

Company Number: 3145895

## **Capital for Companies VCT plc**

### **REPORT AND FINANCIAL STATEMENTS 2004**



A54  
COMPANIES HOUSE

\*ADRDXY66\*

0453  
02/09/04

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 provisional 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 It remained an investment company until 2 December 1998 when registration was revoked to allow the Company to purchase its own shares by using the special reserve which was created on cancellation of the Company's share premium account.

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.

*Funds raised are invested initially in gilt-edged stocks and unit trusts managed by Rensburg Fund Management Limited. A portfolio of blue chip equities managed by Rensburg Investment Management Limited has been established in recent years. 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, the majority of which are independent.*

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

Capital for Companies (now RIM's VCT division) was established in 1983. It has raised in excess of £150 million for venture capital, VCT and business expansion scheme investments.

RIM'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. RIM's VCT division executives maintain regular contact with the investee company and are responsible for monitoring the progress of the investment.

1	Financial Headlines and Calendar
2	Chairman's Statement
5	Manager's Report
8	Investment Portfolio Analysis
9	Qualifying Investments Portfolio Analysis
10	Ten Largest Qualifying Investments
12	Directors
13	Directors' Report
15	Corporate Governance
17	Directors' Remuneration Report
19	Independent Auditor's Report
20	Profit and Loss Account
21	Balance Sheet
22	Cash Flow Statement
23	Notes to the Financial Statements
30	Trading History
31	Useful Information for Shareholders
33	Notice of Annual General Meeting
35	Form of Proxy
37	Company Information

# Financial Headlines

for the financial year ended 31 March 2004

	2004	2003
Net assets	£11,803,000	£10,477,000
Net asset value per share	73.81p	64.33p
Revenue return before tax	£202,000	£245,000
Revenue return per share after tax	1.21p	1.40p
Profit/(loss) on ordinary activities	£298,000	(£390,000)
Earnings/(losses) per share	1.84p	(2.37p)
Dividends per share (including interim)	3.00p	2.00p
Total dividends returned to investors since inception	34.00p	31.00p

## Financial Calendar

Annual General Meeting	28 July 2004
Final Dividend Payable	27 August 2004
Interim Results Announced	November 2004
Interim Dividend Payable	January 2005

# Chairman's Statement

## Introduction

I am pleased to present my second Statement as Chairman. After three difficult years, characterised by declines in virtually all major stock markets, I am relieved that the global economy finally appears to be recovering. Consequently the Company has enjoyed its best year for several years with a 19% increase in net asset value before allowing for this year's dividend. The recovery has particularly affected smaller companies whose share prices were savaged in the downturn. Our benchmark AIM Index, which comprises over 700 smaller companies, increased by 67% following a decline of 35% in the previous year. Since March 1999 the AIM index had declined by 37% to 1 April 2003 (the beginning of our financial year) which forms the background to our performance over the past 5 years. Last year the AIM index benefited substantially from the inclusion of shares from companies engaged in the resources sector (minerals, oil and gas industries) which now comprise some 24% of the market by value. However, due to the nature of their 'non-qualifying' activities these stocks are not eligible for VCT investment by us.

Whilst AIM staged a strong recovery in the year to 31 March 2004 so too did the FTSE 100 and FTSE All-Share indices which increased by 21% and 27% respectively. This benefited our 'non-qualifying' unit trust and stock market investments.

## Net Asset Value (NAV)

NAV at 31 March 2004 was 73.81 pence per share (2003: 64.33 pence per share), a 19% increase before allowing for the dividend in respect of the year.

## Investments

At the year end the Company had 36 qualifying investments in AIM and unquoted companies which cost £7.4 million and had a valuation of £6.3 million.

During the period we sold over £1.9 million of investments realising profits of £396,000 (2003: loss of £365,000).

We continue to invest in established companies in growth industries. During the year we invested £470,000 in four VCT qualifying companies, details of which can be found in the Manager's Report. Since the year end we have invested £300,000 in Media Square plc, a new addition to the qualifying portfolio.

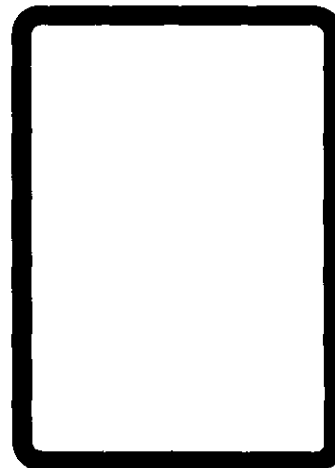
## Results and dividend

The total return on ordinary activities before tax in the year was a profit of £298,000 (2003: loss of £390,000). In addition unrealised profits on the valuation of investments were £1.7 million (2003: loss of £3.1 million). The total return after tax (including unrealised profits) was 12.3 pence per share (2003: loss of 21.4 pence per share).

I am pleased to report that the Company made a positive revenue return on ordinary activities after tax of £197,000 (2003: £230,000) equivalent to 1.21 pence per share (2003: 1.40 pence per share). We intend to distribute all of these revenue profits together with a proportion of other reserves as a dividend. In addition to the interim dividend of 1 pence per share we now propose, subject to shareholders' approval, to pay an increased final dividend of 2 pence per share (2003: 1 pence per share) on 27 August 2004 to shareholders on the register at close of business on 30 July 2004. The total dividend for the year is therefore increased by 50% to 3 pence per share (2003: 2 pence per share). Including the current proposed final dividend we will have paid a total of 34 pence per share to shareholders since inception of the VCT.

## 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 the 70% tests for all funds have been achieved by the year end. A small amount of funds are currently held in a non-interest bearing bank account pending further investment and the payment of the proposed dividend. This policy has helped us to achieve the 70% test for the net funds raised in the year to 31 March 2002.



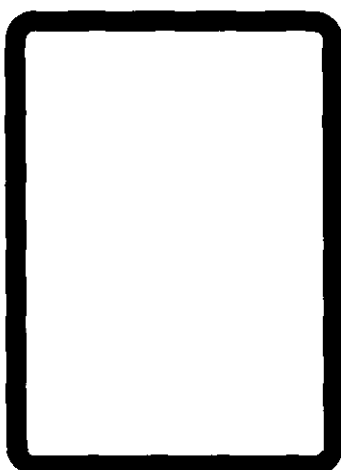
## Share Buy-Back

During the year we repurchased 296,386 ordinary shares at a cost of £175,000. The market in VCT shares is virtually 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.

## Budget Changes

In the Chancellor's March Budget important changes to the VCT legislation were announced. From 6 April 2004 and for a period of two years, investors in new VCT shares will be entitled to receive 40% income tax relief providing these shares are held for three years. However, the previous ability to defer CGT by investing in a VCT is withdrawn. This does not affect existing shareholders in any way. We strongly welcome the increased income tax benefit which comes in response to considerable efforts by VCT providers to simplify and enhance this valuable source of funds to smaller companies.

## Share Issues

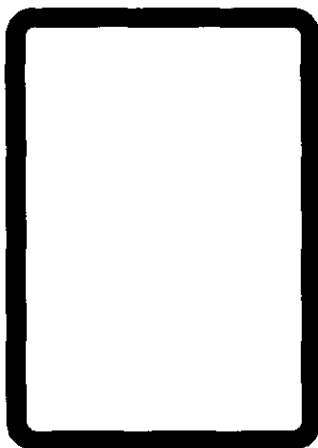


The Directors currently believe that as a result of the recently announced changes to the VCT legislation (which are explained in the Budget Changes paragraph above) there may be increased demand for new VCT shares in the future. As a result the Board is seeking shareholder approval to increase the Company's authorised share capital and allow the Board to issue up to ten million new shares. Initially, the Board will be seeking to place a small number of shares, not exceeding 10% of the number of ordinary shares in issue. As this will not require a prospectus, the Board considers that this is a relatively inexpensive way of gauging demand for the Company's shares. At the Board's discretion, a prospectus could be issued later in the year to raise further funds if the Board considers that there is sufficient demand for the shares. If the Board decides to place such shares, the shares may be issued at a premium to the then current NAV per share so that the issue would not dilute the existing shareholders' NAV per share. The new capital would allow us to make new investments and also provide additional funds for the repurchase of shares. If the Board decides to proceed with a prospectus, details will be sent to you as soon as possible.

The Company's Articles of Association require the Directors to propose an ordinary resolution at the 2006 AGM, to the effect that the Company shall continue in being as a Venture Capital Trust. To allow for the fact that new investors wish to be assured that the VCT will continue for the duration of their 'qualifying' holding period (which is a minimum of three years) it is proposed that this date be changed so that the resolution need not be proposed until the 2009 AGM.

# Chairman's Statement

continued



## Name Change

As shareholders will be aware the Company has always been managed by Capital for Companies (hence our name Capital for Companies VCT plc), a division of BWD Rensburg Limited, which itself was a subsidiary of BWD Securities PLC. On 28 May 2004, BWD Securities PLC changed its name to Rensburg plc as part of a wider rationalisation of all group names. This included Capital for Companies becoming fully absorbed into the Rensburg group structure with our managers becoming the VCT division of Rensburg Investment Management Limited ('RIM').

In order to ensure that Capital for Companies VCT continues to be identified with the Rensburg group it is therefore proposed at the AGM to change the name of the Company to Rensburg VCT plc. All costs associated with this exercise will be borne by RIM and not the Company.

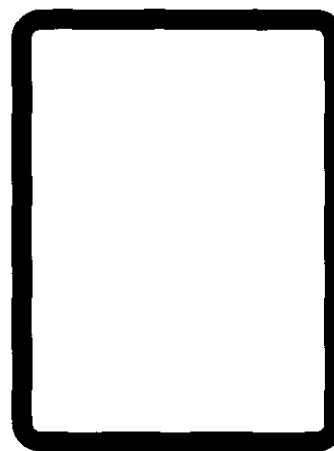
## Reduction in Share Premium Account

The Company received Court approval to reduce the share premium account by transferring it to the special reserve on 12 September 2003.

## Outlook

At 31 May 2004 our unaudited NAV was 73.22 pence per share after provision for the payment of the dividend referred to above. Hopefully we will be spared an increase in terrorist and related atrocities so as to allow global stock markets to continue their steady recovery. Last year I was slightly pessimistic and whilst I am now more optimistic, the economy is still not out of the woods.

Worryingly, interest rates appear to be on an upward trend and the Chancellor may be forced to increase taxation to fund the public sector. However, this now seems to have been postponed until after the next General Election which could possibly be as early as next year. Hopefully this possibility will not stifle corporate profitability which is the basis of a sound and growing Stock Market. Certainly the vitality and increased interest in AIM companies' shares augurs well for the future.



## Shareholder Communications

Shareholders wishing to keep in touch with our progress should visit our website at [www.cfc-vct.co.uk](http://www.cfc-vct.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, the Yorkshire Post and Daily Express 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*

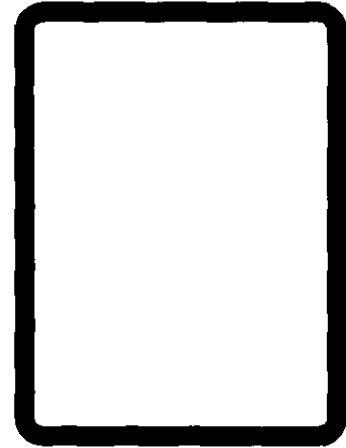
23 June 2004

# Manager's Report

## Introduction

What a difference a year makes! After our gloomy statement last year equity markets reversed their downward spiral as confidence in the long term future of UK plc returned during 2003 with smaller companies dominating the recovery, which was hardly surprising considering they had suffered most. It is therefore pleasing to note the improvement in our net asset value ('NAV') and that Capital for Companies VCT's performance is currently ranked 6th out of 12 VCTs established in the tax year 1996-97\* with a return of 1.1% per annum before tax relief is taken into account.

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 unit trusts and blue-chip equities but have reduced our exposure to gilts, as with increasing interest rates likely as the UK economy recovers, direct exposure to equities offers better upside potential.



## Investment Policy

The companies selected for investment by us are usually traded on the Alternative Investment Market (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 with sufficient funds to finance growth;
- have experienced, committed (in terms of share ownership and options) and balanced management teams; and
- have, or are likely 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 107 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 reached this target by 31 March 2004 in respect of all funds raised by 31 March 2002 and are confident that we will maintain this level as required by the VCT legislation. A small amount of funds are currently held in a non-interest bearing bank account pending investment and the payment of the proposed dividend. This policy has helped us to achieve the 70% test in respect of funds raised in the year to 31 March 2002.

## Qualifying Investments

During the year we invested £470,000 (2003: £1.4 million) in four qualifying companies all of which are on AIM and one of which, AdVal Group plc, was an existing investment.

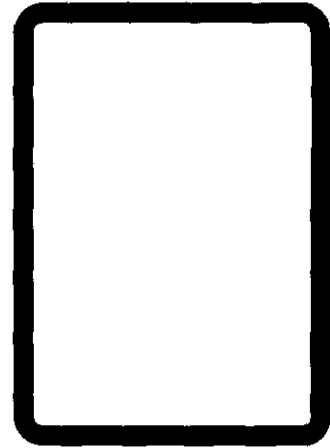
\* Source: Tax Effective Investor (May 2004)

# Manager's Report

continued

The new companies backed during the year were:

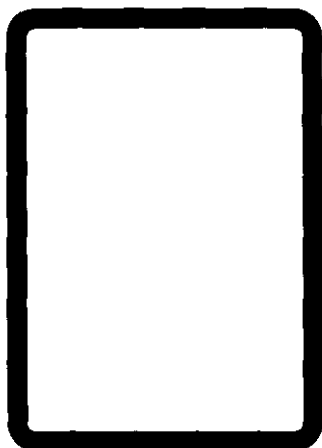
**Cobra Bio-Manufacturing plc** was established in 1993 as a production division of Therexys, the UK's first gene therapy company. It was acquired by ML Laboratories plc in 2000 and subsequently floated on AIM in June 2002 raising £7 million to help develop its production facility at Keele Science Park. The company is a leading international manufacturer of products for large pharmaceutical companies helping them to develop new drugs for the treatment of many diseases including various forms of cancer, hepatitis and Aids. Capital for Companies VCT invested £130,000 in a fund raising in June 2003 when £5.2 million was raised to fund a second production facility based in Oxford scheduled to be operational later this year. The company issued a profit warning in February of this year saying that expected growth in 2004/05 would be delayed but this has been followed by encouraging progress on the granting of new patents in the US and a collaborative agreement with AstraZeneca.



**Quadnetics Group plc** is a market leader in the UK CCTV market. It is involved in the development, design, integration and control of high complexity security and surveillance systems for a broad range of public sector and blue chip private sector businesses.

The company has recently acquired Look CCTV, largely funded by a placing which raised £8 million, of which some £150,000 was subscribed by Capital for Companies VCT. Look CCTV is the dominant supplier of CCTV systems for use in buses in the UK and fits well with the rest of the group's activities. Look CCTV had a turnover of £4.7 million with profits before tax of £1.2 million for the year ended 31 January 2003 and has been acquired for a consideration of up to £6.8 million dependent on subsequent performance. For the year ended 31 May 2003 Quadnetics' turnover was £20 million with profits before tax of £1.4 million and shareholders' funds of £5.5 million.

**Computer Software Group plc** originally came to AIM in August 2000 as Software for Sport plc being an IT software provider serving predominantly professional sports clubs. Since then, the business has been enlarged by acquisition to form a wider based IT software group with additional focus on software for membership based organisations such as the CBI and latterly full software solutions based on IBM's AS400 series. The latter diversification was achieved through the acquisition of Chorus Application Software Ltd in May 2003 when Capital for Companies VCT invested £150,000 as part of a £1.7 million funding round. Since then, the Group has made two further acquisitions and issued a positive trading statement in March saying operating profit for 2003/04 should be £600,000.



By the year end we had invested £7.4 million in 36 qualifying companies, of which 29 are on AIM, 6 are unquoted and 1 is fully listed with a total valuation of £6.3 million. During the year we realised over £787,000, resulting in a net profit of £117,000, from the sale of part of our shareholdings in a number of AIM investments Glisten, Huveaux, PM Group and Computer Software Group and the sale of Transcomm. During the year TIB plc repaid a loan of £137,000 that had previously been written off and Radii Ltd redeemed 31,000 £1 preference shares at par.

At the year end our ten largest investments by valuation, with a book cost of just over £2.1 million had a valuation of £3.6 million, representing just over 30% of total net assets.

## Non-Qualifying Investments

At the year end some 19% of net assets were represented by investments in unit trusts managed by Rensburg Fund Management Limited. A further 8% of net assets were held in blue-chip equities managed by Rensburg Investment Management Limited and 19% were in short dated gilts and cash at bank pending investment and the payment of the dividend.



During the year we raised some £972,000 from the sale of part of the quoted equity portfolio and gilts realising a £15,000 gain.

## Outlook

We are much more confident than this time last year. Our target market, AIM companies, are enjoying tremendous growth. Virtually all flotations are coming to AIM giving us plenty of choice in selecting investments, although many do not qualify under the VCT rules. In 2003, AIM companies raised over £2 billion (2002: £975 million) and at 30 April 2004 there were 809 companies trading on AIM with a total market capitalisation of over £21 billion\*. 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 few months so, as always, we concentrate only on companies which offer us good value and upside potential, hence the low level of investment activity in our second half.

We believe that the recently announced changes to VCT legislation and in particular, the enhanced 40% income tax 'break' will be of considerable interest to the three million higher rate taxpayers in the UK. Many will see VCTs as an opportunity to gain exposure to AIM and smaller companies whilst gaining a substantial income tax benefit, thereby reducing the net cost of their investment.

We are therefore currently considering issuing a new prospectus in the autumn to enable existing and new investors to subscribe under the new rules and this will, if successful, enable us to add to and diversify our portfolio further. It will also provide the funds to repurchase shares from those investors who wish to realise their VCT investment, having reached the end of their qualifying period.

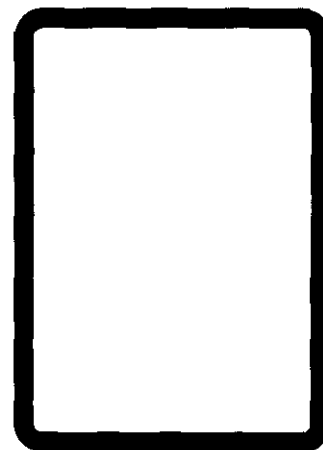
### **Barry Anysz**

*Senior Investment Director*

*Rensburg Investment Management Limited*

23 June 2004

\* Source: AIM Market Statistics published by the London Stock Exchange (May 2004).



# Investment Portfolio Analysis

as at 31 March 2004

Investment	Book cost £000	Valuation £000	% of total net assets (by value)	Unrealised gain/(loss) £000
<b>Ten largest qualifying investments</b>				
Glisten plc	200	698	5.91	498
PM Group plc	201	464	3.93	263
Huveaux plc	211	442	3.75	231
Connaught plc	133	423	3.58	290
CRC Group plc	235	320	2.71	85
Honeycombe Leisure plc	254	315	2.67	61
Primal Pictures Ltd	400	286	2.42	(114)
Inter Link Foods plc	88	245	2.08	157
Tikit Group plc	200	237	2.01	37
Stagecoach Theatre Arts plc	178	216	1.83	38
	2,100	3,646	30.89	1,546
<b>Other qualifying investments</b>	5,283	2,618	22.18	(2,665)
<b>Total qualifying investments</b>	<b>7,383</b>	<b>6,264</b>	<b>53.07</b>	<b>(1,119)</b>
<b>Non-qualifying investments</b>				
<b>Fixed interest securities</b>				
5% Treasury Stock 2004	2,001	2,001	16.95	—
<b>Unit trusts</b>				
Rensburg Equity Income Unit Trust	767	1,006	8.52	239
Rensburg Blue Chip Growth Unit Trust	1,461	1,266	10.72	(195)
	2,228	2,272	19.24	44
<b>Other non-qualifying investments</b>				
Quoted equities	934	955	8.10	21
Non-qualifying AIM investments	29	29	0.25	—
	963	984	8.35	21
<b>Total non-qualifying investments</b>	<b>5,192</b>	<b>5,257</b>	<b>44.54</b>	<b>65</b>
<b>Total investments</b>	<b>12,575</b>	<b>11,521</b>	<b>97.61</b>	<b>(1,054)</b>
Net current assets		282	2.39	
<b>Net assets</b>		<b>11,803</b>	<b>100.00</b>	

# Qualifying Investments Portfolio Analysis

as at 31 March 2004

Sector	Company	Book cost £000	Valuation £000	% of total net assets (by value)	Unrealised gain/(loss) £000
Computer, IT and communications	CRC Group plc	235	320	2.71	85
	Primal Pictures Ltd*†	400	286	2.42	(114)
	Tikit Group plc	200	237	2.01	37
	Radii Ltd*†	195	195	1.65	—
	Computer Software Group plc	90	194	1.64	104
	Quadnetics Group plc	150	187	1.59	37
	VI Group plc	215	167	1.42	(48)
	XKO plc†	225	164	1.39	(61)
	Systems Union Group plc	162	144	1.22	(18)
	Rhetorical Group Ltd*	300	108	0.91	(192)
	Vianet Group plc†	210	71	0.60	(139)
	Sirius Financial plc	106	60	0.51	(46)
	Zoo Digital Group plc	160	19	0.16	(141)
		2,648	2,152	18.23	(496)
Support services and transport	PM Group plc	201	464	3.93	263
	Connaught plc	133	423	3.58	290
	MacLellan Group plc	114	214	1.82	100
	Spring Grove Property Maintenance plc	180	160	1.36	(20)
	Xpertise Group plc	200	82	0.69	(118)
	Lloyds British Testing plc	150	80	0.68	(70)
	AdVal Group plc†	514	77	0.65	(437)
		1,492	1,500	12.71	8
Consumer and distribution	Glisten plc	200	698	5.91	498
	Inter Link Foods plc	88	245	2.08	157
	Blooms of Bressingham (Holdings) plc	263	84	0.71	(179)
	The Longmead Group plc	135	21	0.18	(114)
		686	1,048	8.88	362
Beverages, leisure, hotel and entertainment	Honeycombe Leisure plc	254	315	2.67	61
	Stagecoach Theatre Arts plc	178	216	1.83	38
	Blavod Extreme plc	250	99	0.84	(151)
	Inventive Leisure plc	107	55	0.47	(52)
	Wineworld (London) Ltd*	270	25	0.21	(245)
	Warthog plc	226	12	0.10	(214)
		1,285	722	6.12	(563)
Media and photography	Huveaux plc	211	442	3.75	231
	Forward Media Ltd*	200	50	0.42	(150)
		411	492	4.17	81
Health and personal care	Oasis Healthcare plc	353	195	1.65	(158)
	Cobra Bio-Manufacturing plc	130	110	0.93	(20)
	Tissuemed Ltd*	200	25	0.21	(175)
	AorTech International plc	178	20	0.17	(158)
		861	350	2.96	(511)
<b>Total qualifying investments</b>		<b>7,383</b>	<b>6,264</b>	<b>53.07</b>	<b>(1,119)</b>

Qualifying investments are AIM investments except for those denoted by \* which are unquoted and † which are fully listed.

† Denotes investments made up of ordinary shares and/or preference shares and qualifying loans.

# Ten Largest Qualifying Investments

(by valuation)

## Glisten plc — Blackburn

First Investment:	June 2002	Year ended: 30 June	<b>2003</b>
Equity held:	2.98%		<b>£000</b>
Cost: (£000)	200	Turnover	15,591
Valuation: (£000)	698	Profit before tax	1,055
Valuation basis:	Mid-market price	Retained profit	638
Type of security:	Ordinary shares	Net assets	6,030

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

*\*Rensburg Aim VCT plc holds 3.55% of the equity share capital.*

## PM Group plc — Bradford

First Investment:	April 2002	Year ended: 30 June	<b>2003</b>
Equity held:	1.62%		<b>£000</b>
Cost: (£000)	201	Turnover	10,050
Valuation: (£000)	464	Profit before tax	1,178
Valuation basis:	Mid-market price	Retained profit	1,097
Type of security:	Ordinary shares	Net assets	5,907

PM Group manufactures and supplies on-board vehicle weighing systems to the transport and waste management industries.

*\*Rensburg Aim VCT plc holds 2.73% of the equity share capital.*

## Huveaux plc — London

First Investment:	March 2003	Year ended: 31 December	<b>2003</b>
Equity held:	1.18%		<b>£000</b>
Cost: (£000)	211	Turnover	4,575
Valuation: (£000)	442	Profit before tax	1,205
Valuation basis:	Mid-market price	Retained profit	473
Type of security:	Ordinary shares	Net assets	21,585

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

*\*Rensburg Aim VCT plc holds 1.60% of the equity share capital.*

## Connaught plc — Exeter

First Investment:	December 1998	Year ended: 31 August	<b>2003</b>
Equity held:	0.53%		<b>£000</b>
Cost: (£000)	133	Turnover	159,418
Valuation: (£000)	423	Profit before tax	5,585
Valuation basis:	Mid-market price	Retained profit	5,862
Type of security:	Ordinary shares	Net assets	29,821

Connaught provides facilities management and building support services throughout the UK.

*\*Other funds managed by Rensburg Investment Management Ltd — VCT division holds 0.35% of the equity share capital.*

## CRC Group plc — Thame

First Investment:	November 1997	Year ended: 31 December	<b>2003</b>
Equity held:	0.89%		<b>£000</b>
Cost: (£000)	235	Turnover	71,235
Valuation: (£000)	320	Profit before tax	3,654
Valuation basis:	Mid-market price	Retained profit	8,084
Type of security:	Ordinary shares	Net assets	23,554

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

*\*Rensburg Aim VCT plc holds 0.11% of the equity share capital, other funds managed by Rensburg Investment Management Ltd — VCT division holds 0.24%.*

**Honeycombe Leisure plc — Preston**

First Investment:	November 1998	Year ended: 27 April	<b>2003</b>
Equity held:	1.55%		<b>£000</b>
Cost: (£000)	254	Turnover	32,971
Valuation: (£000)	315	Profit before tax	2,578
Valuation basis:	Mid-market price	Retained loss	(173)
Type of security:	Ordinary shares	Net assets	16,197

Honeycombe owns and manages a chain of pubs, nightclubs and hotels throughout the North of England.

*\*Other funds managed by Rensburg Investment Management Ltd — VCT division holds 0.16% of the equity share capital.*

**Primal Pictures Ltd — London**

First Investment:	November 1999	Year ended: 31 December	<b>2003</b>
Equity held:	5.54%		<b>£000</b>
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.*

**Inter Link Foods plc — Blackburn**

First Investment:	August 1998	Year ended: 30 April	<b>2003</b>
Equity held:	0.53%		<b>£000</b>
Cost: (£000)	88	Turnover	51,376
Valuation: (£000)	245	Profit before tax	2,962
Valuation basis:	Mid-market price	Retained profit	4,104
Type of security:	Ordinary shares	Net assets	18,601

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

*\*Rensburg Aim VCT plc holds 0.95% of the equity share capital, other funds managed by Rensburg Investment Management Ltd — VCT division holds 0.53%.*

**Tikit Group plc — London**

First Investment:	June 2001	Year ended: 31 December	<b>2003</b>
Equity held:	1.45%		<b>£000</b>
Cost: (£000)	200	Turnover	9,555
Valuation: (£000)	237	Profit before tax	713
Valuation basis:	Mid-market price	Retained profit	805
Type of security:	Ordinary shares	Net assets	3,633

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 2.23% of the equity share capital.*

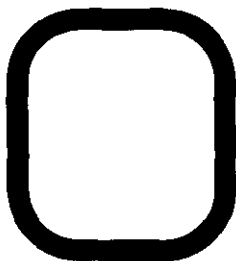
**Stagecoach Theatre Arts plc — Walton-on-Thames**

First Investment:	December 2001	Year ended: 31 May	<b>2003</b>
Equity held:	1.99%		<b>£000</b>
Cost: (£000)	178	Turnover	4,961
Valuation: (£000)	216	Profit before tax	805
Valuation basis:	Mid-market price	Retained profit	461
Type of security:	Ordinary shares	Net assets	2,477

Stagecoach operates the UK's largest network of part-time performing arts schools for young people aged between 4 and 16.

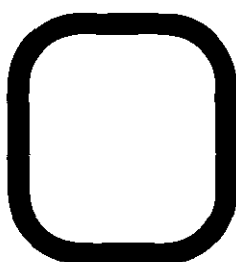
*\*Rensburg Aim VCT plc holds 2.99% of the equity share capital.*

## Directors



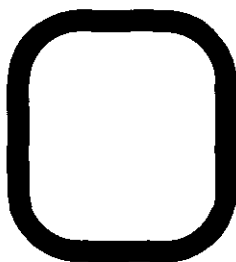
**William M. Cran (age 55)** (Non-Executive Chairman)

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



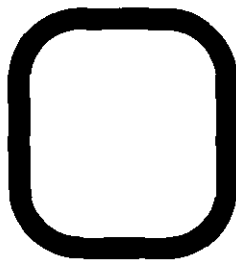
**Barry Anysz B. Comm (Hons), MSI (age 54)** (Non-Executive Director)

Barry is a director of Rensburg plc (formerly BWD Securities PLC) and a non-executive director of Rensburg Aim VCT plc (formerly BWD Aim VCT plc), which are both listed companies. He has over 30 years experience of the venture capital industry including 12 years with 3i plc. He has held directorships in a number of private and public companies.



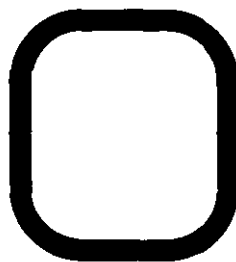
**Richard Battersby BA, FCA, J Dip MA (age 61)** (Non-Executive Director)

Richard is non-executive chairman of Rensburg Aim VCT plc (formerly BWD Aim VCT plc). He is also a non-executive director of BWA Group plc (a company traded on AIM) and a director of a number of unquoted companies. He was previously chairman of AG Holdings plc and a director of Plaxton Group plc. Since the mid-1970s he has had 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 this sector.



**Dr Robert Toomey ACMA (age 55)** (Non-Executive Director)

Rob has considerable experience in the smaller 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 62)** (Non-Executive Director)

Tim is a Chartered Accountant and became a partner in the stockbroking firm of Rensburg & Co. in 1969. Upon the acquisition of Rensburg & Co. by BWD Securities PLC (now Rensburg plc) in 1988 he was appointed to the Board of BWD Securities PLC 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 Nominations and Audit committees.*

# Directors' Report

The Directors present their report and audited financial statements for the year to 31 March 2004.

## 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 provisional 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 2006 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 profit after taxation of the Company for the year was £298,000. The Directors propose the payment of a final dividend for the year of 2.0 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 2004	31 March 2003
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

All of the Directors' share interests shown above were held beneficially. There have been no changes in the Directors' share interests between 31 March 2004 and the date of this report. In addition to the above, B. A. Anysz holds 10,000 shares in Zoo Digital plc, a company in which Capital for Companies VCT plc holds an investment.

W. M. Cran and B. A. Anysz retire from the Board by rotation and being eligible offer themselves for re-election at the Annual General Meeting.

Except as mentioned on page 14 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. The Company had no trade creditors at the year end.

# Directors' Report

continued

## Charitable Donations

The Company contributed £Nil (2003: £Nil) to charities during the year.

## Manager

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

## Related Parties

Fees paid by this Company for services provided by RIM, which is a related party, amounted to £349,000 (2003: £304,000) in the year. The outstanding balance accruing to RIM at the year end was £9,000 (2003: £52,106).

## 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.

## Annual General Meeting

The Directors currently believe that as a result of the recently announced changes to the VCT legislation, there may be increased demand for new VCT shares in the future. As a result, resolutions will be proposed at the meeting to increase the authorised share capital of the Company from £2.5 million to £3.5 million by creating 10 million ordinary shares of 10p each and to enable the Directors to allot any unissued shares in the capital of the Company for cash. The resolutions enabling the Directors to allot unissued shares and to allot shares for cash will be limited to the allotment of shares up to a maximum amount of £1,000,000, which represents 63% of the total ordinary share capital in issue as at 23 June 2004. Apart from considering whether to place a small number of shares (not exceeding 10% of the total number of ordinary shares in issue), the Directors do not currently intend to exercise this authority to allot shares.

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 9 of the Notice of Annual General Meeting on pages 33 and 34. 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.

As explained in the Chairman's Statement, resolutions will also be proposed to:

- Amend article 162 of the Company's articles of association and propose that the company continue as a Venture Capital Trust until 2009; and
- To change the Company's name to Rensburg VCT plc.

## 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

  
23 June 2004



# Corporate Governance

The Directors are committed to achieving a high standard of corporate governance and to compliance with the best practice provisions of the Combined Code on corporate governance introduced by the London Stock Exchange and adopted by the UK Listing Authority of the Financial Services Authority (FSA).

The following statement describes how the Company has applied the principles set out in the Combined Code.

## Board Responsibilities

The Board consists solely of Non-Executive Directors who, with the exception of Mr Anysz and Mr Wood, are considered to be independent. Biographical details of all Directors are given on page 12.

The Board meets regularly throughout the year to review financial performance and strategy and has a formal schedule of matters reserved to it for decision. Board papers comprising an agenda and formal 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.

## Board Committees

Committees comprising the entire Board carry out the functions of Audit and Nominations Committees. Recent changes to the Listing Rules mean that the Company is not obliged to operate a Remuneration Committee, by virtue of its VCT status and the fact that the Board is composed solely of Non-Executive Directors.

## Audit Committee

The Audit Committee is scheduled to meet twice a year and is able to meet more frequently where business needs require. The role of the Audit Committee is to assist the Board in discharging its duties and responsibilities for financial reporting, corporate governance, internal control and the appointment and remuneration of independent auditors. The Committee's duties include keeping under review the scope and results of the audit work and 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.

## Nominations 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. They operate a formal procedure for such nominations.

## Communications 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. These reports, together with other useful information are 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. 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 on pages 33 and 34.

## 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 the VCT division of Rensburg Investment Management Limited ('RIM') (formerly Capital for Companies). Under the terms of that agreement RIM 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 review the Company's investments, liquid transactions and revenue and expenditure. RIM'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 plc (formerly BWD Securities PLC) group, RIM operates under the supervision of Rensburg plc's Audit Committee and Risk Management Committee.

# Corporate Governance

continued

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 2004 and has taken account of material developments between 31 March 2004 and the date of approval of the Report and Financial Statements.

Following an assessment, the Company has decided that the monitoring and control procedures in place are such that the establishment of an internal audit function is not justified at present. The need for such a function will be assessed on an annual basis moving forward.

## Compliance with the Code

The Directors consider that the Company has been in full compliance with the provisions set out in section one of the Combined Code throughout the year except as follows:

- *provision A2.1* which requires there to be a recognised Senior Independent Non-Executive Director other than the Chairman to whom concerns can be conveyed. The Board considers that in view of its nature it is not appropriate to appoint a senior member other than the Chairman;
- *provision A6.1* which requires Non-Executive Directors to be appointed for specified terms. At the time of their appointment each of the current Non-Executive Directors was not appointed for a specified term, with the exception of Dr R. R. Toomey who was appointed in December 2002. The Board has agreed that all new Non-Executive Directors should be subject to appointment for a specified term.

The revised Combined Code, issued on 23 July 2003, will apply to the Company for the first time during the financial year ending 31 March 2005. A review is currently being undertaken to establish the extent of the Company's compliance with the provisions of the revised Code and any areas of non-compliance will be given careful consideration by the Board. A full report under the revised Code will be made in the report and financial statements for the year ending 31 March 2005.

## 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

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; and
- 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

## 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. Recent changes to the Listing Rules mean that the Company is not obliged to operate a Remuneration Committee by virtue of its VCT status and the fact that the Board is composed 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 of 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 when deciding Directors' Remuneration.

## 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. Directors' fees payable during the year totalled £48,000 (2003: £48,958) as set out in the table below. 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. The Company's articles of association limit fees payable to the Directors to £75,000 in aggregate.

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 direct £	Fees paid to 3rd parties £	Employers NIC £	Total £
<b>2004</b>				
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
	<b>13,500</b>	<b>34,500</b>	<b>2,331</b>	<b>50,331</b>
<b>2003</b>				
W. M. Cran*	12,000	—	873	12,873
R. B. de Zouchet†	10,125	—	789	10,914
B. A. Anysz	—	—	—	—
R. G. Battersby	—	11,500	—	11,500
R. R. Toomey‡	—	3,833	—	3,833
T. C. J. Wood	7,667	3,833	996	12,496
	<b>29,792</b>	<b>19,166</b>	<b>2,658</b>	<b>51,616</b>

\* Appointed as Chairman 18 December 2002

† Resigned 18 December 2002

‡ Appointed 18 December 2002

# Directors' Remuneration Report

continued

## Directors' Fees (audited)

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 the VCT division of Rensburg Investment Management Limited ('RIM') (formerly Capital for Companies). Consequently, the amount of consideration paid to RIM for making available the services of B. A. Anysz is not separately identifiable. However, of the consideration paid to RIM 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.

Dr R. R. Toomey, who was appointed in December 2002, has specific terms of engagement which include that he was appointed for an initial period of twelve months and on a rolling basis thereafter, terminable on three months' notice.

## Total Shareholder Return

The following graph charts the cumulative total return to ordinary shareholders (being net asset value plus cumulative dividends paid to date) over the past 5 years. This return is compared to the cumulative total shareholder return on notional investments in the FTSE AIM Index and the 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 1999.

## Approval of this Report

This Directors' Remuneration Report was approved by the Board on 23 June 2004 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

to the members of Capital for Companies 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 or 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 15 and 16 reflects the Company's compliance with the seven provisions of the Combined 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 and Financial Statements, 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 2004 and of the profit of the Company for the year then ended; and 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.

*KPMG Audit Plc*

**KPMG Audit Plc**

Chartered Accountants & Registered Auditor  
Leeds

23 June 2004

# Profit and Loss Account

for the year ended 31 March 2004

	Notes	2004 Revenue £000	2004 Capital £000	2004 Total £000	2003 Revenue £000	2003 Capital £000	2003 Total £000
Gains/(losses) on disposals of investments	8c	—	396	396	—	(365)	(365)
Income	2	356	—	356	367	—	367
Investment management fee	3	(87)	(262)	(349)	(76)	(228)	(304)
Other expenses	4	(67)	(38)	(105)	(46)	(42)	(88)
<b>Profit/(loss) on ordinary activities before tax</b>		<b>202</b>	<b>96</b>	<b>298</b>	<b>245</b>	<b>(635)</b>	<b>(390)</b>
Tax on profit/(loss) on ordinary activities	5	(5)	5	—	(15)	15	—
<b>Profit/(loss) on ordinary activities after tax</b>		<b>197</b>	<b>101</b>	<b>298</b>	<b>230</b>	<b>(620)</b>	<b>(390)</b>
Equity dividends	6	(197)	(283)	(480)	(230)	(101)	(331)
<b>Retained loss for the year</b>	12	<b>—</b>	<b>(182)</b>	<b>(182)</b>	<b>—</b>	<b>(721)</b>	<b>(721)</b>
<b>Earnings/(loss) per ordinary share</b>	7	<b>1.21p</b>	<b>0.63p</b>	<b>1.84p</b>	<b>1.40p</b>	<b>(3.77)p</b>	<b>(2.37)p</b>

# Statement of Total Recognised Gains and Losses

for the year ended 31 March 2004

	Notes	2004 Revenue £000	2004 Capital £000	2004 Total £000	2003 Revenue £000	2003 Capital £000	2003 Total £000
Profit/(loss) on ordinary activities after tax		197	101	298	230	(620)	(390)
Unrealised gains/(losses) on revaluation of investments	8d	—	1,697	1,697	—	(3,119)	(3,119)
<b>Total recognised gains and losses during the year</b>		<b>197</b>	<b>1,798</b>	<b>1,995</b>	<b>230</b>	<b>(3,739)</b>	<b>(3,509)</b>
<b>Total recognised gains and losses per ordinary share</b>	7	<b>1.21p</b>	<b>11.08p</b>	<b>12.29p</b>	<b>1.40p</b>	<b>(22.75)p</b>	<b>(21.35)p</b>

# Note of Historical Cost Profits and Losses

for the year ended 31 March 2004

	2004 £000	2003 £000
Profit/(loss) on ordinary activities before tax	298	(390)
Realisation of revaluation losses of previous years	(128)	(670)
<b>Historical cost profit/(loss) on ordinary activities before tax</b>	<b>170</b>	<b>(1,060)</b>
Historical cost loss for the year retained after taxation and dividends	(310)	(1,391)

All items in the above statements derive from continuing activities.

The accompanying notes are an integral part of these statements.

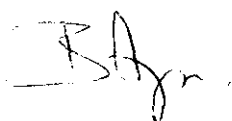
# Balance Sheet

as at 31 March 2004

	Notes	2004 £000	2003 £000
<b>Fixed assets</b>			
Investments	8a	11,521	10,295
<b>Current assets</b>			
Debtors	9	84	99
Cash at bank and on deposit		536	317
		620	416
<b>Creditors</b> (amounts falling due within one year)	10	(338)	(234)
<b>Net current assets</b>		282	182
<b>Net assets</b>		11,803	10,477
<b>Capital and reserves</b>			
Called-up share capital	11	1,599	1,629
Share premium account	12	—	7,495
Capital redemption reserve	12	100	70
Revaluation reserve	12	(1,054)	(2,879)
Special reserve	12	12,194	5,368
Profit and loss account	12	(1,036)	(1,206)
<b>Equity shareholders' funds</b>	13	11,803	10,477
<b>Net asset value per share</b>	14	73.81p	64.33p

The financial statements on pages 20 to 29 were approved by the Board of Directors on 23 June 2004 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 31 March 2004

	2004 £000	2003 £000
<b>Operating activities</b>		
Profit/(loss) on ordinary activities before tax	298	(390)
Decrease in debtors	15	22
Decrease in creditors	(53)	(54)
Decrease in tax withheld at source	—	4
(Profit)/loss on disposal of investments	(396)	365
<b>Net cash outflow from operating activities</b>	<b>(136)</b>	<b>(53)</b>
<b>Taxation</b>	<b>—</b>	<b>—</b>
<b>Capital expenditure and financial investment</b>		
Purchases of investments	(1,060)	(2,258)
Proceeds from sales/repayments of investments	1,927	2,620
<b>Net cash inflow from capital expenditure and financial investment</b>	<b>867</b>	<b>362</b>
<b>Dividends</b>		
Equity dividends paid	(323)	(510)
<b>Financing</b>		
Issue of ordinary shares	—	44
Expenses paid in connection with share issues	—	(2)
Expenses paid in connection with reserves transfer	(14)	—
Buy-back of ordinary shares	(175)	(168)
<b>Net cash outflow from financing</b>	<b>(189)</b>	<b>(126)</b>
<b>Increase/(decrease) in cash</b>	<b>219</b>	<b>(327)</b>

## Notes to the Cash Flow Statement

### Analysis of changes in net funds

Net cash at 1 April 2003	317	644
Net cash inflow/(outflow) for the year	219	(327)
<b>Net cash at 31 March 2004</b>	<b>536</b>	<b>317</b>

*The accompanying notes are an integral part of these statements.*



# Notes to the Financial Statements

## **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 following exceptions:

- expenses incidental to the acquisition or disposal of an investment are included within the cost of the investment or deducted from the disposal proceeds as appropriate; and
- expenditure incurred as a result of the re-organisation of reserves has been attributed to the special reserve 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 diminutions in value, 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.

# Notes to the Financial Statements

continued

## 2 Income

	2004 £000	2003 £000
UK franked investment income	177	169
Interest receivable from fixed interest government stocks	128	185
Deposit interest	19	13
Loan interest	32	—
	<b>356</b>	<b>367</b>

## 3 Investment management fee

	2004 £000	2003 £000
Investment management fee	296	257
Irrecoverable value added tax thereon	53	47
	<b>349</b>	<b>304</b>

The VCT division of Rensburg Investment Management Ltd ('RIM') (formerly Capital for Companies) provides investment management and secretarial services to the Company under an agreement dated 5 March 1996. This agreement was for an initial fixed term of three years and may be terminated by either party on not less than twelve months' notice expiring at the end of the fixed term or any time thereafter.

RIM receives a fee of 2.5% per annum of the net assets of the Company (plus value added tax). There is no bonus element attached to this fee.

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

	2004 £000	2003 £000
Directors' remuneration (see pages 17 and 18)	50	52
Auditors' remuneration		
— audit	9	7
— other services to the Company (tax advice)	1	1
Other operating expenses	37	23
Irrecoverable value added tax	8	5
	<b>105</b>	<b>88</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% (2003: 20%). Applying this rate to the profit on ordinary activities before tax would give a tax charge of £59,600 (2003: tax credit £78,000). However UK dividends 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 2004 the Company had surplus tax deductible expenses of £1,365,548 (2003: £1,056,000) 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 £5,000 (2003: £15,000) has been charged to the revenue account which represents a charge of 20% (2003: 20%) of the excess of taxable revenue income over allowable expenses charged to the revenue account. An equivalent tax credit is charged to the capital account which represents a tax allowance relating to the excess of allowable expenses charged to the capital account over capital income.

## 6 Equity dividends

	2004 £000	2003 £000
Ordinary 10p shares		
Interim paid — 1.00p (2003: 1.00p)	161	168
Final proposed — 2.00p (2003: 1.00p)	319	163
	<b>480</b>	331

## 7 Returns per share

Earnings per share of 1.84p (2003: losses of 2.37p) are based on the profit on ordinary activities after tax of £298,000 (2003: losses of £390,000) and on 16,230,026 (2003: 16,434,110) ordinary shares, being the weighted average number of shares in issue during the year.

Total recognised gains per share of 12.29p (2003: losses of 21.35p) are based on the total recognised gains for the year of £1,995,000 (2003: losses of £3,509,000) and on 16,230,026 (2003: 16,434,110) ordinary shares, being the weighted average number of shares in issue during the year.

# Notes to the Financial Statements

continued

## 8 Investments

	2004	2003		
	£000	£000		
<b>a) Investment summary by value</b>				
Listed investments	5,392	5,231		
Investments traded on AIM	5,340	4,159		
Unquoted investments	789	905		
	11,521	10,295		
	Listed	Traded		
	£000	on AIM	Unquoted	Total
	£000	£000	£000	£000
<b>b) Movements during the year:</b>				
Opening book cost	5,776	5,742	1,656	13,174
Opening unrealised depreciation	(545)	(1,583)	(751)	(2,879)
<b>Opening valuation</b>	5,231	4,159	905	10,295
Purchases at cost	565	455	40	1,060
Disposals proceeds	(938)	(821)	(168)	(1,927)
Realised (losses)/gains on disposals	(15)	146	137	268
Change in unrealised depreciation	549	1,401	(125)	1,825
<b>Closing valuation</b>	5,392	5,340	789	11,521
Closing book cost	5,388	5,522	1,665	12,575
Closing unrealised appreciation/(depreciation)	4	(182)	(876)	(1,054)
	5,392	5,340	789	11,521
	2004	2003		
	£000	£000		
<b>c) Analysis of realised gains and losses:</b>				
Realised gains/(losses) on disposals from above analysis	268	(1,035)		
Transfer realisation of revaluation gains and losses of previous years	128	670		
Gains/(losses) on investments	396	(365)		
	2004	2003		
	£000	£000		
<b>d) Analysis of unrealised gains and losses:</b>				
Change in unrealised depreciation from above analysis	1,825	(2,449)		
Transfer realisation of revaluation losses of previous years	(128)	(670)		
Unrealised gains/(losses) on revaluation of investments	1,697	(3,119)		
	2004	2003		
	£000	£000		
<b>e) Investments can be analysed as follows:</b>				
Qualifying equity shares	5,922	4,772		
Qualifying non-equity shares	242	273		
Qualifying loans	100	60		
Non-qualifying equity shares	985	416		
Unit trusts and fixed interest securities	4,272	4,774		
	11,521	10,295		

**9 Debtors**

	2004 £000	2003 £000
Prepayments and accrued income	84	99

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

	2004 £000	2003 £000
Trade creditors	—	63
Accruals and deferred income	18	8
Proposed dividend	320	163
	<b>338</b>	<b>234</b>

**11 Called up share capital**

	2004 £000	2003 £000
<b>Authorised</b>		
25,000,000 ordinary shares of 10p each (2003: 18,000,000)	<b>2,500</b>	1,800
<b>Allotted, issued and fully paid up</b>		
15,990,916 ordinary shares of 10p each (2003: 16,287,302)	<b>1,599</b>	1,629

Since 31 March 2003 the issued share capital has been changed as follows:

	Date	No. of shares	£000	£000
As at 1 April 2003		16,287,302		1,629
<i>Purchases:</i>				
48,000 ordinary shares at 50p	July 2003	(48,000)	(5)	
50,000 ordinary shares at 60p	September 2003	(50,000)	(5)	
58,497 ordinary shares at 60p	October 2003	(58,497)	(6)	
11,260 ordinary shares at 60p	December 2003	(11,260)	(1)	
25,000 ordinary shares at 60p	January 2004	(25,000)	(3)	
34,254 ordinary shares at 60p	February 2004	(34,254)	(3)	
28,500 ordinary shares at 60p	March 2004	(28,500)	(3)	
40,875 ordinary shares at 61p	March 2004	(40,875)	(4)	(30)
As at 31 March 2004		15,990,916		<b>1,599</b>

# Notes to the Financial Statements

continued

## 12 Reserves

	Non-distributable reserves			Distributable reserves	
	Share premium £000	Capital redemption reserve £000	Revaluation reserve £000	Special reserve £000	Profit and loss account £000
At 31 March 2003	7,495	70	(2,879)	5,368	(1,206)
Reserves transfer	(7,495)	—	—	7,495	—
Costs of reserves transfer	—	—	—	(14)	—
Purchase of own shares	—	30	—	(175)	—
Change in unrealised depreciation	—	—	1,697	—	—
Transfer of prior years' revaluation	—	—	128	—	(128)
Transfer of distribution to profit & loss account	—	—	—	(480)	480
Retained loss for the year	—	—	—	—	(182)
At 31 March 2004	—	100	(1,054)	12,194	(1,036)

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.

## 13 Reconciliation of equity shareholders' funds

	2004 £000	2003 £000
Profit/(loss) on ordinary activities after tax	298	(390)
Dividends	(480)	(331)
Transfer from reserves	(182)	(721)
Change in unrealised depreciation	1,697	(3,119)
Costs of reserves transfer	(14)	—
New share capital issued including premium, net of expenses	—	42
Purchase of own shares	(175)	(168)
Net addition/(deduction) from equity shareholders' funds	1,326	(3,966)
Opening equity shareholders' funds	10,477	14,443
Closing equity shareholders' funds	11,803	10,477

## 14 Net asset value per share

The net asset value per share at 31 March 2004 is based on net assets of £11,803,000 and on 15,990,916 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, unit trusts, 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) Cash at bank**

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 principally represents cash held in a non-interest bearing bank account for 2004 as opposed to floating rate of £317,000 in 2003. (Benchmark: Bank of England REPO rate less 0.25%.)

#### **(ii) Fixed rate**

	2004 Total fixed rate portfolio £000	2004 Weighted average interest rate %	2004 Weighted average period to maturity Days	2003 Total fixed rate portfolio £000	2003 Weighted average interest rate %	2003 Weighted average period to maturity Days
Financial assets	2,001	5.00	68	2,907	5.45	508

The Directors meet monthly to consider 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.

### **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

	Year ended 31 March 2004	Year ended 31 March 2003	Year ended 31 March 2002	Year ended 31 March 2001	Year ended 31 March 2000
Income	<b>£356,000</b>	£367,000	£426,000	£340,000	£314,000
Revenue return before tax	<b>£202,000</b>	£245,000	£282,000	£228,000	£181,000
Revenue return per share	<b>1.21p</b>	1.40p	1.62p	2.11p	1.62p
Profit/(loss) on ordinary activities before tax	<b>£298,000</b>	(£390,000)	(£539,000)	(£928,000)	£1,262,000
Earnings/(loss) per share	<b>1.84p</b>	(2.37p)	(3.32p)	(8.30p)	12.15p
Dividend per share	<b>3.0p</b>	2.0p	4.1p	6.0p	7.0p
Net assets	<b>£11,803,000</b>	£10,477,000	£14,443,000	£14,759,000	£15,327,000
Net asset value per share	<b>73.81p</b>	64.33p	87.54p	106.93p	148.72p
Number of qualifying investments	<b>36</b>	35	34	36	30
Value of qualifying investments	<b>£6,264,000</b>	£5,104,000	£7,015,000	£8,925,000	£9,918,000



# Useful Information for Shareholders

## Annual General Meeting

This year's Annual General Meeting will be held at Quayside House, Canal Wharf, Leeds, LS11 5PU on Wednesday 28 July 2004 at 10:30 am.

## Payment of Dividend

Cash dividends will be sent by cheque on 27 August 2004, to the first named Shareholder on the Register at close of business on 30 July 2004 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 1623131.

## Price and Performance Information

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

Share price information is also available:

- on our website at [www.cfc-vct.co.uk](http://www.cfc-vct.co.uk). The share price is updated regularly;
- on Channel 4 teletext. The price is updated regularly throughout 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. Until 5 April 2004 the tax benefits for such individuals subscribing for VCT shares were, in summary:

- Income tax relief of 20% in the year of subscription on investments of up to £100,000 in any tax year, provided that the VCT shares are held for at least three years (five years if the investment was made prior to 5 April 2000).
- Up to 40% CGT deferral by investing taxable capital gains up to a maximum of £100,000 per tax year. Subject to available tax reliefs, the capital gains become taxable at the rate of CGT applicable to the individual when his or her investment in the VCT is realised. All CGT liabilities on any deferred gains are extinguished on death.
- **From 6 April 2004 until 5 April 2006 the reliefs available to investors have changed (subject to the Finance Act 2004). New investors will be entitled to income tax relief of 40% in the year of subscription on investments up to £200,000 in the tax year provided that the VCT shares are held for at least three years. CGT deferral has been withdrawn.**

In addition, individuals who either purchase VCT shares in the market or from the VCT are entitled to the following benefits:

- tax-free dividends; and
- profits on disposal of VCT shares are exempt from CGT.

# Useful Information for Shareholders

continued

## 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 investments 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

Notice is given that the eighth Annual General Meeting of Capital for Companies VCT plc will be held at Quayside House, Canal Wharf, Leeds, LS11 5PU at 10:30 am on 28 July 2004 for the following purposes:

## Ordinary Business

1. To receive and adopt the Company's annual accounts for the year ended 31 March 2004, together with the last Directors' Report, the last 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 2004.
3. To declare a final dividend for the year ended 31 March 2004.
4. To re-appoint William Michael Cran, a Director retiring by rotation.
5. To re-appoint Barry Aubrey Anysz, a Director retiring by rotation.
6. 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 Annual General 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 Resolutions

7. That the Company's authorised share capital be increased from £2.5 million to £3.5 million by the creation of 10 million ordinary shares of 10p each and each such ordinary share shall rank *pari passu* with existing ordinary shares of 10p each in the capital of the Company.
8. 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 £963,637; 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 8 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 8 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 8 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 8 revoked but without prejudice to any allotment, offer or agreement made or entered into prior to the date of this resolution 8.

### Special Resolutions

9. 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 66 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 9 is 1,599,092 (representing 10% 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 5% above the average of the middle market quotations for Ordinary Shares (as derived from the Official List of the United Kingdom Listing Authority) for the five dealing days immediately preceding the date of purchase

# Notice of Annual General Meeting

continued

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 9, 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 which contract would or might be executed wholly or partially after the expiration of this authority as if the authority conferred by this resolution 9 had not expired.

10. That, subject to and conditional upon the passing of resolution 8 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 8 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 10(i) above) of equity securities to an aggregate nominal value of £1,000,000 (representing 63% of the number of Ordinary Shares in issue);

and the authority given shall expire on whichever is 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 10 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 securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution 10 has expired.

11. The name of the company be and is changed to "Rensburg VCT plc".
12. That article 162 of the Company's Articles of Association be amended by deleting the number "2006" in the first line of the article and inserting the number "2009" in its place, such amendment to take effect from the passing of this resolution.

By Order of the Board

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

Secretary

## Registered Office:

Quayside House  
Canal Wharf  
Leeds  
LS11 5PU

28 June 2004

## 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 notorially 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, P.O 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 Uncertified Securities Regulations 2001, only those members entered in the Company's register of members as at 10:30 am on 26 July 2004, 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.

# Form of Proxy

for use at the Annual General Meeting of Capital for Companies VCT plc to be held at 10:30 a.m. on 28 July 2004

Please insert full Name(s) and address(es) of I/We .....(Note 1)  
(in block capitals)

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 28 July 2004 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 and adopt the report of the Directors and the audited accounts for the year ended 31 March 2004		
2 To approve the Directors' Remuneration Report for the year ended 31 March 2004		
3 To declare a final dividend for the year ended 31 March 2004		
4 To re-appoint William Michael Cran as a Director		
5 To re-appoint Barry Aubrey Anysz as a Director		
6 To re-appoint KPMG Audit Plc as auditors of the Company and to authorise the Directors to agree their remuneration		
7 To increase the Company's authorised share capital		
8 To authorise the Directors to allot shares		
9 To authorise the buy-back of shares*		
10 To disapply pre-emption rights*		
11 To change the Company's name to "Rensburg VCT plc"*		
12 To change article 162 of the Company's Articles of Association*		

\* Special Resolution

Please sign and insert date Signed ..... Date .....2004

## Notes

- A member entitled to attend and vote at the meeting may appoint one (or more) proxies to attend and, on a poll, 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.
- 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 failing him", insert your own choice in the space provided and initial the amendment. A proxy need not be a member of the Company.
- 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. Completion of this proxy form does not prevent you from attending and voting in person.
- To be valid this proxy must be lodged at the offices of the Company's registrars, Capita Registrars, Proxy Department, P.O. 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.
- The Register of directors' interests 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.
- If approved, the final dividend on ordinary shares will be paid to shareholders on the register at the close of business on 30 July 2004. Dividend cheques will be posted on 27 August 2004.

Second fold

BUSINESS REPLY SERVICE  
Licence No. MB122

1



**Capita Registrars  
Registrars for Capital for Companies VCT plc  
Proxy Department  
The Registry  
34 Beckenham Road  
BECKENHAM  
Kent  
BR3 4TU**

First fold

Third fold

# Company Information

## Secretary and Registered Office

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

## Manager

Rensburg Investment Management Ltd  
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

## Stockbroker

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

*and*

*1st Floor Innovation Court*  
121 Edmund Street  
Birmingham  
B3 2HJ

Capital for Companies VCT plc

Registered Office: Quayside House, Canal Wharf, Leeds, LS11 5PU  
Tel: 0113 245 4488 Fax: 0113 245 1777

*also at:* 100 Old Hall Street, Liverpool, L3 9AB  
Tel: 0151 227 2030 Fax: 0151 227 2444