on 29 July 2005.

The total dividend for the year is therefore 4.5 pence per share (2004: 3.0 pence per share), an increase of 50%. Including the current proposed final dividend we will have paid a total of 38.5 pence per share to shareholders since inception of the VCT. Under VCT legislation no tax is payable on these dividends.

### VCT Status

The Board continues to be mindful of achieving and maintaining its VCT qualifying status. We must invest at least 70% of the net funds raised in any one accounting period into qualifying investments within three years. As the Company has raised funds over several accounting periods there are separate 70% tests to be satisfied. I am pleased to report that over 70% of all funds raised prior to the current year have been invested in qualifying investments to date. Your Board remains confident that we will have no difficulty in maintaining our VCT qualifying status in the future.

### Share Buy-Back

During the year we repurchased 417,465 (2004: 296,386) ordinary shares at a cost of £242,000 (2004: £175,000). Unfortunately, the market in VCT shares is still non-existent with demand being concentrated on new share issues which attract valuable tax breaks. In order to facilitate an exit for those shareholders who need to realise their investment we intend to maintain the Company's ability to act as a purchaser of its own shares where this is in the interest of all shareholders. We will therefore be asking shareholders to renew the Board's power to purchase the Company's shares in the market. This policy should have the effect of improving our share price in the market, relative to our NAV.

### Share Issues

Under this year's Offer for Subscription, we issued 229,532 new shares raising £168,000 (net of issue costs). The current favourable legislation whereby investors get income tax relief of 40% against the cost of ordinary shares in a VCT is due to expire on 5 April 2006 and therefore your Board will be issuing an Offer for Subscription later in the current tax year. Under the terms of the Offer the shares will be issued at a premium to the then current NAV per share to cover costs and so that the share issue would not dilute the existing shareholders' NAV per share. The new capital will allow us to make new investments and also provide additional funds for the repurchase of shares. A prospectus for this Offer will be sent to you as soon as possible.

As part of the fund raising process we will be asking shareholders at the forthcoming Annual General Meeting for the authority to negotiate improved terms in the Management Agreement with our manager, Rensburg Investment Management Limited.

## VCT merger regulations

In 2004 the Inland Revenue issued regulations allowing for the merger of VCTs. We have examined the possible implications of the new regulations on this VCT and concluded that the costs of effecting such a merger with Rensburg Aim VCT plc are currently prohibitive in relation to the potential savings.

## Outlook

At 31 May 2005 our unaudited NAV was 71.09 pence per share after providing for the payment of the dividend referred to above. Now that the UK General Election is out of the way and with global economies continuing to enjoy relatively benign conditions, prospects for the smaller corporate sector should continue to be favourable. The main uncertainty is a possible resurgence in inflation caused by higher oil prices and interest rates. The Chancellor may be forced to increase taxation to fund the public sector and this too will depress UK stock markets. However, corporate profitability appears to be improving at present and this is the basis of a sound and growing Stock Market.

## Shareholder Communications

Shareholders wishing to keep in touch with our progress should visit our website at [www.renburgvct.co.uk](http://www.renburgvct.co.uk). This contains publicly available information including our annual and interim accounts, recent investments and also the latest NAV and share price. Our share price is also quoted in the Financial Times under 'Investment Companies'.

On behalf of all shareholders I would like to thank my fellow directors, our Manager and professional advisers for their continued contributions over the past year.

**William M. Cran**  
*Chairman*

22 June 2005

## Manager's Report

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### Introduction

The improvement in equity markets reported last year was sustained into the early part of 2005 although this upwards momentum has recently declined as a result of the UK General Election and sluggish growth predictions for the remainder of the year. Once again the AIM index has outperformed the leading FTSE indices as small and medium sized companies attract investor interest with a record number of flotations and money raised, together with a vast improvement in liquidity for AIM company shares. Unfortunately, many of the AIM 'stars' are not eligible for VCT investment as their activities relate to the resources sector. Despite this, our net asset value continued the improvement established in the previous year with a 5.2% gain before dividends paid and proposed. Rensburg VCT retained its 'mid-table' place of VCTs established in the tax year 1995-1996\* where it is currently ranked 6th (out of 12).

As stated last year we have maintained a cautious investment approach and have only committed such funds as are required to comply with the VCT legislation. We predominantly invest in established, profitable and relatively low-tech companies, which offer more stability to the portfolio. We still maintain a substantial amount of shareholders' funds in blue-chip equities but have reduced our exposure to unit trusts and gilts.

### Investment Policy

The companies selected for investment by us are usually traded on AIM, or hope to join within the next 12 months and:

- have a good track record;
- operate in growth markets;
- offer superior services or products to their competitors;
- have sufficient funds to finance growth;
- have experienced, committed (in terms of share ownership and options) and balanced management teams; and
- expect to have good liquidity to enable their shares to be traded.

Prior to making an investment we spend considerable time researching the company and the sector in which it operates. We always meet the management team and often cross-reference our views with other VCTs. During the year we reviewed over 100 proposals from AIM and unquoted qualifying companies.

### VCT Status Targets

We must invest at least 70% of new funds raised in any one accounting period into qualifying companies within three years. We are pleased to confirm that we have reached the relevant targets and have maintained this level throughout the year in respect of all funds raised prior to the year 2004/2005. The board is confident of maintaining this level in the future.

### Qualifying Investments

During the year we invested £1,439,000 (2004: £470,000) in seven (2004: four) qualifying companies all of which are on AIM and two of which, Computer Software Group and AdVal Group, were existing investments.

The new companies backed during the year were:

**Media Square plc** floated on AIM in August 2000 and following several small acquisitions new management were appointed and the business was refocused around two core activities, marketing communications and retail marketing services. In April 2004 the company raised £10.6 million through an institutional placing in which Rensburg VCT subscribed £300,000. The placing raised funds to enable the company, based in Buxton, Derbyshire to make several acquisitions, the largest of which was the purchase, in October 2004 for £22 million, of Coutts Holdings of London which also traded on AIM and whose business is the provision of retail communications services to a 'blue-chip' client base. This acquisition has been successfully integrated and the enlarged group now has annual sales of £60 million and is profitable.

**Independent Media Services plc** is an established, profitable business which provides ancillary services, principally subtitling and translation, to the TV, film and media industries and is hoping to benefit from recent legislative changes to provide enhanced facilities for the deaf and hard of hearing. This London based company floated on AIM in June 2004 and raised £3.5 million, of which Rensburg VCT invested £276,000. The monies raised were used to pay down debt incurred in a management buy-out. Since flotation the company has announced several important contracts which should boost sales and profits.

\*Source: Tax Effective Investor (April 2005)

**fountains plc** is a leading provider of environmental services throughout the UK for the forestry, utility and landscaping industries. This Banbury based company joined AIM in 1996 and in June 2004 raised £5.5 million, of which Rensburg VCT subscribed £165,000. The funds were raised for two proposed acquisitions which, in the event did not proceed. The company continues to look for suitable opportunities to expand the business and, in the meantime, has utilised the funds raised in the placing to provide working capital. Turnover in 2004 was over £36 million and the company continues to trade profitably.

**Andor Technology plc** floated on AIM in December 2004 raising £4.5 million, of which Rensburg VCT subscribed £200,000. This company is based in Belfast and operates at the high-value end of the £20 billion plus global digital camera market. The cameras are principally used by university research departments and within industry and are attached to microscopes, telescopes and spectrographs with the ability to measure light down to one photon, the lowest possible level. The placing proceeds have been used towards the acquisition of a new factory and production facilities, which should enable the company to expand its product range to medium-value cameras now under development. The company is profitable and had sales of £12 million in 2004, a significant proportion of which were exported.

**Straight plc** distributes environmental containers for the collection, transportation and storage of household waste for disposal or recycling. This Leeds based company floated on AIM in November 2003 raising £1.5m and in December 2004 raised a further £5 million, of which Rensburg VCT subscribed £143,000. The monies raised were used to part fund the £6.75 million acquisition of a similar business also based in Leeds. The enlarged group is now a major player in the waste container market and out-sources these to a variety of manufacturers in the UK and overseas. Prior to the recent acquisition, 2004 sales were over £14 million and the company is profitable.

At the year end we had investments in 36 qualifying companies of which 31 are on AIM and 5 are unquoted with a total cost of £6.1 million and valuation of £7.1 million. We have realised £965,000, resulting in a net loss of £65,000, from the sale of the entire or partial holdings in 11 AIM companies and one unquoted company. At the year end our ten largest investments by valuation had a book cost of £2.3 million and a valuation of £4.0 million, representing 35% of net assets.

## Non-Qualifying Investments

At the year end some 13% of net assets were invested in fixed interest securities. A further 19% of net assets were held in blue-chip equities managed by Rensburg Investment Management Limited with a further 6% held in cash pending investment and the payment of the dividend.

During the year we realised £2 million from the redemption of a gilt, £125,000 from the sale of part of the quoted equity portfolio and non-qualifying AIM investments and £2.5 million from the sale of all of our unit trust holdings. These sales resulted in an overall profit of £241,000.

## New Share Issue

The enhanced 40% income tax 'break' for investors in new VCT shares had the desired effect of vastly increasing the amount raised by the 'industry'. Over £500 million was raised by the financial year end of 5 April 2005, of which £200 million found its way into AIM VCTs. We are hoping to take advantage of the favourable conditions for raising funds later this financial year.

## Outlook

As stated above, AIM enjoyed a remarkable year and with our policy of investing mainly in AIM companies we are confident of our future prospects. In 2004, a record 294 UK companies joined AIM and raised over £2.7 billion and at 31 May 2005 there were 1,053 companies trading on AIM. Many established AIM companies are raising further funds to finance their expansion giving us new opportunities to invest. However, we are aware that valuations have increased dramatically over the past year and, as conservative investors, we concentrate *only on companies which offer us good value and upside potential, which is why our 'conversion rate' of new investment proposals remains very low.*

Assuming market conditions remain favourable we are optimistic for the future.

### Barry Anysz

Senior Investment Director  
Rensburg Investment Management Limited  
22 June 2005

# Investment Portfolio Summary

as at

6 31 March 2005

Investment	Book cost* £000	Valuation £000	% of total net assets (by value)	Unrealised gain/(loss) £000
<b>Ten largest qualifying investments</b>				
Computer Software Group plc	424	579	5.01	155
Glisten plc	153	553	4.79	400
CRC Group plc	219	513	4.44	294
Media Square plc	300	462	4.00	162
Connaught plc	111	441	3.81	330
Huveaux plc	205	327	2.83	122
Inter Link Foods plc	88	320	2.77	232
Tikit Group plc	190	302	2.61	112
Primal Pictures Ltd	400	286	2.47	(114)
Andor Technology plc	200	252	2.18	52
	2,290	4,035	34.91	1,745
<b>Other qualifying investments</b>	3,767	3,030	26.22	(737)
<b>Total qualifying investments</b>	<b>6,057</b>	<b>7,065</b>	<b>61.13</b>	<b>1,008</b>
<b>Non-qualifying investments</b>				
<b>Fixed interest securities</b>				
5% Treasury Stock 2008	497	504	4.37	7
European Investment Bank 5.5% 2009	999	1,023	8.85	24
	1,496	1,527	13.22	31
<b>Other non-qualifying investments</b>				
Quoted equities	2,077	2,247	19.44	170
Non-qualifying AIM investments	29	22	0.19	(7)
	2,106	2,269	19.63	163
<b>Total non-qualifying investments</b>	<b>3,602</b>	<b>3,796</b>	<b>32.85</b>	<b>194</b>
<b>Total investments</b>	<b>9,659</b>	<b>10,861</b>	<b>93.98</b>	<b>1,202</b>
Net current assets		696	6.02	
<b>Net assets</b>		<b>11,557</b>	<b>100.00</b>	

\* Historic cost of investments less amounts written off as permanent diminutions in value.



Sector	Company	Book cost* £000	Valuation £000	% of total net assets (by value)	Unrealised gain/(loss) £000
Computer, IT, electronics and communications	Computer Software Group plc	424	579	5.01	155
	CRC Group plc	219	513	4.44	294
	Tikit Group plc	190	302	2.61	112
	Primal Pictures Ltd	400	286	2.47	(114)
	Radii Ltd	195	195	1.69	-
	Quadnetics Group plc	150	189	1.63	39
	XKO plc	225	156	1.35	(69)
	Systems Union Group plc	163	151	1.30	(12)
	Vianet Group plc	71	69	0.59	(2)
	Sirius Financial Group plc	106	62	0.54	(44)
	Zoo Digital Group plc	19	22	0.19	3
		<b>2,162</b>	<b>2,524</b>	<b>21.82</b>	<b>362</b>
Support services and transport	Connaught plc	111	441	3.81	330
	PM Group plc	152	244	2.11	92
	MacLellan Group plc	114	221	1.91	107
	Straight plc	143	219	1.90	76
	fountains plc	165	205	1.78	40
	Lloyds British Testing plc	150	82	0.71	(68)
	Xpertise Group plc	200	75	0.64	(125)
	AdVal Group plc	88	71	0.62	(17)
		<b>1,123</b>	<b>1,558</b>	<b>13.48</b>	<b>435</b>
Media and entertainment	Media Square plc	300	462	4.00	162
	Huveaux plc	205	327	2.83	122
	Andor Technology plc	200	252	2.18	52
	Independent Media Support Group plc	172	146	1.26	(26)
	Stagecoach Theatre Arts plc	179	110	0.96	(69)
	Forward Media Ltd	50	50	0.43	-
		<b>1,106</b>	<b>1,347</b>	<b>11.66</b>	<b>241</b>
Consumer and distribution	Glisten plc	153	553	4.79	400
	Inter Link Foods plc	88	320	2.77	232
	Blooms of Bressingham plc	263	114	0.99	(149)
		<b>504</b>	<b>987</b>	<b>8.55</b>	<b>483</b>
Beverages, leisure and hotel	Honeycombe Leisure plc	253	202	1.75	(51)
	Inventive Leisure plc	107	105	0.91	(2)
	Blavod Extreme plc	250	45	0.39	(205)
	Wineworld (London) Ltd	25	25	0.22	-
		<b>635</b>	<b>377</b>	<b>3.27</b>	<b>(258)</b>
Health and personal care	Oasis Healthcare plc	352	120	1.04	(232)
	Cobra Bio-manufacturing plc	130	110	0.95	(20)
	Tissuemed Ltd	25	25	0.22	-
	AorTech International plc	20	17	0.14	(3)
		<b>527</b>	<b>272</b>	<b>2.35</b>	<b>(255)</b>
<b>Total qualifying investments</b>		<b>6,057</b>	<b>7,065</b>	<b>61.13</b>	<b>1,008</b>

\* Historic cost of investments less amounts written off as permanent diminutions in value.

## Ten Largest Qualifying Investments

8 (by valuation)

### Computer Software Group plc - London

First Investment:	May 2003	Year ended: 28 February	2004
Equity held:	2.86%		£000
Cost: (£000)	424	Turnover	6,253
Valuation: (£000)	579	Loss before tax	(343)
Valuation basis:	Mid-market price	Retained loss	(7,416)
Type of security:	Ordinary shares	Net assets	6,285

Computer Software Group is engaged in the provision of computer consultancy and the development and marketing of computer software for ticketing, membership and accounting applications

\* Rensburg Aim VCT plc holds 4.42% of the equity share capital.

### Glisten plc - Blackburn

First Investment:	June 2002	Year ended: 30 June	2004
Equity held:	1.91%		£000
Cost: (£000)	153	Turnover	20,755
Valuation: (£000)	553	Profit before tax	1,331
Valuation basis:	Mid-market price	Retained profit	1,420
Type of security:	Ordinary shares	Net assets	9,577

Glisten manufactures and supplies a range of confectionery to many of the leading supermarket chains.

\* Rensburg Aim VCT plc holds 2.31% of the equity share capital.

### CRC Group plc - Thame

First Investment:	November 1997	Year ended: 31 December	2004
Equity held:	0.81%		£000
Cost: (£000)	219	Turnover	69,258
Valuation: (£000)	513	Profit before tax	4,613
Valuation basis:	Mid-market price	Retained profit	9,201
Type of security:	Ordinary shares	Net assets	25,072

CRC Group services and repairs electronic equipment, computer equipment, mobile communication equipment and peripherals.

\* Other funds managed by Rensburg Investment Management Limited hold 0.74% of the equity share capital.

### Media Square plc - Buxton

First Investment:	April 2004	Year ended: 31 October	2004
Equity held:	0.86%		£000
Cost: (£000)	300	Turnover	19,462
Valuation: (£000)	462	Profit before tax	1,514
Valuation basis:	Mid-market price	Retained loss	(1,935)
Type of security:	Ordinary shares	Net assets	28,450

Media Square provides marketing communications and retail marketing services to a wide range of clients throughout the UK.

\* Rensburg Aim VCT plc holds 0.57% of the equity share capital.

### Connaught plc - Exeter

First Investment:	December 1998	Year ended: 31 August	2004
Equity held:	0.42%		£000
Cost: (£000)	111	Turnover	208,961
Valuation: (£000)	441	Loss before tax	(2,517)
Valuation basis:	Mid-market price	Retained loss	(1,350)
Type of security:	Ordinary shares	Net assets	23,763

Connaught provides facilities management and building support services throughout the UK

\* Other funds managed by Rensburg Investment Management Limited hold 0.69% of the equity share capital.

**Huveaux plc - London**

First Investment:	March 2003	Year ended: 31 December	2004
Equity held:	0.77%		£000
Cost: (£000)	205	Turnover	14,433
Valuation: (£000)	327	Profit before tax	2,128
Valuation basis:	Mid-market price	Retained profit	1,221
Type of security:	Ordinary shares	Net assets	39,120

Huveaux is the UK's leading publisher of parliamentary directories and also publishes a range of educational revision guides.

\* Rensburg Aim VCT plc holds 0.97% of the equity share capital.

**Inter Link Foods plc - Blackburn**

First Investment:	August 1998	Year ended: 7 May	2004
Equity held:	0.52%		£000
Cost: (£000)	88	Turnover	69,625
Valuation: (£000)	320	Profit before tax	3,935
Valuation basis:	Mid-market price	Retained profit	6,201
Type of security:	Ordinary shares	Net assets	21,068

Inter Link manufactures and sells own label cakes and pastries to major retail multiples.

\* Rensburg Aim VCT plc holds 0.56% of the equity share capital, other funds managed by Rensburg Investment Management Limited hold 1.21%

**Tikit Group plc - London**

First Investment:	June 2001	Year ended: 31 December	2004
Equity held:	1.32%		£000
Cost: (£000)	190	Turnover	11,903
Valuation: (£000)	302	Profit before tax	859
Valuation basis:	Mid-market price	Retained profit	1,275
Type of security:	Ordinary shares	Net assets	4,701

Tikit is a provider of consultancy services and software solutions principally to the IT departments of a number of the UK's top 200 law firms.

\* Rensburg Aim VCT plc holds 2.02% of the equity share capital.

**Primal Pictures Ltd - London**

First Investment:	November 1999	Year ended: 31 December	2003
Equity held:	5.54%		£000
Cost: (£000)	400	Turnover	2,183
Valuation: (£000)	286	Loss before tax	(670)
Valuation basis:	Directors' value	Retained loss	(4,685)
Type of security:	Ordinary & preference shares	Net liabilities	(178)

Primal develops and publishes CD-ROM based three-dimensional representations of the human body aimed at the medical and educational markets. No dividends were received from this investment during the year.

\* Rensburg Aim VCT plc holds 3.08% of the equity share capital.

**Andor Technology plc - Belfast**

First Investment:	December 2004	Year ended: 30 September	2004
Equity held:	0.87%		£000
Cost: (£000)	200	Turnover	11,652
Valuation: (£000)	252	Profit before tax	1,201
Valuation basis:	Mid-market price	Retained profit	2,963
Type of security:	Ordinary shares	Net assets	5,752

Andor develops and manufactures high performance digital cameras and their associated products used for the measurement of light.

\* Rensburg Aim VCT plc holds 1.31% of the equity share capital.

\* Details of equity share capital percentages held by other funds managed by Rensburg Investment Management Limited – VCT Division.

## Directors

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**William M. Cran (age 56) (Non-Executive Chairman)**

Bill has over 25 years experience in the property, instalment credit and leasing industries. He was the founder and executive chairman of Birkby plc until its merger with Mentmore Abbey plc. He has also been a director of a number of AIM companies and is currently a director of several unquoted companies. Bill was appointed Chairman on 18 December 2002 after serving as a non-executive director since the Company's inception.

**Barry Anysz B. Com (Hons), MSI (age 55) (Non-Executive Director)**

Barry is also a non-executive director of Rensburg Aim VCT plc and was until recently a director of Rensburg plc (now Rensburg Sheppards plc), which are both listed companies. He has 34 years' experience of the venture capital industry including 12 years with 3i plc. He has also been a director of a number of AIM companies and unquoted companies.

**Richard Battersby BA, FCA, J Dip MA (age 62) (Non-Executive Director)**

Richard is also the non-executive chairman of Rensburg Aim VCT plc, a non-executive director of BWA Group plc and a director of a number of unquoted companies. He was previously chairman of AG Holdings plc and a director of Plaxton Group plc. He has substantial venture capital experience and for a number of years was a director of several subsidiaries of The Royal Bank of Scotland plc involved in the unquoted companies sector.

**Dr Robert Toomey ACMA (age 56) (Non-Executive Director)**

Rob has considerable experience in the unquoted company sector, having been with 3i plc for 16 years and as a director of Edward Billington and Son Ltd, a privately owned company in the food industry, since 1994. He is currently a non-executive director of a number of smaller businesses and Chairman of the Investment Panel of Alliance Fund Managers Ltd, a venture capital business with funds of over £90 million.

**Timothy Wood FCA, MSI (age 63) (Non-Executive Director)**

Tim is a Chartered Accountant and became a partner in the stockbroking firm of Rensburg & Co. in 1969. Upon the merger of Rensburg & Co. with BWD Securities PLC (now Rensburg Sheppards plc) in 1988 he was appointed to the Board where he served as an executive director until 1995 and a non-executive director until September 2003.

*All the above directors are members of the Nomination and Audit committees.*

# Directors' Report

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The Directors present their report and audited financial statements for the year to 31 March 2005.

## Review of the Business and Principal Activity

The principal activity of the Company during the year under review was the making of long-term equity and loan investments, mainly on AIM.

The Company is a venture capital trust that has been listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange since April 1996. It was incorporated on 15 January 1996 and was registered as an investment company under section 266 of the Companies Act 1985. On 2 December 1998 the registration was revoked to give the Company trading status which allows it to distribute realised capital gains and purchase its own shares by using a new reserve which was created on cancellation of the Company's share premium account.

The Directors consider that the Company has conducted its affairs in such a manner that will enable it to comply with Section 842AA of the Income and Corporation Taxes Act 1988 ('ICTA 1988'). The Directors also consider that the Company was not at any time up to the date of this report a close company within the meaning of Section 414 of the ICTA 1988. The Company has received full approval as a Venture Capital Trust from the Inland Revenue.

The Directors are required by the articles of association to convene an Extraordinary General Meeting immediately after the Annual General Meeting of the Company in 2009 and, if applicable, every third year thereafter, to consider and vote on a special resolution that the Company be wound up voluntarily.

## Results and Dividend

The loss after taxation of the Company for the year was £10,000. The Directors propose the payment of a final dividend for the year of 3.5 pence per share in addition to an interim dividend of 1.0 pence per share and recommend that the balance be transferred from reserves.

## Directors' Interests

The Directors who held office at the year end had the following interests in the 10p Ordinary Shares of the Company:

	31 March 2005	31 March 2004
W. M. Cran (Chairman)	11,250	11,250
B. A. Anysz	30,750	30,750
R. G. Battersby	25,000	25,000
Dr. R. R. Toomey	15,000	15,000
T. C. J. Wood	51,299	51,299

In addition to the table above B. A. Anysz holds 20,000 shares (2004: 10,000 shares) in Zoo Digital Group plc, a company in which Rensburg VCT plc holds an investment.

T. C. J. Wood retires from the Board by rotation and being eligible offers himself for re-election at the Annual General Meeting.

All of the Directors' share interests shown above were held beneficially. On 5 April 2005 B. A. Anysz purchased a further 12,683 shares at 82 pence per share. There have been no other changes in the Directors' share interests between 31 March 2005 and the date of this report.

Except as mentioned later under the heading 'Manager', no contract existed during or at the end of the year in which any Director was materially interested and was significant to the Company's business.

## Creditor Payment Policy

It is the Company's policy to comply with the terms of payment agreed with its suppliers. Where payment terms are not negotiated, the Company endeavours to adhere to suppliers' standard terms.

## Charitable and Political Donations

The Company contributed £Nil (2004: £Nil) to charities during the year.

The Company contributed £Nil (2004: £Nil) to political parties during the year.

## Manager

The VCT Division of Rensburg Investment Management Limited ('RIML') has acted as investment adviser and manager to the Company throughout the year. The principal terms of the Company's management agreement with RIML are set out in Note 3 to the financial statements.

## Related Parties

Fees paid by this Company for services provided by Rensburg Investment Management Limited, which is a related party, amounted to £348,000 (2004: £349,000) in the year. The outstanding balance accruing to Rensburg Investment Management Limited at the year end was £Nil (2004: £9,000).

## Substantial Shareholdings

As far as the Directors are aware, there were no individual shareholdings representing 3% or more of the Company's issued share capital at the date of this report.

## Directors' Report

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### Annual General Meeting

Resolutions will be proposed as special business to enable the Directors to allot unissued shares and subject to the limits therein contained, to allot shares for cash other than to existing shareholders in proportion to their shareholdings. The resolutions enabling Directors to allot unissued shares and to allot shares for cash other than to existing shareholders in proportion to their shareholdings will be limited to the allotment of shares up to a maximum amount of £1.8 million. The Directors do not have any present intention of exercising such authority and the authority will expire at the conclusion of the next Annual General Meeting after the passing of the proposed resolution.

In addition, a resolution is proposed to authorise the Company to purchase its own shares, subject to certain specific limits. The maximum and minimum prices that may be paid for ordinary shares in exercise of such powers is as set out in resolution 7 of the Notice of Annual General Meeting on pages 32 and 33. The Directors undertake to shareholders that they will not exercise the Company's authority to purchase its own shares unless to do so would be in the best interest of shareholders generally. The Directors do not have any present intention to exercise such authority and the authority will expire at the conclusion of the next Annual General Meeting after the passing of the proposed resolution.

A further resolution is proposed to authorise the Directors to re-negotiate the Management Agreement as mentioned in the Chairman's Statement.

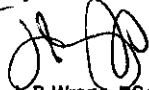
### International Financial Reporting Standards

The Company is aware of the general requirement for listed entities to adopt International Financial Reporting Standards ('IFRS') for accounting periods commencing on or after 1 January 2005. This Company is not required to adopt, nor intends to adopt IFRS due to the fact that consolidated accounts are not produced. However, the Company is aware that it will need to comply with FRS 26 and is currently reviewing its impact on future financial statements.

### Auditors

A resolution to re-appoint KPMG Audit Plc and to authorise the Directors to agree their remuneration will be put to the members at the Annual General Meeting.

By order of the Board



J. P. Wragg, BSc (Hons), ACA  
Secretary

22 June 2005

## Corporate Governance

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The Directors are committed to achieving a high standard of corporate governance including, where considered appropriate, attaining compliance with the principles and provisions of the Combined Code on Corporate Governance (the "Code") as published by the Financial Reporting Council on 23 July 2003 and appended to the Listing Rules.

The following statement and the Directors' Remuneration Report on pages 17 and 18 describe how the principles set out in the Code have been applied by the Company and detail the Company's compliance with the Code provisions for the year ending 31 March 2005.

### The Board

The Board consists of five non-executive directors each of whom served throughout the year under review. The Board considers that of the five directors, W. M. Cran (non-executive Chairman), R. G. Battersby and Dr R. R. Toomey are independent. In determining the independence of the directors, the Board considered that given the structure of the board (which is common to all VCTs) and the VCT nature of the business, then neither the facts that W. M. Cran is the Chairman of the board and R. G. Battersby is the Chairman of Rensburg Aim VCT plc nor the fact that both W. M. Cran and R. G. Battersby have served as directors for longer than nine years should automatically confer a lack of independence on these individuals. In arriving at its decision as to these directors' independence, the overriding factor was that in the board's opinion these individuals have and continue to demonstrate that they are independent in both character and judgement. Biographical details of all Directors are given on page 10; in respect of the Chairman, as disclosed on page 10 there has been a reduction in his other professional commitments (over those previously disclosed) during the year or since the year end.

The Board has met ten times during the year to review financial performance and strategy and has a formal schedule of matters reserved to it for decision, including corporate strategy, approval of an annual budget and financial results, approving policies relating to directors' remuneration, proposals for dividend payments and the approval of all qualifying and other material investment decisions.

Through a formal agreement, the day to day management of the Company has been delegated by the Board to Rensburg Investment Management Limited ('RIML'). The services provided by RIML are principally investment management, accounting and secretarial.

Board papers comprising an agenda and formal board reports and briefing papers are sent to the Directors in advance of each meeting. All Directors have access to the advice and services of the Company Secretary and external professional advice, if required, at the Company's expense. Any newly appointed director will be provided with appropriate training having regard to any previous experience as a director of a public company.

### Board Committees

The Board has established Audit and Nomination Committees to assist in the execution of its duties. Each of these Committees operates on written terms of reference. The constitution and terms of reference of each Committee are reviewed annually to ensure that the Committees are operating effectively and any changes considered necessary are recommended to the Board for approval. The terms of reference of each Committee are available by visiting the Company's website at [www.rensburgvct.co.uk](http://www.rensburgvct.co.uk) or upon request from the Company Secretary.

The attendance record over the year of each of the directors at scheduled board and committee meetings are shown in the table below.

	Audit Board Committee	
W. M. Cran (Non-Executive Chairman)	9 (10)	2 (2)
B. A. Anysz (Non-Executive Director)	10 (10)	2 (2)
R. G. Battersby (Non-Executive Director)	10 (10)	2 (2)
Dr R. R. Toomey (Non-Executive Director)	10 (10)	2 (2)
T. C. J. Wood (Non-Executive Director)	10 (10)	2 (2)

The figures in brackets in the table indicate the maximum number of meetings in the period during which the individual was a board member. As referred to on page 14 the Nomination Committee did not meet during the year.

### Audit Committee

W.M.Cran the non-executive Chairman, chairs the Committee; its membership comprises all of the non-executive directors. The Board is satisfied that Dr R. R. Toomey a non-executive director and member of the Committee has recent and relevant financial experience (as referred to in the Smith Report). On invitation, the external auditor attends meetings to assist the Committee to fulfil its duties. The Audit Committee met twice during the year.

## Corporate Governance

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### Audit Committee (continued)

The role of the Audit Committee is to assist the Board in discharging its duties and responsibilities for financial reporting, corporate governance and internal control; the Committee is also primarily responsible for making recommendations to the Board in relation to the appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors. The Committee's duties include keeping under review the scope and results of the audit work, its cost effectiveness and the independence and objectivity of the auditors. The Committee also monitors the volume and nature of non-audit services provided by the auditors to ensure that a balance is maintained between objectivity and value added (see below) and undertakes an annual review as to the need for the establishment of an internal audit function.

During the year under review the Audit Committee discharged its responsibilities by:

- reviewing the Company's draft financial statements and interim results statement prior to Board approval and reviewing the external auditor's reports on the financial statements;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing and approving the audit fee and reviewing non-audit fees payable to the Company's external auditors;
- reviewing the need for an internal audit function, reporting to the Board on the results of the review; and
- reviewing the Committee's own terms of reference.

### Auditor's independence and objectivity

The external auditor provides some non-audit services, primarily in the provision of taxation advice. In order to ensure that auditor objectivity and independence are safeguarded the following controls have been implemented:

- the Committee receive and review each year an analysis of all non-audit work awarded to the auditor over the previous financial year; and
- the Committee receive each year a report from the external auditor as to any matters that the auditor considers bear on their independence and which need to be disclosed to the Company.

Details of the fees paid to the auditor for non-audit services during the year are provided in note 4 on page 24.

### Nomination Committee

The Board as a whole is responsible for the appointment of new Directors and for nominating them for election by shareholders at the first opportunity after their appointment. A Nomination Committee chaired by W. M. Cran and comprising all of the directors is responsible for recommending new members to the Board for appointment. During the year the Nomination Committee did not meet as there were no potential board appointments to consider; following a review of the Committee's terms of reference the Committee is now formally scheduled to meet at least once a year. This recognises the need for the Committee to extend its role in order to take a more proactive approach towards ensuring, in particular, that the Board's structure, size and composition is appropriate and to make recommendations to the Board as to the re-appointment/re-election of directors.

### Remuneration Committee

Under the Listing Rules the Company is not obliged to operate a Remuneration Committee by virtue of its VCT status and the fact that the Board is comprised solely of non-executive directors. Full details of the directors' remuneration is provided in the Directors' Remuneration Report on pages 17 and 18.

### Relationships with shareholders

The Company attaches significant importance to communication with its shareholders. Annual and Interim Reports are distributed to all parties who may have an interest in the Company's performance and these reports. A range of information of interest to existing and potential shareholders is available on the Company's website. Shareholders are encouraged to attend the Annual General Meeting ('AGM') at which an opportunity is provided to ask questions on each resolution proposed. At the AGM, the Company intends to continue its policy of announcing the number of proxy votes cast in respect of each resolution. Details of the resolutions to be proposed at the AGM can be found in the notice of meeting on pages 32 and 33.

### Internal Control

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. Such a system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

Day to day operations are delegated, through a management agreement, to Rensburg Investment Management Limited ('RIML'). Under the terms of that agreement RIML provides investment management, accounting and secretarial services to the Company. A clearly defined investment strategy is set out for the Manager and monitored by the Board, which regularly reviews the Company's investments, liquid transactions and



## Corporate Governance

continued

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revenue and expenditure. RIML's system of internal controls includes organisational arrangements with clearly defined lines of responsibility and delegated authority, as well as control procedures and systems that are regularly evaluated. Being a member of the Rensburg Sheppards plc group, RIML operates under the supervision of Rensburg Sheppards plc's Audit Committee and Risk Management Committee.

In accordance with the guidance for directors on internal control 'Internal Control: Guidance for Directors on the Combined Code' (the Turnbull Guidance), the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company.

The Board confirms that it has reviewed the effectiveness of the system of internal control for the year ended 31 March 2005 and has taken account of material developments between 31 March 2005 and the date of approval of the Report and Financial Statements.

Following an assessment, the Company has decided that it has sufficient monitoring and control procedures in place to not currently justify the establishment of an internal audit function. The need for such a function will be assessed on an annual basis moving forward.

### Compliance with the Code

Following publication of the Code in July 2003, the Board has undertaken a review of its compliance with the requirements of the Code for the year ending 31 March 2005.

The Directors consider that the Company has been in full compliance with the provisions set out in the Code throughout the year ended 31 March 2005 except as described below:

1. The Company achieved compliance with the Code provisions A.4.1 (re specifically the making available of the terms of reference of the Nomination Committee) and C.3.3 by

the date of approval of this Report and Financial Statements, but was not compliant throughout the financial year ending on 31 March 2005.

2. By virtue of its VCT status and the fact that the Board is comprised solely of non-executive directors it is not required, nor did it, comply with the following Code provisions B.1.1 to B.1.6 and B.2.1 to B.2.4 except insofar as they relate specifically to non-executive directors where full compliance was achieved.

3. The Company did not comply with the following Code provisions at any time during the year ended 31 March 2005:

- A.1.3, A.2.1, A.3.3, A.4.5, A.6.1 and C.3.4 - Given the size, operating structure and VCT nature of the business and the fact that the Board comprises solely of five non-executive directors, then the Board do not consider it appropriate to comply with these Code provisions.
- A.4.1 - The Nomination Committee does not comprise a majority who are non-executive directors considered independent under the Code. To attain compliance with this provision would, in the Board's view, deny the Nomination Committee the resources and experience necessary to best carry out its duties.
- A.4.4 - The Board has agreed that in respect of all future appointments to the Board, compliance with this Code provision should be attained via the issue of a letter setting out the formal terms and conditions of appointment.

- A.5.1, D.1.1 and D.1.2 - The shareholders in the Company are private investors as opposed to institutions or major individual shareholders; this reflects the VCT nature of the Company. Hence, the Board considers that compliance with these provisions is not appropriate.
- A.7.2 - This provision is complied with save that, firstly, non-executive directors have historically (with the exception of Dr R. R. Toomey) not been appointed for specified terms, although as referred to above under A.4.4, this will be complied with for all future appointments. Secondly, there is not a 'particularly rigorous review' undertaken in respect of any director put forward for re-election beyond six years in office as the Board consider that given the current size and structure of the Board this is unnecessary.
- C.3.1 - The Audit Committee does not comprise solely of non-executive directors considered to be independent under the Code. To attain compliance with this provision would, in the Board's view, deny the Audit Committee the resources and experience necessary to best carry out its duties.

### Going Concern

After making enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the financial statements.

## Statement of Directors' Responsibilities

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Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the Company and of the profit or loss for that year. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and prevent and detect fraud and other irregularities.

# Directors' Remuneration Report

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## Introduction

This report is prepared in accordance with Schedule 7A of the Companies Act 1985.

The Company's auditor is required to report on certain information contained within this report. Where information set out below has been audited it is indicated as such. The auditor's opinion is included within the independent auditor's report on page 19.

## Consideration by the Board of matters relating to Directors' Remuneration

The Board currently comprises five non-executive directors. The Board as a whole is responsible for determining directors' remuneration. In accordance with the Listing Rules the Company is not obliged to operate a Remuneration Committee by virtue of its VCT status and the fact that the Board is comprised solely of non-executive directors. The Board has access to the advice and services of the Company Secretary and external professional advice at the Company's expense in respect to its determination of the directors' remuneration. During the year no such advice was sought or received by the Board, although they expect from time to time to review the fees paid to the boards of directors of other venture capital trusts.

## Remuneration Policy

The Board's policy is that the remuneration of non-executive directors should reflect time spent and the responsibilities borne by the directors on the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. No aspect of directors' remuneration is performance related and directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits. It is considered appropriate that no aspect of directors' remuneration should be performance related in light of the directors' non-executive status.

It is the current intention of the Board that the above remuneration policy will continue to apply in the forthcoming financial year and subsequent years.

## Directors' Fees (audited)

Fees are either paid directly to Directors or to third parties in consideration for the services of Directors.

	Fees paid			
	Fees paid direct	to third parties	Employers NIC	Total
	£	£	£	£
2005				
W. M. Cran (Chairman)	13,500	–	1,121	14,621
B. A. Anysz	–	–	–	–
R. G. Battersby	–	11,500	–	11,500
R. R. Toomey	–	11,500	–	11,500
T. C. J. Wood	–	11,500	1,033	12,533
	13,500	34,500	2,154	50,154
2004				
W. M. Cran (Chairman)	13,500	–	1,136	14,636
B. A. Anysz	–	–	–	–
R. G. Battersby	–	11,500	–	11,500
R. R. Toomey	–	11,500	–	11,500
T. C. J. Wood	–	11,500	1,195	12,695
	13,500	34,500	2,331	50,331

The services of B. A. Anysz are provided to the Company under the terms of the investment management agreement set out in note 3. This agreement covers all aspects of the management services provided by Rensburg Investment Management Limited ('RIML'). Consequently, the amount of consideration paid to RIML for making available the services of B. A. Anysz is not separately identifiable. However, of the consideration paid to RIML under the investment management agreement, none relates to making B. A. Anysz available as a Director of the Company.

## Directors' Contracts

None of the Directors has a service contract with the Company. The Company's articles of association provide that Directors shall retire at the first Annual General Meeting after their appointment. As the Board comprises five Directors, it is possible that under the Company's existing articles of association a Director may not be subject to re-election until an interval of five years has passed. However, the Board has resolved that any Director who has held office for three years should be subject to re-election even where this would not be required under the articles of association. No compensation is payable to Directors on leaving office.

## **Directors' Remuneration Report**

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### **Total Shareholder Return**

The following graph charts the cumulative total return (being net asset value plus cumulative dividends paid to date) to ordinary shareholders since 31 March 2000. This return is compared to the cumulative total shareholder return on notional investments in the FTSE AIM Index and FTSE All Share Index which the Company considers are the most appropriate indices against which to measure Company performance. The data has been rebased to 100 at 31 March 2000.

### **Approval of this Report**

This Directors' Remuneration Report was approved by the Board on 22 June 2005 and was signed on its behalf by:-



**B. A. Anysz**  
Director

An ordinary resolution for the approval of this report will be put to shareholders at the forthcoming Annual General Meeting.

# Independent Auditor's Report

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## Independent Auditor's report to the members of Rensburg VCT plc

We have audited the financial statements on pages 20 to 29. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report and Financial Statements and the Directors' Remuneration Report. As described on page 16, this includes responsibility for preparing financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not

received all the information and explanations we require for our audit, or if the information specified by law regarding Directors' Remuneration and transactions with the Company is not disclosed.

We review whether the statement on pages 13 to 15 reflects the Company's compliance with the nine provisions of the 2003 FRC Code specified for our review by the Listing Rules and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement and the unaudited part of the Directors' Remuneration Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

## Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements

and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

## Opinion

In our opinion

- the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2005 and of the loss of the Company for the year then ended; and
- the financial statements and that part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants & Registered Auditor  
Leeds

22 June 2005

## Profit and Loss Account

for the year ended  
20 31 March 2005

	Notes	2005 Revenue £000	2005 Capital £000	2005 Total £000	2004 Revenue £000	2004 Capital £000	2004 Total £000
Gains on disposals of investments	8c	–	135	135	–	396	396
Income	2	309	–	309	356	–	356
Investment management fees	3	(87)	(261)	(348)	(87)	(262)	(349)
Other expenses	4	(67)	(39)	(106)	(67)	(38)	(105)
<b>Profit/(loss) on ordinary activities before tax</b>		<b>155</b>	<b>(165)</b>	<b>(10)</b>	<b>202</b>	<b>96</b>	<b>298</b>
Tax on profit on ordinary activities	5	6	(6)	–	(5)	5	–
<b>Profit/(loss) on ordinary activities after tax</b>		<b>161</b>	<b>(171)</b>	<b>(10)</b>	<b>197</b>	<b>101</b>	<b>298</b>
Equity dividends	6	(161)	(551)	(712)	(197)	(283)	(480)
<b>Retained loss for the year</b>	<b>12</b>	<b>–</b>	<b>(722)</b>	<b>(722)</b>	<b>–</b>	<b>(182)</b>	<b>(182)</b>
<b>Earnings/(losses) per ordinary share</b>	<b>7</b>	<b>1.01p</b>	<b>(1.07)p</b>	<b>(0.06)p</b>	<b>1.21p</b>	<b>0.63p</b>	<b>1.84p</b>

## Statement of Total Recognised Gains and Losses

for the year ended 31 March 2005

	Notes	2005 Revenue £000	2005 Capital £000	2005 Total £000	2004 Revenue £000	2004 Capital £000	2004 Total £000
Profit/(loss) on ordinary activities after tax		161	(171)	(10)	197	101	298
Unrealised gains on revaluation of investments	8d	–	550	550	–	1,697	1,697
<b>Total recognised gains and losses during the year</b>		<b>161</b>	<b>379</b>	<b>540</b>	<b>197</b>	<b>1,798</b>	<b>1,995</b>
<b>Total recognised gains and losses per ordinary share</b>	<b>7</b>	<b>1.01p</b>	<b>2.38p</b>	<b>3.39p</b>	<b>1.21p</b>	<b>11.08p</b>	<b>12.29p</b>

## Notes of Historical Cost Profits and Losses

for the year ended 31 March 2005

	2005 £000	2004 £000
(Loss)/profit on ordinary activities before tax	(10)	298
Realisation of revaluation losses of previous years	(1,706)	(128)
<b>Historical cost (loss)/profit on ordinary activities before tax</b>	<b>(1,716)</b>	<b>170</b>
<b>Historical cost loss for the year retained after taxation and dividends</b>	<b>(2,428)</b>	<b>(310)</b>

All items in the above statements derive from continuing activities.

The accompanying notes are an integral part of these statements.

## Balance Sheet

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	Notes	2005 £000	2004 £000
<b>Fixed assets</b>			
Investments	8a	10,861	11,521
<b>Current assets</b>			
Debtors	9	81	84
Cash at bank and in hand		1,281	536
		<b>1,362</b>	<b>620</b>
<b>Creditors (amounts falling due within one year)</b>	10	<b>(666)</b>	<b>(338)</b>
<b>Net current assets</b>		<b>696</b>	<b>282</b>
<b>Net assets</b>		<b>11,557</b>	<b>11,803</b>
<b>Capital and reserves</b>			
Called up share capital	11	1,580	1,599
Share premium account	12	145	-
Capital redemption reserve	12	142	100
Revaluation reserve	12	1,202	(1,054)
Special reserve	12	-	12,194
Profit and loss account	12	8,488	(1,036)
<b>Shareholders' funds</b>	13	<b>11,557</b>	<b>11,803</b>
<b>Net asset value per share</b>	14	<b>73.13p</b>	<b>73.81p</b>

The financial statements on pages 20 to 29 were approved by the Board of Directors on 22 June 2005 and were signed on its behalf by:

  
 B. A. Anysz  
 Director

The accompanying notes are an integral part of these statements.

## Cash Flow Statement

for the year ended  
22 31 March 2005

	2005 £000	2004 £000
<b>Operating activities</b>		
(Loss)/profit on ordinary activities before tax	(10)	298
Decrease in debtors	3	15
Increase/(decrease) in creditors	96	(53)
Profit on disposal of investments	(135)	(396)
<b>Net cash outflow from operating activities</b>	<b>(46)</b>	<b>(136)</b>
<b>Taxation</b>		
Corporation tax paid	—	—
<b>Capital expenditure and financial investment</b>		
Purchases of investments	(4,430)	(1,060)
Proceeds from the disposals of investments	5,775	1,927
<b>Net cash inflow from capital expenditure and financial investment</b>	<b>1,345</b>	<b>867</b>
<b>Dividends</b>		
Equity dividends paid	(480)	(323)
<b>Financing</b>		
Issue of ordinary shares	179	—
Expenses paid in connection with share issues	(11)	—
Expenses paid in connection with reserves transfer	—	(14)
Buy-back of ordinary shares	(242)	(175)
<b>Net cash outflow from financing</b>	<b>(74)</b>	<b>(189)</b>
<b>Increase in cash</b>	<b>745</b>	<b>219</b>

## Notes to the Cash Flow Statement

<b>Analysis of changes in net funds</b>		
Net cash at 1 April 2004	536	317
Net cash inflow for the year	745	219
<b>Net cash at 31 March 2005</b>	<b>1,281</b>	<b>536</b>

The accompanying notes are an integral part of these statements.



# Notes to the Financial statements

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## 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the Company's financial statements.

### Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of fixed asset investments in accordance with applicable accounting standards.

### Investments

Listed investments and investments traded on AIM are stated at closing middle market price. Unquoted investments are stated at Directors' valuation in accordance with the British Venture Capital Association guidelines for the valuation of venture capital investments. In determining this valuation the Directors give consideration to the period of investment, the performance of the investment against plan, appropriately discounted comparative listed companies' price earnings ratios and any recent transactions.

Although the Company may hold more than 20% of the equity share capital of a particular company, in accordance with FRS 9, paragraph 49 it would be inappropriate to treat any such investments as associated undertakings.

### Income

Equity dividends are brought to account on the ex-dividend date. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course. All other income is recognised on an accruals basis.

### Expenditure

All expenditure is accounted for on an accruals basis and is charged wholly to the profit and loss account with the exception of expenses incidental to the acquisition or disposal of an investment, which are included within the cost of the investment or deducted from the disposal proceeds as appropriate.

### Revenue/capital

The revenue column of the profit and loss account includes all income and expenses. The capital column accounts for the realised profit and loss on investments and the proportion of management fees and Directors' remuneration charged to capital.

### Revaluation reserve

Increases and decreases in the valuation of investments held at the year end are accounted for in this reserve other than any permanent diminution in values, which are taken to the profit and loss account.

### Financial instruments

During the course of the year the Company held fixed asset investments and cash balances. The Company holds financial assets in UK listed, AIM and unquoted companies. The fair value is not materially different from the carrying value of all financial assets and liabilities. Further information on financial instruments and the risks associated with holding such assets can be found in note 15 to these financial statements.

### Permanent diminutions in the value of investments

The Directors have reviewed each investment in terms of their current value and their historical cost, judging that, in total £1.7 million of historic cost should be treated as a permanent diminution in value. As this amount had been treated as a revaluation adjustment in prior years, the effect can be seen in the Statement of Total Recognised Gains and Losses via note 8d on page 26.

## Notes to the Financial Statements

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### 2. Income

	2005 £000	2004 £000
UK franked investment income	185	177
Interest receivable from fixed interest securities	84	128
Deposit interest and other interest	17	51
Other income (including option premiums income)	23	-
	<b>309</b>	<b>356</b>

### 3. Investment management fees

	2005 £000	2004 £000
Investment management fees	295	296
Irrecoverable value added tax thereon	53	53
	<b>348</b>	<b>349</b>

Rensburg Investment Management Limited - VCT Division ('RIML'), provides investment management and secretarial services to the Company under an agreement dated 5 March 1996. This agreement, which was for an initial fixed term of three years, may be terminated by either party on not less than twelve months' notice.

RIML receives a fee of 2.5% per annum of the net assets of the Company (plus value added tax).

Investment management fees have been charged 25% to revenue and 75% to capital to represent an estimate of the time spent by the manager on administration and investment management respectively.

### 4. Other expenses

	2005 £000	2004 £000
Directors' remuneration (see pages 17 and 18)	50	50
Auditor's remuneration - audit	10	9
Auditor's remuneration - other services to the Company (tax advice)	1	1
Other operating expenses	38	37
Irrecoverable value added tax	7	8
	<b>106</b>	<b>105</b>

Directors' remuneration has been charged 25% to revenue and 75% to capital to represent an estimate of the time spent by the Directors on administration and investment management respectively.

## 5. Taxation

The Company is subject to corporation tax at 20% (2004: 20%). Applying this rate to the profit on ordinary activities before tax would give a tax credit of £2,000 (2004: tax charge £59,600). However, UK dividends received are not liable to corporation tax. Accordingly, the tax deductible expenses substantially exceed the taxable income of the Company and as a result, there is no tax charge.

At 31 March 2005 the Company had surplus tax deductible expenses of £1,685,420 (2004: £1,365,548) which have not been recognised as a deferred tax asset. This is because the Company is not expected to generate taxable income in a future period in excess of the deductible expenses of that period and accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of existing surplus expenses.

Corporation tax of £6,000 (2004: charge of £5,000) has been credited to the revenue account which represents a credit of 20% (2004: 20%) of the excess of allowable expenses charged to the revenue account over taxable income. An equivalent tax charge is charged to the capital account which represents a reversal of tax allowances relating to the excess of allowable expenses charged to the capital account over capital income for previous years.

## 6. Equity dividends

	2005 £000	2004 £000
Ordinary 10p shares		
Interim paid - 1.00p (2004: 1.00p)	160	161
Final proposed - 3.50p (2004: 2.00p)	552	319
	712	480

## 7. Returns per share

Losses per share of 0.06p (2004: earnings per share of 1.84p) is based on the loss on ordinary activities after tax of £10,000 (2004: profit of £298,000) and on 15,928,057 (2004: 16,230,026) ordinary shares, being the weighted average number of shares in issue during the year.

Total recognised gains per share of 3.39p (2004: gains per share of 12.29p) is based on total recognised gains for the year of £540,000 (2004: gains of £1,995,000) and on 15,928,057 (2004: 16,230,026) ordinary shares, being the weighted average number of shares in issue during the year.

## 8. Investments

	2005 £000	2004 £000
a) Investment summary by value:		
Listed investments	3,774	5,392
Investments traded on AIM	6,395	5,340
Unquoted investments	692	789
	10,861	11,521

## Notes to the Financial Statements

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### 8. Investments (continued)

	Listed £000	Traded on AIM £000	Unquoted £000	Total £000
<b>b) Movements during the year:</b>				
Opening book cost	5,388	5,522	1,665	12,575
Opening unrealised appreciation/(depreciation)	4	(182)	(876)	(1,054)
<b>Opening valuation</b>	<b>5,392</b>	<b>5,340</b>	<b>789</b>	<b>11,521</b>
Purchases at cost	2,732	1,687	11	4,430
Disposal proceeds	(4,788)	(922)	(65)	(5,775)
Realised gains/(losses) on disposals	242	(1,008)	(805)	(1,571)
Change in unrealised appreciation/(depreciation)	196	1,298	762	2,256
<b>Closing valuation</b>	<b>3,774</b>	<b>6,395</b>	<b>692</b>	<b>10,861</b>
Closing book cost	3,574	5,279	806	9,659
Closing unrealised appreciation/(depreciation)	200	1,116	(114)	1,202
	<b>3,774</b>	<b>6,395</b>	<b>692</b>	<b>10,861</b>

	2005 £000	2004 £000
<b>c) Analysis of realised (losses)/gains on disposal of investments:</b>		
Realised (losses)/gains from above analysis	(1,571)	268
Transfer realisation of revaluation losses of previous years	1,706	128
Gains on investments	135	396

	2005 £000	2004 £000
<b>d) Analysis of the change in unrealised gains on revaluation of investments:</b>		
Change in unrealised appreciation/(depreciation) from above analysis	2,256	1,825
Transfer realisation of revaluation losses of previous years	(1,706)	(128)
Change in unrealised gains on revaluation of investments	550	1,697

	2005 £000	2004 £000
<b>e) Investment summary by type of holding:</b>		
Qualifying equity shares	6,712	5,922
Qualifying non-equity shares	242	242
Qualifying loans	111	100
Non-qualifying equity shares	2,269	985
Unit trusts and fixed interest securities	1,527	4,272
	<b>10,861</b>	<b>11,521</b>

**9. Debtors**

	2005 £000	2004 £000
Prepayments and accrued income	81	84

**10. Creditors (amounts falling due within one year)**

	2005 £000	2004 £000
Trade creditors	97	-
Accruals and deferred income	17	18
Proposed dividend	552	320
	666	338

**11. Called up share capital**

	2005 £000	2004 £000
<b>Authorised</b>		
35,000,000 ordinary shares of 10p each (2004: 25,000,000)	3,500	2,500
<b>Allotted, issued and fully paid up</b>		
15,802,983 ordinary shares of 10p each (2004: 15,990,916)	1,580	1,599

Since 1 April 2004 the issued share capital has been changed as follows:

	Date	No of shares	£000	£000
<b>As at 1 April 2004</b>		15,990,916		1,599
<b>Allotments:</b>				
26,579 ordinary shares at 76p	September 2004	26,579	3	
59,546 ordinary shares at 77p	October 2004	59,546	6	
98,656 ordinary shares at 78p	November 2004	98,656	9	
6,603 ordinary shares at 78p	December 2004	6,603	1	
38,148 ordinary shares at 81p	March 2005	38,148	4	
				23
<b>Purchases:</b>				
23,250 ordinary shares at 60p	June 2004	(23,250)	(2)	
94,396 ordinary shares at 58p	August 2004	(94,396)	(9)	
72,952 ordinary shares at 58p	September 2004	(72,952)	(7)	
14,751 ordinary shares at 58p	November 2004	(14,751)	(2)	
138,100 ordinary shares at 57p	February 2005	(138,100)	(14)	
74,016 ordinary shares at 57p	March 2005	(74,016)	(8)	
				(42)
<b>As at 31 March 2005</b>		15,802,983		1,580

## Notes to the Financial Statements

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### 12. Reserves

	Non-distributable reserves			Distributable reserves	
	Share premium	Capital redemption reserve	Revaluation reserve	Special reserve	Profit and loss account
	£000	£000	£000	£000	£000
As at 1 April 2004	-	100	(1,054)	12,194	(1,036)
Reserves transfer	-	-	-	(12,194)	12,194
Issue of new shares	145	-	-	-	-
Purchase of own shares	-	42	-	-	(242)
Change in unrealised appreciation/(depreciation)	-	-	550	-	-
Transfer of prior years' revaluation	-	-	1,706	-	(1,706)
Retained loss for the year	-	-	-	-	(722)
<b>As at 31 March 2005</b>	<b>145</b>	<b>142</b>	<b>1,202</b>	<b>-</b>	<b>8,488</b>

The special reserve has been transferred into the profit and loss account to simplify the balance sheet.

Increases or decreases in the valuation of the Company's investments are accounted for in the revaluation reserve. When an investment is sold any balance held on the revaluation reserve is transferred to the profit and loss account as a movement on reserves.

The £1.7 million transfer of prior year's revaluation represents permanent diminutions in value.

### 13. Reconciliation of movements in shareholders' funds

	2005 £000	2004 £000
(Loss)/profit on ordinary activities after tax	(10)	298
Dividends	(712)	(480)
Transfer from reserves	(722)	(182)
Change in unrealised appreciation/(depreciation)	550	1,697
Costs of reserves transfer	-	(14)
New share capital issued including premium, net of expenses	168	-
Purchase of own shares	(242)	(175)
Net (deduction)/addition (from)/to shareholders' funds	(246)	1,326
Opening shareholders' funds	11,803	10,477
Closing shareholders' funds	11,557	11,803

### 14. Net asset value per share

The net asset value per share at 31 March 2005 is based on net assets of £11,557,000 and on 15,802,983 ordinary shares, being the number of ordinary shares in issue on that date.

## 15. Financial instruments

In furtherance of the Company's objectives to secure long-term capital growth, the Company holds a number of financial instruments as follows:

- Equity shares, non-equity preference shares, fixed interest gilts and cash;
- Liquid resources, short-term debtors and creditors that arise directly from operations.

The main risks arising from the Company's financial instruments are interest rate, market price, and liquidity risks. The Directors maintain policies for managing these risks, details of which are set out below. These policies have been in operation throughout the period under review. The fair value of the financial assets and liabilities is not materially different from the carrying value.

### a) Interest rate risk

#### (i) Floating rate

The Company from time to time may hold part of its portfolio in cash. Any changes in interest rates will therefore affect the income of the Company. The amount held in cash and subject to floating rate risk at the year end was £1,031,000 (2004: £nil) (Benchmark: Bank of England REPO rate less 0.25%). The Company holds £250,000 (2004: £536,000) in a non-interest bearing bank account.

	2005	2005	2005	2004	2004	2004
	Total fixed	Weighted	Weighted	Total fixed	Weighted	Weighted
	rate	average	average	rate	average	average
	portfolio	interest	period to	portfolio	interest	period to
(ii) Fixed rate	£000	rate	maturity	£000	rate	maturity
		%	Days		%	Days
Financial assets	1,638	5.14	1,556	2,001	5.00	68

Financial assets include fixed interest securities and convertible loans to AdVal Group plc and Vianet Group plc

The Directors regularly review the interest rate risk to ensure that the risk reward profile is acceptable.

### b) Market price risk

The Company's portfolio is exposed to market price fluctuations, which are monitored by the manager and reviewed regularly by the Directors in pursuance of the investment objectives and policies. Adherence to the investment and borrowing powers set out in the original prospectus mitigates the risk of excessive exposure to any particular type of security or issuer. Although the Company is permitted to do so, the Directors do not use derivative instruments to hedge the investment portfolio against market risks. The manager reviews the cost of such derivatives but would only recommend the purchase of such instruments to the Directors if the perceived benefits outweighed the costs to investors. To date this has proved not to be the case. However, the Directors have written covered call options in respect of certain quoted equities held during the year to exploit price differentials.

### c) Liquidity risk

The principal exposure of the Company is due to the equity held in AIM and other unquoted companies as a result of the possible failure of such companies. The manager reviews the liquidity risk daily with a view to ensuring that the element of investors' funds that are held in cash or more readily realisable securities is sufficient to meet potential liabilities that may arise. The manager and Directors are aware that the Company's investment portfolio could be difficult to realise and the fact that a share is traded on AIM does not guarantee its liquidity.

## Trading History

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	Year ended 31 March 2005	Year ended 31 March 2004	Year ended 31 March 2003	Year ended 31 March 2002	Year ended 31 March 2001
Income	£309,000	£356,000	£367,000	£426,000	£340,000
Revenue return before tax	£155,000	£202,000	£282,000	£282,000	£228,000
Revenue return per share after tax	1.01p	1.21p	1.40p	1.62p	2.11p
(Loss)/profit before tax	(£10,000)	£298,000	(£390,000)	(£539,000)	(£928,000)
(Losses)/earnings per share	(0.06p)	1.84p	(2.37p)	(3.32p)	(8.30p)
Dividend per share	4.50p	3.00p	2.00p	4.10p	6.00p
Cumulative dividends per share	38.50p	34.00p	31.00p	29.00p	24.90p
Net assets	£11,557,000	£11,803,000	£10,477,000	£14,443,000	£14,759,000
Net asset value per share	73.13p	73.81p	64.33p	87.54p	106.93p
Number of qualifying investments	36	36	35	34	36
Value of qualifying investments	£7,065,000	£6,264,000	£5,104,000	£7,015,000	£8,925,000



## Useful Information for Shareholders

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### Annual General Meeting

This year's Annual General Meeting will be held at Quayside House, Canal Wharf, Leeds, LS11 5PU on Wednesday 27 July 2005 at 10:30 am.

### Payment of Dividend

Cash dividends will be sent by cheque on 26 August 2005, to the first named Shareholder on the Register at close of business on 29 July 2005 to their registered address. At the request of Shareholders, dividends may instead be paid direct into the Shareholder's bank account through the Banker's Automated Clearing System (BACS). This may be arranged by contacting the Company's registrar on 0870 162 3131.

### Price and Performance Information

The Company's ordinary shares are traded on the London Stock Exchange and the prices are shown daily in the Financial Times and Yorkshire Post under 'Investment Companies'.

Share price information is also available:

- on our website at [www.rensburgvct.co.uk](http://www.rensburgvct.co.uk). The share price is updated regularly;
- on Channel 4 teletext. The price is updated regularly during the day;
- from Rensburg Investment Management Limited on 0113 245 4488;
- from any stockbroker.

### Venture Capital Trusts (VCTs)

VCTs are listed, tax efficient companies with substantial tax advantages for UK resident individuals aged 18 or over. The tax benefits for such individuals subscribing for new VCT shares are, in summary:

- The principal tax relief available in the tax year of investment is 40% relief against income tax (ie invest £10,000 and receive an income tax refund of £4,000). A husband and wife can each invest up to £200,000 in any one year.
- Under current legislation, this benefit is only available for investments made from 6 April 2004 until 5 April 2006 and investors must hold the investment for at least three years to preserve the income tax relief.
- The investor does not need to be a 40% tax payer but must have sufficient taxable income to offset the relief against, otherwise the relief will be limited to that which would reduce the income tax liability to nil.

There are also three further tax benefits available to all shareholders investing in a VCT:

- 1) There is no tax on dividends.
- 2) There is no tax on any capital gain resulting from the sale of shares.
- 3) The Company itself suffers no tax on any capital gains arising from its own investments.

### Explanation of terms

The Company is required within 3 years of issuing each tranche of share capital and at all times thereafter, to have at least 70% by value (as defined in the legislation) of its investments in qualifying holdings. 30% of the qualifying holdings must be in eligible shares.

Qualifying holdings are shares or securities first issued to the VCT in unquoted companies which satisfy the gross assets and qualifying trade tests and other requirements of the VCT legislation. Gross assets of an investee company at the time of investment may not exceed £15 million. A qualifying trade is, broadly, one that is conducted wholly or mainly in the UK and generally excludes dealing in land, financial services, leasing and/or licensing.

Companies whose shares are dealt in on AIM are regarded as unquoted for these purposes. Shares in companies who move from AIM to the Official List are regarded as unquoted for a period of five years from the date of listing on the Official List.

Eligible shares are ordinary shares with no present or future preferential rights.

## Notice of Annual General Meeting

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Notice is given that the ninth Annual General Meeting of Rensburg VCT plc will be held at Quayside House, Canal Wharf, Leeds, LS11 5PU at 10:30 am on 27 July 2005 for the following purposes:

### Ordinary Business

1. To receive the Company's annual accounts for the year ended 31 March 2005, together with the Directors' Report, the Directors' Remuneration Report and the Auditor's Report on those accounts and the auditable part of the Directors' Remuneration Report.
2. To approve the Directors' Remuneration Report for the year ended 31 March 2005.
3. To declare a final dividend for the year ended 31 March 2005.
4. To re-appoint Timothy Charles Jason Wood, a Director retiring by rotation.
5. To re-appoint KPMG Audit Plc as auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next meeting at which accounts are laid before the Company and to authorise the Directors to agree their remuneration.

### Special Business

To consider and if thought fit, to pass the following resolutions as Ordinary or Special Resolutions, as indicated, of the Company.

### Ordinary Resolution

6. That the Directors of the Company be and are generally granted and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 (the 'Act') to exercise all the powers of the Company:
  - I. to allot, grant options over, offer or otherwise deal with or dispose of relevant securities (within the meaning of Section 80 (2) of the Act) up to an aggregate nominal value of £1,763,637; and
  - II. to grant options over relevant securities (within the meaning of Section 80 (2) of the Act) up to an aggregate nominal value of £36,363.

provided that the authority conferred by this resolution 6 shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months after the date of the passing of this resolution 6 unless varied, revoked or renewed by the Company in general meeting, save that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution 6 had not expired. This authority shall be in substitution for all previous authorities under Section 80 of the Act which are pursuant to this resolution 6 revoked but without prejudice to any allotment, offer or agreement made or entered into prior to the date of this resolution 6.

### Special Resolution

7. That, in accordance with article 52 of the articles of association of the Company, the Company be and is generally and unconditionally authorised for the purpose of Section 166 of the Act to make market purchases (which in this resolution shall have the meaning given to this term in Section 163 (3) of the Act) of its ordinary shares of 10p each in the capital of the Company ('Ordinary Shares') on the terms set out below:
  - i. the maximum aggregate number of Ordinary Shares authorised to be purchased by the Company pursuant to this resolution 7 is 1,582,317 (representing ten per cent of the number of Ordinary Shares in issue); and
  - ii. the minimum price which may be paid for each of those Ordinary Shares (exclusive of expenses) is 10p; and
  - iii. the maximum price (exclusive of expenses) which may be paid for each of those Ordinary Shares is not more than five per cent above the average of the middle market quotations for Ordinary Shares (as derived from the Daily Official Lists of the London Stock Exchange) for the five dealing days immediately preceding the date of purchase.

but so that this authority shall (unless previously varied, revoked or renewed) expire on the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months after the date of the passing of this resolution 7, save that the Company may before the expiry of this authority conclude any contract for the purchase of its own shares pursuant to the authority conferred by this resolution 7 which contract would or might be executed wholly or partially after the expiration of this authority as if the authority conferred by this resolution 7 had not expired.

**Special Resolution**

8. That, subject to and conditional upon the passing of resolution 6 above, the Directors be and are empowered pursuant to Section 95 of the Act to allot equity securities of the Company (as defined in Section 94 (2) of the Act) pursuant to the authority conferred by resolution 6 above as if Section 89 (1) of the Act did not apply to any such allotment provided that such power shall be limited to;
- i. the allotment of equity securities in connection with any rights issue in favour of ordinary shareholders, where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held by them or into which their shares or securities are deemed to be converted in calculating the extent of their participation but subject to such exclusions as the Directors may deem fit to deal with fractional entitlements or legal or practical problems arising in respect of any territory or the requirements of any regulatory body or stock exchange; and
  - ii. the allotment (otherwise than pursuant to sub-paragraph 8(i) above) of equity securities to an aggregate nominal value of £1.8 million;

and the authority given shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months after the passing of this resolution 8 unless renewed or extended prior to such expiry, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity shares in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution 8 has expired.

**Special Resolution**

9. To authorise the Directors to re-negotiate the Management Agreement with Rensburg Investment Management Limited.

By Order of the Board  
**J. P. Wragg, BSc (Hons), ACA**  
 Secretary

**Registered Office:**  
 Quayside House  
 Canal Wharf  
 Leeds  
 LS11 5PU

27 June 2005

**Notes**

- i. A member entitled to attend and vote at the meeting is entitled to appoint one or more person(s) as a proxy to attend and in the event of a poll to vote on his/her behalf. A proxy need not be a member of the Company. A form of proxy is enclosed with this notice for use at the meeting.
- ii. To be valid, the instrument appointing a proxy (together with the power of attorney or other authority, if any under which it is signed or a notarially certified copy of such power or authority) must be deposited at or posted to the office of the Registrars of the Company, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent, BR3 4BR, to be received no later than 48 hours before the fixed time of the meeting. Completion and return of the form of proxy will not preclude a shareholder from subsequently attending or voting at the meeting in person if he/she wishes.
- iii. Copies of the register of Directors' interests kept in accordance with Section 325 of the Companies Act 1985 will be available for inspection at the Registered Office of the Company on weekdays during normal office hours and at the place of the meeting from fifteen minutes preceding its commencement until its conclusion.
- iv. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered in the Company's register of members as at 10:30 am on 25 July 2005, or if the meeting is adjourned, shareholders entered on the Company's register of members as at 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend and vote at the meeting.

## Company Information

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### Secretary and Registered Office

J. P. Wragg, BSc (Hons) ACA  
Quayside House  
Canal Wharf  
Leeds  
LS11 5PU

### Manager

Rensburg Investment Management Limited - VCT Division  
Quayside House  
Canal Wharf  
Leeds  
LS11 5PU

### Auditors

KPMG Audit Plc  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

### Company Registration Number

3145895 in England and Wales

### Registrars

Capita Registrars  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield  
HD8 0LA

### Solicitors

Walker Morris  
Kings Court  
12 King Street  
Leeds  
LS1 2HL

### Brokers

Williams de Broë Plc  
Kings House  
1 King Street  
Leeds  
LS1 2HH

Plc

# Rensburg VCT plc

## Form of Proxy

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for use at the Annual General Meeting to be held at 10:30 a.m. on 27 July 2005

Please insert full name(s)  
and address(es)

I/We .....(Note 1)  
(in block Capitals)

of .....  
being a member/member(s) of the above named Company HEREBY APPOINT the Chairman of the Meeting or failing him

.....(Note 2)

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10:30 a.m. on 27 July 2005 and at any adjournment thereof and in respect of the Resolutions set out in the Notice of Annual General Meeting to vote as indicated below (Note 3).

RESOLUTION	FOR	AGAINST
1 To receive the report of the Directors and the audited accounts for the year ended 31 March 2005		
2 To approve the Directors' Remuneration Report for the year ended 31 March 2005		
3 To declare a final dividend for the year ended 31 March 2005		
4 To re-appoint Timothy Charles Jason Wood as a Director		
5 To re-appoint KPMG Audit Plc as auditors of the Company and to authorise the Directors to agree their remuneration		
6 To authorise the Directors to allot shares		
7 To authorise the buy back of shares*		
8 To disapply pre-emption rights*		
9 To authorise the Directors to re-negotiate the Management Agreement*		

\* Special Resolution

Please sign and insert  
date

Signed .....Date .....2005

A corporation should  
execute under its  
common seal or under  
the hand of a duly  
authorised officer or  
attorney

### Notes

1. A member entitled to vote at the meeting may appoint one (or more) proxies to attend and, on a poll, to vote instead of him/her. In the case of joint holdings the signature of any registered holder who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of other joint holders, for this purpose seniority shall be determined by the order in which names stand in the register of members.
2. If you wish to appoint any person other than the Chairman to act as your proxy you should delete the words "Chairman of the Meeting or", insert your own choice in the space provided and initial the amendment. A proxy need not be a member of the Company.
3. Please indicate by marking "X" in the appropriate space how you wish your vote to be cast. Unless so instructed the proxy will vote or abstain, as he/she thinks fit.
4. To be valid this proxy must be lodged at the offices of the Company's registrars, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent, BR3 4BR, not later than 48 hours before the time fixed for holding the Meeting, together with the power of attorney or other authority (if any) under which it is signed as a notarially certified or office copy of such power or authority.
5. The Register of directors' interest in the Share Capital of the Company is available for inspection during normal office hours on weekdays at the Registered Office of the Company and at the place of the meeting from 15 minutes preceding it until its conclusion.
6. If approved, the final dividend on ordinary shares will be paid to shareholders on the register at the close of business on 29 July 2005. Dividend cheques will be posted on 26 August 2005.

**Registered Office**

Quayside House Canal Wharf Leeds LS11 5PU  
Telephone +44 (0)113 245 4488  
Facsimile +44 (0)113 245 1777  
Web [www.rensburgvct.co.uk](http://www.rensburgvct.co.uk)

**Liverpool Office**

100 Old Hall Street Liverpool L3 9AB  
Telephone +44 (0)151 227 2030  
Facsimile +44 (0)151 227 2444