

BWD Aim VCT plc

REPORT AND FINANCIAL STATEMENTS 2004



The Company

Structure

BWD Aim 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 illustrated on pages 31 and 32. The Company has received provisional approval from the Inland Revenue as a VCT.

The Company was incorporated on 25 June 1998 and was registered as an investment company under Section 266 of the Companies Act 1985. It remained an investment company until 7 August 2001 when registration was revoked to allow the Company to purchase its own shares by using the special reserve which was created on cancellation of the Company's share premium account.

Investment Objective

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

Investment Policy

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

Manager

The Board has appointed Capital for Companies ('CfC') (shortly to become Rensburg Investment Management Limited) to provide investment management and secretarial services.

CfC was established in 1983 and has offices in Leeds and Liverpool. It has raised in excess of £150 million for venture capital, business expansion scheme investments and inheritance tax planning products.

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

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Financial Headlines

for the financial year ended 29 February 2004

	2004	2003
Net assets	£15,375,000	£12,652,000
Net asset value per share	74.04p	61.85p
Revenue return before tax	£128,000	£228,000
Revenue return per share after tax	0.69p	1.03p
Profit/(loss) on ordinary activities	£362,000	(£553,000)
Earnings/(losses) per share	1.76p	(2.75p)
Dividends per share (including interim)	2.50p	2.00p
Total dividends returned to investors*	11.00p	8.50p

(* since inception)

Financial Calendar

Annual General Meeting	23 June 2004
Final Dividend Payable	23 July 2004
Interim Results Announced	October 2004
Interim Dividend Payable	December 2004

Chairman's Statement

Introduction

I am pleased to present my fifth Chairman's Statement. 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 and consequently the Company has enjoyed its best year since inception with a 24% increase in net asset value before allowing for this year's dividend. The recovery has particularly benefited smaller companies whose share prices were severely savaged in the downturn. Our benchmark AIM Index which comprises over 700 smaller companies, most of which have a relatively low market capitalisation, increased by 62% following a decline of 33% in the previous year. Since the closure of BWD Aim VCT's first share issue in December 1999 the AIM index had declined 51% to 1 March 2003, (the beginning of our financial year) which forms the unfavourable background to our performance over the past 5 years. The AIM index has recently benefited from the inclusion of shares in 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. Whilst AIM staged a strong recovery in the year to 29 February 2004 so too did the FTSE100 and FTSE All Share indices which increased 23% and 27% respectively. This benefited our 'non-qualifying' unit trust and stock market investments.



Net Asset Value (NAV)

NAV at 29 February 2004 was 74.04 pence per share (2003: 61.85 pence per share), a 24% increase before allowing for the dividend in respect of the year.

Investments

At the year end the Company had 39 qualifying investments in AIM and unquoted companies which cost £11.5 million and had a valuation of £8.0 million.

During the period we sold over £2.8 million of investments realising profits of £574,000 (2003: loss of £495,000).

We continue to invest in established companies in growth industries. During the year we invested £830,000 in five VCT qualifying companies, details of which can be found in the Manager's Report. Since the year end we have invested £340,000 in a further investment in 1st Dental Laboratories plc and a new investment in Media Square plc.

Results and dividend

The total return on ordinary activities before tax in the year was a profit of £362,000 (2003: loss of £553,000). In addition, unrealised profits on the valuation of investments were £2.6 million (2003: loss of £4.2 million). The total return after tax (including unrealised profits) was 14.6 pence per share (2003: loss of 23.3 pence per share).



I am pleased to report that the Company made a positive revenue return on ordinary activities after tax of £143,000 (2003: £209,000) equivalent to 0.69 pence per share (2003: 1.03 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 1.5 pence per share (2003: 1 pence per share) on 23 July 2004 to shareholders on the register at close of business on 2 July 2004. The total dividend for the year is therefore 2.5 pence per share (2003: 2 pence per share), a 25% increase and in line with our increased NAV. Including the current proposed final dividend, we will have paid a total of 11 pence per share to shareholders since inception of the VCT. This is currently higher than all of our peer group of AIM VCTs launched in the 1999/2000 financial year.*

* Source: Tax Effective Investor (April 2004)

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 3 years. As the Company has raised funds over several accounting periods there are separate 70% tests to be satisfied. I am pleased to report that over 70% of both the first and second years' fund-raising have been invested in qualifying investments to date and, bearing in mind the relatively small amount of funds raised in the financial years to 29 February 2004, your Board remains confident that we will have no difficulty in maintaining our VCT qualifying status in the future.

Share Buy-Back

During the year we repurchased 171,263 ordinary shares at a cost of £96,154. Unfortunately, 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 to allow the Board to issue up to 10 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 it is a relatively inexpensive way of gauging demand for the Company's shares. During the year the Company raised £365,000 (2003: £522,000) under a previous 10% 'top up' scheme. At the Board's discretion, a full prospectus could be issued later in the year to raise further money 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 share 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.



Chairman's Statement

continued

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.

Name Change

As shareholders will be aware the Company has always been managed by Capital for Companies, a division of BWD Rensburg Limited, which itself is a subsidiary of BWD Securities PLC, hence our name, BWD Aim VCT plc. BWD Securities PLC is shortly to change its name to Rensburg plc as part of a wider rationalisation of all group names to 'Rensburg'.

In order to ensure that BWD Aim VCT plc continues to be identified with the Rensburg group it is therefore proposed at the AGM to change the name of the Company to Rensburg Aim VCT plc. On 28 May 2004, Capital for Companies will be fully absorbed into the Rensburg group structure and our managers will therefore become Rensburg Investment Management Limited ('RIM'). All costs associated with this exercise will be borne by RIM and not the Company.

Outlook

At 30 April 2004 our unaudited NAV was 73.10 pence per share after provision for the payment of the dividend referred to above. Hopefully we will be spared an increase in terrorist related atrocities so as to allow global stock markets to continue their steady recovery. Last year I assumed this recovery would be 'some time away' and whilst this proved to be slightly pessimistic, the economy is still not out of the woods and political uncertainties loom in the future.

Worryingly, the Chancellor may be forced to increase taxation to fund the public sector but 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.

Shareholder Communications

Shareholders wishing to keep in touch with our progress should visit our web site at www.bwd-aim-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.

Richard G Battersby
Chairman

19 May 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. Smaller companies dominated 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 BWD Aim VCT's performance is currently ranked in the upper quartile of VCTs established in the tax year 1999–2000*.

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 over 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 28 February 2003 and maintained this level throughout the year in respect of all funds raised prior to and including the year ended 28 February 2001. The Board is confident of maintaining this level in the future as well as reaching the qualifying targets for the small amount of funds raised in 2003 and 2004 by the due dates.

Qualifying Investments

During the year we invested £830,000 (2003: £2.5 million) in five qualifying companies, all of which are on AIM and two of which, Computer Software Group (formerly Software for Sport) and AdVal Group, were existing investments.



* Source: Tax Effective Investor (April 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. BWD Aim 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 had to issue 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 BWD Aim 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.
- **Huveaux plc** was established in 2001 as a vehicle for building a group in the media and publishing sector with the first acquisition of Vacher Dod being made in July 2002 for £4.5 million. Vacher Dod is the UK's leading publisher of parliamentary directories and handbooks sold to both private and corporate buyers in either hard copy or through subscription on-line. The second acquisition was made in March 2004 when Huveaux raised £6.5 million on AIM to help acquire Longfellow, marketed under the Lonsdale brand, which is a leading publisher of study and revision guides for the UK schools market. BWD Aim VCT participated in the funding round investing £250,000. Since then, Huveaux has continued to be busy building the group, adding three more companies and strengthening the management team along the way.



By the year end we had invested £11.5 million in 39 qualifying companies, of which 35 are on AIM and 4 are unquoted with a total valuation of £8.0 million. We also realised over £1.3 million resulting in a net profit of £326,000 from the sale of Giardino and part of our shareholdings in a number of AIM investments including Glisten, Huveaux and PM Group. Unfortunately, our investment of £200,000 in Synigence has been written off during the year following the company entering into a creditors' voluntary arrangement. As we had previously valued this investment at £20,000 this had little impact on our NAV. Furthermore, a technical issue has led to our investment in First Artist Corporation becoming non-qualifying during the year.

At the year end our ten largest investments by valuation, with a book cost of just under £3.4 million, had a valuation of £4.7 million, representing just over 30% of total net assets.

Non-Qualifying Investments

At the year end some 25% of net assets were invested in unit trusts managed by BWD Rensburg Unit Trust Managers Limited. A further 10% of net assets were held in blue-chip equities managed by BWD Rensburg Limited and 12% were in short dated gilts and cash pending investment and the payment of the dividend.

During the year we raised some £1.5 million from the sale of part of the quoted equity portfolio, gilts and non-qualifying AIM investments realising a £5,000 net 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 VCT rules. In 2003, AIM companies raised over £2 billion (2002: £975 million) and at 31 December 2003 there were 754 companies (2002: 704 companies) trading on AIM with a total market capitalisation of over £18 billion (2002: £10 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.

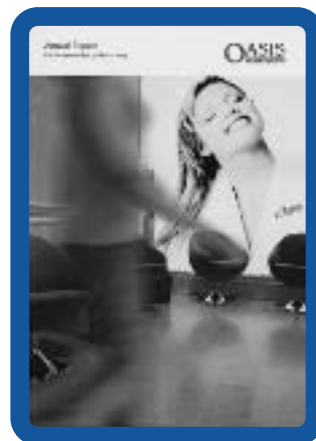
We believe that the recently announced changes to VCT legislation and in particular, the enhanced 40% tax 'break' will be of considerable interest to the three million higher rate taxpayers in the UK. Many will see VCTs as an opportunity to gain exposure to AIM and smaller companies whilst gaining a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

Barry Anysz

Chief Executive
Capital for Companies

19 May 2004



Investment Portfolio Summary

as at 29 February 2004

Investment	Book cost £000	Valuation £000	% of total net assets (by value)	Unrealised gain/(loss) £000
Ten largest qualifying investments				
PM Group plc	343	834	5.42	491
Glisten plc	240	736	4.79	496
Huveaux plc	286	656	4.27	370
Computer Software Group plc	435	472	3.08	37
Oasis Healthcare plc	640	431	2.81	(209)
Inter Link Foods plc	238	402	2.61	164
Stagecoach Theatre Arts plc	268	353	2.29	85
Tikit Group plc	300	343	2.23	43
1st Dental Laboratories plc	250	266	1.73	16
VI Group plc	385	233	1.51	(152)
	3,385	4,726	30.74	1,341
Other qualifying investments	8,148	3,313	21.55	(4,835)
Total qualifying investments	11,533	8,039	52.29	(3,494)
Non-qualifying investments				
Fixed interest securities				
5% Treasury Stock 2008	519	508	3.30	(11)
Unit trusts				
BWD Rensburg Equity Income Trust	1,676	1,537	10.00	(139)
BWD Rensburg Blue Chip Growth Trust	1,654	1,454	9.46	(200)
BWD Rensburg Mid-Cap Growth Trust	1,002	860	5.59	(142)
	4,332	3,851	25.05	(481)
Other non-qualifying investments				
Quoted equities	1,903	1,581	10.28	(322)
Non-qualifying AIM investments	303	66	0.43	(237)
	2,206	1,647	10.71	(559)
Total non-qualifying investments	7,057	6,006	39.06	(1,051)
Total investments	18,590	14,045	91.35	(4,545)
Net current assets		1,330	8.65	
Net assets		15,375	100.00	

Qualifying Investments Portfolio Analysis

as at 29 February 2004

Sector	Company	Book cost £000	Valuation £000	% of total net assets (by value)	Unrealised gain/(loss) £000
Computer, IT, electronics and communications	Computer Software Group plc	435	472	3.08	37
	Tikit Group plc	300	343	2.23	43
	VI Group plc	385	233	1.51	(152)
	Primal Pictures Ltd*†	400	195	1.27	(205)
	Quadnetics Group plc	150	170	1.10	20
	Vianet Group plc†	491	163	1.06	(328)
	Rhetorical Group Ltd*	400	158	1.03	(242)
	Transcomm plc	226	124	0.80	(102)
	Concurrent Technologies plc	250	99	0.64	(151)
	Raft International plc	349	87	0.57	(262)
	Systems Union Group plc	56	53	0.34	(3)
	Focus Solutions Group plc	150	42	0.28	(108)
	Zoo Digital Group plc	340	37	0.24	(303)
	3,932	2,176	14.15	(1,756)	
Support services and transport	PM Group plc	343	834	5.42	491
	Spring Grove Property Maintenance plc	220	206	1.34	(14)
	Hartest Holdings plc	275	193	1.26	(82)
	Xpertise Group plc	400	174	1.13	(226)
	Lloyds British Testing plc	230	126	0.82	(104)
	Adval Group plc	613	97	0.63	(516)
	2,081	1,630	10.60	(451)	
Consumer and distribution	Glisten plc	240	736	4.79	496
	Inter Link Foods plc	238	402	2.61	164
	Blooms of Bressingham (Holdings) plc	516	192	1.25	(324)
	The Longmead Group plc	140	150	0.98	10
	Actif Group plc†	210	102	0.66	(108)
	1,344	1,582	10.29	238	
Health and personal care	Oasis Healthcare plc	640	431	2.81	(209)
	1st Dental Laboratories plc	250	266	1.73	16
	Cobra Bio-Manufacturing plc	130	149	0.97	19
	Fulcrum Pharma plc	131	101	0.66	(30)
	AorTech International plc	491	37	0.24	(454)
	Tissuemed Ltd*	200	25	0.16	(175)
	1,842	1,009	6.57	(833)	
Media and photography	Huveaux plc	286	656	4.27	370
	Landround plc	52	97	0.62	45
	Forward Media Ltd*	300	75	0.49	(225)
	638	828	5.38	190	
Beverages, leisure, hotel and entertainment	Stagecoach Theatre Arts plc	268	353	2.29	85
	Cyberes plc	250	159	1.04	(91)
	Inventive Leisure plc	166	121	0.79	(45)
	Blavod Extreme plc	250	106	0.69	(144)
	Springhealth Leisure plc	333	52	0.34	(281)
	Warthog plc	429	23	0.15	(406)
	1,696	814	5.30	(882)	
	Total qualifying investments	11,533	8,039	52.29	(3,494)

All investments are quoted on AIM except those denoted by * which are unquoted.

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

Ten Largest Qualifying Investments

(by valuation)

PM Group plc — Bradford

First Investment:	April 2002	Year ended: 30 June	2003
Equity held:	2.73%		£000
Cost: (£000)	343	Turnover	10,050
Valuation: (£000)	834	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.

* Capital for Companies VCT plc holds 1.62% of the equity share capital.

Glisten plc — Blackburn

First Investment:	June 2002	Year ended: 30 June	2003
Equity held:	3.55%		£000
Cost: (£000)	240	Turnover	15,591
Valuation: (£000)	736	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.

* Capital for Companies VCT plc holds 2.98% of the equity share capital.

Huveaux plc — London

First Investment:	March 2003	Year ended: 31 December	2003
Equity held:	1.60%		£000
Cost: (£000)	286	Turnover	4,575
Valuation: (£000)	656	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.

* Capital for Companies VCT plc holds 1.18% of the equity share capital.

Computer Software Group plc — London

First Investment:	August 2000	Year ended: 28 February	2003
Equity held:	3.50%		£000
Cost: (£000)	435	Turnover	2,805
Valuation: (£000)	472	Loss before tax	(1,399)
Valuation basis:	Mid-market price	Retained loss	(7,544)
Type of security:	Ordinary shares	Net assets	2,505

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

* Capital for Companies VCT plc holds 1.77% of the equity share capital.

Oasis Healthcare plc — Norwich

First Investment:	July 2002	Year ended: 31 March	2003
Equity held:	3.73%		£000
Cost: (£000)	640	Turnover	46,870
Valuation: (£000)	431	Loss before tax	(2,268)
Valuation basis:	Mid-market price	Retained loss	(3,039)
Type of security:	Ordinary shares	Net assets	15,139

Oasis owns and operates a network of dental practices throughout the country.

* Capital for Companies VCT plc holds 1.96% of the equity share capital.

Inter Link Foods plc — Blackburn

First Investment:	January 2001	Year ended: 30 April	2003
Equity held:	0.95%		£000
Cost: (£000)	238	Turnover	51,376
Valuation: (£000)	402	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.

* Capital for Companies VCT plc holds 0.53% of the equity share capital, other funds managed by Capital for Companies hold 0.59%.

Stagecoach Theatre Arts plc — Walton-on-Thames

First Investment:	December 2002	Year ended: 31 May	2003
Equity held:	2.99%		£000
Cost: (£000)	268	Turnover	4,961
Valuation: (£000)	353	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.

* Capital for Companies VCT plc holds 1.99% of the equity share capital.

Tikit Group plc — London

First Investment:	June 2001	Year ended: 31 December	2002
Equity held:	2.23%		£000
Cost: (£000)	300	Turnover	8,231
Valuation: (£000)	343	Profit before tax	305
Valuation basis:	Mid-market price	Retained profit	899
Type of security:	Ordinary shares	Net assets	3,555

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.

* Capital for Companies VCT plc holds 1.49% of the equity share capital.

1st Dental Laboratories plc — Loughborough

First Investment:	April 2002	Year ended: 30 November	2003
Equity held:	6.85%		£000
Cost: (£000)	250	Turnover	4,263
Valuation: (£000)	266	Loss before tax	(295)
Valuation basis:	Mid-market price	Retained loss	(529)
Type of security:	Ordinary shares	Net assets	2,436

1st Dental owns and operates a network of dental laboratories throughout the country. We have recently invested a further £140,000 in this company to fund a planned expansion.

VI Group plc — Stroud

First Investment:	April 2002	Year ended: 31 December	2002
Equity held:	4.81%		£000
Cost: (£000)	385	Turnover	7,542
Valuation: (£000)	233	Profit before tax	70
Valuation basis:	Mid-market price	Retained profit	111
Type of security:	Ordinary shares	Net assets	6,167

VI Group designs, develops and supplies computer aided design and manufacturing software to the plastic injection moulding industry.

* Capital for Companies VCT plc holds 2.68% of the equity share capital.

* Details of equity share capital percentages held by other funds managed by Capital for Companies.

Directors



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

Richard is a non-executive director of Capital for Companies VCT plc and of BWA Group plc, a company listed on AIM, and also 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.



Barry Anysz BCom (Hons), MSI (age 54) (Non-Executive Director)

Barry is a director of BWD Securities PLC and a non-executive director of Capital for Companies 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.



Christopher Honeyborne MA, PhD, MSI (age 63) (Non-Executive Director)

Christopher worked for 25 years in banking, holding senior positions in Lazard Brothers, Paribas Group and Bank of Butterfield. He is a non-executive director of Birse Group plc, Zoo Digital Group plc, Bede plc and a director of a number of unquoted companies. He was previously a director of Yorkshire Water plc and chairman of Gremlin Group plc.



Peter Smart BA (age 53) (Non-Executive Director)

Peter is chairman of the Leeds-based law firm Walker Morris. He has specialised in corporate finance and mergers and acquisitions work for over 20 years. He was a non-executive director of Allied Textile Companies plc and has held directorships in a number of other public and private companies.



Rowan Sumner FCA (age 52) (Non-Executive Director)

Rowan is a Chartered Accountant and is a partner in Satterthwaite, Brook and Pomfret LLP in Liverpool. He is also a director of Bridgegate Corporate Finance Ltd, a company specialising in turnarounds and forensic accounting. He has held directorships in a number of other public and private companies.

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 29 February 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 June 1999. It was incorporated on 25 June 1998 and was registered as an investment company under section 266 of the Companies Act 1985. On 7 August 2001 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 £362,000. The Directors propose the payment of a final dividend for the year of 1.5 pence per share in addition to an interim dividend of 1.0 pence per share and recommend that the balance be transferred from reserves.

Directors' Interests

The Directors who held office at the year end had the following interests in the 5p Ordinary Shares of the Company:

	28 February 2004	28 February 2003
R. G. Battersby (Chairman)	30,608	30,608
B. A. Anysz	26,088	26,088
Dr C. H. B. Honeyborne	5,000	5,000
P. C. Smart	23,182	23,182
J. R. Sumner	167,114	167,114

In addition to the table above: Dr C. H. B. Honeyborne has 200,000 share options; B. A. Anysz holds 10,000 shares and J. R. Sumner holds 100,000 shares in Zoo Digital Group plc, a company in which BWD Aim VCT plc holds an investment.

All of the Directors' share interests shown above were held beneficially. There have been no changes in the Directors' share interests between 29 February 2004 and the date of this report.

Dr C. H. B. Honeyborne and P. C. Smart retire from the Board and, being eligible, offer themselves for re-election.

None of the Directors has a contract of service with the Company and 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 has no trade creditors at the year end.

Directors' Report

continued

Charitable Donations

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

Manager

Capital for Companies ('CfC') has acted as investment adviser and manager to the Company throughout the year. The principal terms of the Company's management agreement with the manager are set out in Note 3 to the financial statements.

Related Parties

Fees paid by this Company for services provided by CfC, BWD Rensburg Limited and BWD Rensburg Unit Trust Managers Limited, which are related parties, amounted to £400,284 (2003: £333,444) in the year. The outstanding balance accruing to CfC at the year end was £79,117 (2003: £35,746).

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 £1.5 million to £2 million by creating 10 million ordinary shares of 5p 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 any unissued shares for cash will be limited to a maximum aggregate amount of £500,000, which represents 48% of the total ordinary share capital in issue as at 19 May 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 such 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;
- Change the Company's name to Rensburg Aim 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

19 May 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 Smart, 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 web site. 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 Capital for Companies ('CfC'). Under the terms of that agreement CfC provides investment management, accounting and secretarial services to the Company. A clearly defined investment strategy is set out for the Manager and monitored by the Board, which regularly reviews the Company's investments, liquid transactions and revenue and expenditure. CfC'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 BWD Securities PLC group (soon to become Rensburg plc), CfC operates under the supervision of BWD Securities PLC's Audit Committee and Risk Management Committee.

In accordance with the guidance for directors on internal control 'Internal Control: Guidance for Directors on the

Corporate Governance

continued

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 29 February 2004 and has taken account of material developments between 29 February 2004 and the date of approval of the Report and Financial Statements.

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

Compliance with the Code

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. 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 28 February 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 28 February 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.

Remuneration Policy

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

	2004	2003
	£000	£000
Amounts paid to third parties in consideration for the services of Directors	48	48
The fees paid in respect of individual Directors were as follows:		
R. G. Battersby (Chairman)	12	12
B. A. Anysz	—	—
C. H. B. Honeyborne	12	12
P. C. Smart	12	12
J. R. Sumner	12	12

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 Capital for Companies ('CfC'). Consequently, the amount of consideration paid to CfC for making available the services of B. A. Anysz is not separately identifiable. However, of the consideration paid to CfC under the investment management agreement, none relates to making B. A. Anysz available as a Director of the Company.

Directors' Contracts

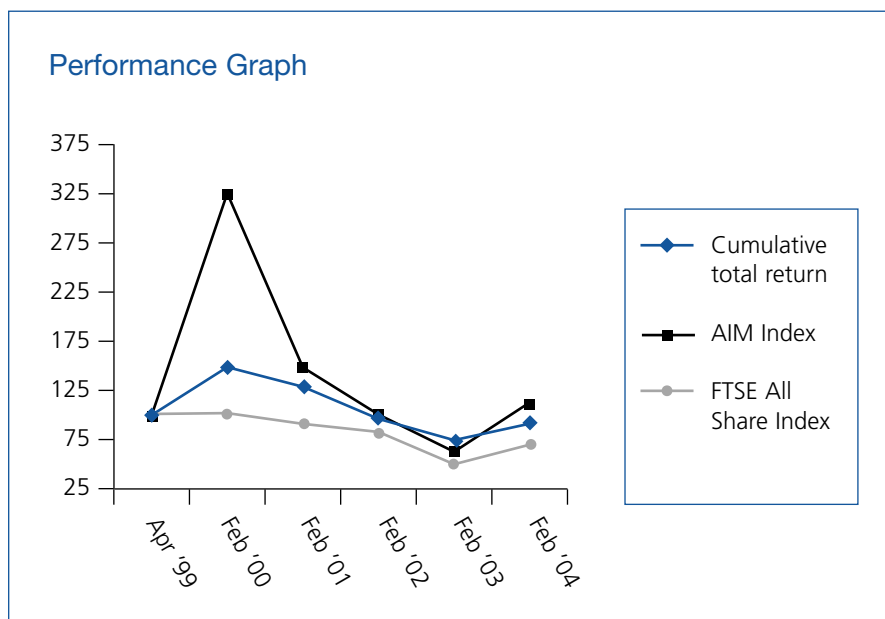
None of the Directors has a service contract with the Company. The Company's articles of association provide that Directors shall retire at the first Annual General Meeting after their appointment. As the Board comprises five Directors, it is possible that under the Company's existing articles of association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

Directors' Remuneration Report

continued

Total Shareholder Return

The following graph charts the cumulative total return (being net asset value plus cumulative dividends paid to date) to ordinary shareholders since the Company began trading in April 1999. This return is compared to the cumulative total shareholder return on notional investments in the FTSE AIM Index and FTSE All Share Index which the Company considers are the most appropriate indices against which to measure Company performance. The data has been rebased to 100 at April 1999.



Approval of this Report

This Directors' Remuneration Report was approved by the Board on 19 May 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 BWD Aim VCT plc

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

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

Respective responsibilities of Directors and Auditors

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding Directors' Remuneration and transactions with the Company is not disclosed.

We review whether the statement on pages 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 29 February 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

Chartered Accountants & Registered Auditor
Leeds

19 May 2004

Profit and Loss Account

for the year ended 29 February 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	—	574	574	—	(495)	(495)
Income	2	299	—	299	369	—	369
Investment management fee	3	(100)	(300)	(400)	(83)	(250)	(333)
Other expenses	4	(71)	(40)	(111)	(58)	(36)	(94)
Profit/(loss) on ordinary activities before tax		128	234	362	228	(781)	(553)
Tax on profit on ordinary activities	5	15	(15)	—	(19)	19	—
Profit/(loss) on ordinary activities after tax		143	219	362	209	(762)	(553)
Equity dividends	6	(143)	(374)	(517)	(209)	(201)	(410)
Retained profit/(loss) for the year	12	—	(155)	(155)	—	(963)	(963)
Earnings/(loss) per ordinary share	7	0.69p	1.07p	1.76p	1.03p	(3.78)p	(2.75)p

Statement of Total Recognised Gains and Losses

for the year ended 29 February 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		143	219	362	209	(762)	(553)
Unrealised gains/(losses) on revaluation of investments	8d	—	2,635	2,635	—	(4,148)	(4,148)
Total recognised gains and losses during the year		143	2,854	2,997	209	(4,910)	(4,701)
Total recognised gains and losses per ordinary share	7	0.69p	13.86p	14.55p	1.03p	(24.36)p	(23.33)p

Note of Historical Cost Profits and Losses

for the year ended 29 February 2004

	2004 £000	2003 £000
Profit/(loss) on ordinary activities before tax	362	(553)
Realisation of revaluation losses of previous years	(243)	(939)
Historical cost profit/(loss) on ordinary activities before tax	119	(1,492)
Historical cost loss for the year retained after taxation and dividends	(398)	(1,902)

All items in the above statements derive from continuing activities.

The accompanying notes are an integral part of these statements.

Balance Sheet

as at 29 February 2004

	Notes	2004 £000	2003 £000
Fixed assets			
Investments	8a	14,045	12,040
Current assets			
Debtors	9	47	59
Cash at bank and on deposit		1,704	818
		1,751	877
Creditors (amounts falling due within one year)	10	(421)	(265)
Net current assets		1,330	612
Net assets		15,375	12,652
Capital and reserves			
Called-up share capital	11	1,038	1,023
Share premium account	12	791	475
Capital redemption reserve	12	19	10
Revaluation reserve	12	(4,545)	(7,423)
Special reserve	12	19,455	20,069
Profit and loss account	12	(1,383)	(1,502)
Shareholders' funds	13	15,375	12,652
Net asset value per share	14	74.04p	61.85p

The financial statements on pages 20 to 29 were approved by the Board of Directors on 19 May 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 29 February 2004

	2004 £000	2003 £000
Operating activities		
Profit/(loss) on ordinary activities before tax	362	(553)
Decrease in debtors	12	57
Increase/(decrease) in creditors	50	(25)
(Profit)/loss on disposal of investments	(574)	495
Net cash outflow from operating activities	(150)	(26)
Taxation		
Corporation tax paid	—	—
Capital expenditure and financial investment		
Purchases of investments	(1,643)	(3,377)
Proceeds from disposals of investments	2,847	4,166
Net cash inflow from capital expenditure and financial investment	1,204	789
Dividends		
Equity dividends paid	(411)	(403)
Financing		
Issue of ordinary shares	365	522
Expenses paid in connection with share issues	(25)	(34)
Buy-back of ordinary shares	(97)	(45)
Net cash inflow from financing	243	443
Increase in cash	886	803

Notes to the Cash Flow Statement

Analysis of changes in net funds

Net cash at 1 March 2003	818	15
Net cash inflow for the year	886	803
Net cash at 29 February 2004	1,704	818

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 reorganisation 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 diminution in values, which are taken to the profit and loss account.

Financial instruments

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

Notes to the Financial Statements

continued

2 Income

	2004 £000	2003 £000
UK franked investment income	202	168
Interest receivable from fixed interest government stocks	72	182
Deposit interest	25	19
	299	369

3 Investment management fee

	2004 £000	2003 £000
Investment management fee	338	281
Irrecoverable value added tax thereon	62	52
	400	333

Capital for Companies (CfC), a division of BWD Rensburg Ltd, provides investment management and secretarial services to the Company under an agreement dated 15 January 1999. 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.

CfC receives £30,000 for secretarial fees and 2% per annum of the net assets of the Company (both amounts are plus value added tax).

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

4 Other expenses

	2004 £000	2003 £000
Directors' remuneration (see pages 17 and 18)	48	48
Auditors' remuneration — audit	8	8
Auditors' remuneration — other services to the Company (tax advice)	1	1
Other operating expenses	43	27
Irrecoverable value added tax	11	10
	111	94

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 £72,400 (2003: tax credit £110,600). 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 29 February 2004 the Company had surplus tax deductible expenses of £1,267,987 (2003: £811,111) 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 £15,000 (2003: tax charge £19,000) has been credited to the revenue account which represents a credit of 20% (2003: 20%) of the excess of allowable expenses charged to the revenue account over taxable income. An equivalent tax charge is charged to the capital account which represents a reversal of tax allowances relating to the excess of allowable expenses charged to the capital account over capital income for previous years.

6 Equity dividends

	2004	2003
	£000	£000
Ordinary 5p shares		
Interim paid — 1.00p (2003: 1.00p)	206	205
Final proposed — 1.50p (2003: 1.00p)	311	205
	517	410

7 Returns per share

Earnings per share of 1.76p (2003: losses per share of 2.75p) is based on the profit on ordinary activities after tax of £362,000 (2003: losses of £553,000) and on 20,602,369 (2003: 20,147,276) ordinary shares, being the weighted average number of shares in issue during the year.

Total recognised gains per share of 14.55p (2003: losses per share of 23.33p) is based on total recognised gains for the year of £2,997,000 (2003: losses of £4,701,000) and on 20,602,369 (2003: 20,147,276) 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
a) Investment summary by value:				
Listed investments			5,939	5,561
Investments traded on AIM			7,463	5,786
Unquoted investments			643	693
			14,045	12,040
b) Movements during the year:				
	Listed	Traded on	Unquoted	Total
	£000	AIM	£000	£000
		£000		
Opening book cost	7,454	10,569	1,440	19,463
Opening unrealised depreciation	(1,893)	(4,783)	(747)	(7,423)
Opening valuation	5,561	5,786	693	12,040
Purchases at cost	754	839	50	1,643
Disposals proceeds	(1,431)	(1,416)	—	(2,847)
Realised (losses)/gains on disposals	(23)	354	—	331
Change in unrealised depreciation	1,078	1,900	(100)	2,878
Closing valuation	5,939	7,463	643	14,045
Closing book cost	6,754	10,346	1,490	18,590
Closing unrealised depreciation	(815)	(2,883)	(847)	(4,545)
	5,939	7,463	643	14,045
c) Analysis of realised gains/(losses) on disposal of investments:				
			2004	2003
			£000	£000
Realised gains/(losses) on disposals from above analysis			331	(1,434)
Transfer realisation of revaluation losses of previous years			243	939
Gains/(losses) on disposal of investments			574	(495)
d) Analysis of unrealised gains/(losses) on revaluation of investments:				
			2004	2003
			£000	£000
Change in unrealised depreciation from above analysis			2,878	(3,209)
Transfer realisation of revaluation losses of previous years			(243)	(939)
Unrealised gains/(losses) on revaluation of investments			2,635	(4,148)
e) Investment summary by type of holding:				
			2004	2003
			£000	£000
Qualifying equity shares			7,769	6,241
Qualifying non-equity shares			80	80
Qualifying loans			190	140
Non-qualifying equity shares			1,647	813
Unit trusts and fixed interest securities			4,359	4,766
			14,045	12,040

9 Debtors

	2004	2003
	£000	£000
Prepayments and accrued income	47	59

10 Creditors (amounts falling due within one year)

	2004	2003
	£000	£000
Trade creditors	—	—
Accruals and deferred income	110	60
Proposed dividend	311	205
	421	265

11 Called up share capital

	2004	2003
	£000	£000
Authorised		
30,000,000 ordinary shares of 5p each (2003: 23,000,000)	1,500	1,150
Allotted, issued and fully paid up		
20,765,946 ordinary shares of 5p each (2003: 20,456,956)	1,038	1,023

Since 28 February 2003 the issued share capital has been changed as follows:

	Date	No. of Shares	£000	£000
As at 1 March 2003		20,456,956		1,023
Allotments:				
25,514 ordinary shares at 68p	March 2003	25,514	1	
38,058 ordinary shares at 67p	March 2003	38,058	2	
25,814 ordinary shares at 75p	September 2003	25,814	1	
164,937 ordinary shares at 77p	October 2003	164,937	9	
25,642 ordinary shares at 78p	November 2003	25,642	1	
19,685 ordinary shares at 76p	December 2003	19,685	1	
180,963 ordinary shares at 78p	February 2004	180,963	9	
				24
Purchases:				
32,000 ordinary shares at 53p	July 2003	(32,000)	(2)	
74,166 ordinary shares at 58p	October 2003	(74,166)	(3)	
10,000 ordinary shares at 56p	November 2003	(10,000)	(1)	
55,457 ordinary shares at 53p	February 2004	(55,457)	(3)	
				(9)
As at 29 February 2004		20,765,946		1,038

Notes to the Financial Statements

continued

12 Reserves

	Non-distributable reserves			Distributable reserves	
	Share premium	Capital redemption reserve	Revaluation reserve	Special reserve	Profit and loss account
	£000	£000	£000	£000	£000
At 28 February 2003	475	10	(7,423)	20,069	(1,502)
Issue of new shares	316	—	—	—	—
Purchase of own shares	—	9	—	(97)	—
Change in unrealised depreciation	—	—	2,635	—	—
Transfer of prior years' revaluation	—	—	243	—	(243)
Transfer of distribution to profit & loss account	—	—	—	(517)	517
Retained loss for the year	—	—	—	—	(155)
At 29 February 2004	791	19	(4,545)	19,455	(1,383)

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 movements in shareholders' funds

	2004 £000	2003 £000
Profit/(loss) on ordinary activities after tax	362	(553)
Dividends	(517)	(410)
Transfer from reserves	(155)	(963)
Change in unrealised depreciation	2,635	(4,148)
New share capital issued including premium, net of expenses	340	488
Purchase of own shares	(97)	(45)
Net addition/(deduction) to/(from) shareholders' funds	2,723	(4,668)
Opening shareholders' funds	12,652	17,320
Closing shareholders' funds	15,375	12,652

14 Net asset value per share

The net asset value per share at 29 February 2004 is based on net assets of £15,375,000 and on 20,765,946 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) Floating rate

The Company from time to time may hold part of its portfolio in cash. Any changes in interest rates will therefore affect the income of the Company. The amount held in cash and subject to floating rate risk at the year end was £1,704,000 (2003: £818,000) (Benchmark: Bank of England REPO rate less 0.25%).

(ii) Fixed rate

	2004	2004	2004	2003	2003	2003
	Total fixed	Weighted	Weighted	Total fixed	Weighted	Weighted
	rate	average	average	rate	average	average
	portfolio	interest	period to	portfolio	interest	period to
	£000	rate	maturity	£000	rate	maturity
		%	Days		%	Days
Financial assets	508	5.00	1,377	1,085	6.06	735

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.

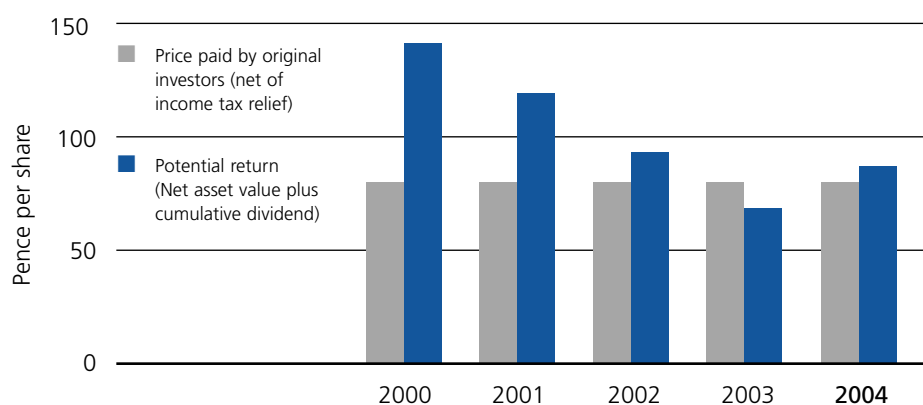
c) Liquidity risk

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 29 February 2004	Year ended 28 February 2003	Year ended 28 February 2002	Year ended 28 February 2001 (restated)	Year ended 29 February 2000 (restated)
Income	£299,000	£369,000	£553,000	£634,000	£337,000
Revenue return before tax	£128,000	£228,000	£388,000	£464,000	£232,000
Revenue return per share after tax	0.69p	1.03p	1.77p	2.14p	1.99p
Profit/(loss) on ordinary activities before tax	£362,000	(£553,000)	(£799,000)	£288,000	£114,000
Earnings/(losses) per share	1.76p	(2.75p)	(4.00p)	1.48p	1.10p
Dividend per share	2.50p	2.00p	3.00p	2.00p	1.50p
Net assets	£15,375,000	£12,652,000	£17,320,000	£23,135,000	£17,841,000
Net asset value per share	74.04p	61.85p	87.09p	115.70p	140.00p
Number of qualifying investments	39	39	39	34	15
Value of qualifying investments	£8,039,000	£6,461,000	£7,598,000	£8,469,000	£9,644,000

Potential Return



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 23 June 2004 at 10:30 am.

Payment of Dividend

Cash dividends will be sent by cheque on 23 July 2004, to the first named Shareholder on the Register at close of business on 2 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 web site at www.bwd-aim-vct.co.uk. The share price is updated regularly;
- on Channel 4 teletext. The price is updated regularly during the day;
- from BWD Rensburg 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.**

Useful Information for Shareholders

continued

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.

These benefits are available on aggregate investments in VCT's of up to £200,000 in any tax year (£100,000 prior to 6 April 2004)

Explanation of terms

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

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

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

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

Notice of Annual General Meeting

Notice is given that the fifth Annual General Meeting of BWD Aim VCT plc will be held at Quayside House, Canal Wharf, Leeds, LS11 5PU at 10.30 a.m., on 23 June 2004 for the following purposes:

Ordinary Business

1. To receive and adopt the Company's annual accounts for the year ended 29 February 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 29 February 2004.
3. To declare a final dividend for the year ended 29 February 2004.
4. To re-appoint Christopher Henry Bruce Honeyborne, a Director retiring by rotation.
5. To re-appoint Peter Charles Smart, 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 meeting at which accounts are laid before the Company and to authorise the Directors to agree their remuneration.

Special Business

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

Ordinary Resolution

7. That the Company's authorised share capital be increased from £1.5 million to £2.0 million by the creation of 10 million ordinary shares of 5p each and each such share shall rank *pari passu* with existing ordinary shares of 5p each in the capital of the Company.

Ordinary Resolution

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 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 £500,000 (representing 48% of the total ordinary share capital in issue); 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 Resolution

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 166 of the Act to make market purchases (which in this resolution shall have the meaning given to this term in Section 163 (3) of the Act) of its ordinary shares of 5p 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 2,090,579 (representing ten per cent of the number of Ordinary Shares in issue); and
 - ii. the minimum price which may be paid for each of those Ordinary Shares (exclusive of expenses) is 5p; and
 - iii. the maximum price (exclusive of expenses) which may be paid for each of those Ordinary Shares is not more than five per cent above the average of the middle market quotations for Ordinary Shares (as derived from the Daily Official Lists of the London Stock Exchange) for the five dealing days immediately preceding the date of purchase

but so that this authority shall (unless previously varied, revoked or renewed) expire on the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months after the date of the passing of this resolution 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 9 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.

Notice of Annual General Meeting

continued

Special Resolution

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 up to an aggregate nominal value of £500,000 (representing 48% of the total ordinary share capital in issue);

and the authority given shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months after the passing of this resolution 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 shares in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution 10 has expired.

Special Resolution

11. The name of the Company be and is changed to "Rensburg Aim VCT plc".

Special Resolution

12. That article 162 of the Company's Articles of Association be amended by deleting the number "2006" in the first line of that 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

24 May 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, PO Box 25, Beckenham, Kent, BR3 4BR, to be received no later than 48 hours before the fixed time of the meeting. Completion and return of the form of proxy will not preclude a shareholder from subsequently attending or voting at the meeting in person if he/she wishes.
- iii. Copies of the register of Directors' interests kept in accordance with Section 325 of the Companies Act 1985 will be available for inspection at the Registered Office of the Company on weekdays during normal office hours and at the place of the meeting from fifteen minutes preceding its commencement until its conclusion.
- iv. In accordance with Regulation 41 of the Uncertified Securities Regulations 2001, only those members entered in the Company's register of members as at 10.30 a.m. on 21 June 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 to be held at 10.30 a.m. on 23 June 2004

Please insert full name(s) and address(es) of I/We(Note 1)
 (in block capitals)
 of
 being a member/member(s) of the above named Company HEREBY APPOINT the Chairman of the Meeting or failing him(Note 2)
 as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10.30 a.m. on 23 June 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 29 February 2004		
2 To approve the Directors' Remuneration Report for the year ended 29 February 2004		
3 To declare a final dividend for the year ended 29 February 2004		
4 To re-appoint Christopher Henry Bruce Honeyborne as a Director		
5 To re-appoint Peter Charles Smart 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 Aim VCT plc"*		
12 To change article 162 of the Company's Articles of Association*		

* Special Resolution

Please sign and insert date Signed Date2004

Notes

1. A member entitled to attend and vote at the meeting may appoint one (or more) proxies to attend and, in a poll, to vote instead of him/her. In the case of joint holdings the signature of any registered holder who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of other joint holders. For this purpose, seniority shall be determined by the order in which names stand in the register of members.
2. If you wish to appoint any person other than the Chairman to act as your proxy you should delete the words "Chairman of the Meeting or", insert your own choice in the space provided and initial the amendment. A proxy need not be a member of the Company.
3. Please indicate by marking "X" in the appropriate space how you wish your vote to be cast. Unless so instructed, the proxy will vote or abstain as he/she thinks fit.
4. To be valid this proxy must be lodged at the offices of the Company's registrars, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent, BR3 4BR, not later than 48 hours before the time fixed for holding the Meeting, together with the power of attorney or other authority (if any) under which it is signed as a notorially certified or office copy of such power or authority.
5. 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.
6. If approved, the final dividend on ordinary shares will be paid to shareholders on the register at the close of business on 2 July 2004. Dividend cheques will be posted on 23 July 2004.

Second fold

BUSINESS REPLY SERVICE
Licence No. MB122

1



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

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Company Information

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Manager

Capital for Companies
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Auditors

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VCT Status Adviser

PricewaterhouseCoopers
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Company Registration Number

3588039 in England and Wales

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Brokers

Williams de Broë Plc
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and

1 Waterloo Street
Birmingham
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BWD Aim VCT plc

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Tel: 0113 243 8043 Fax: 0113 245 1777

also at: 100 Old Hall Street, Liverpool, L3 9AB
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