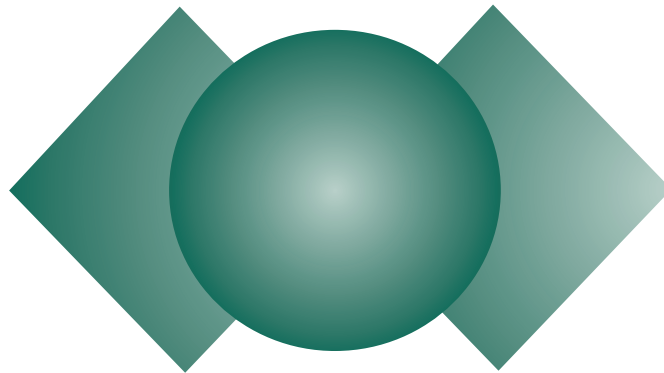


# **Oxford Technology 2 Venture Capital Trust plc**



**Financial Statements**

**For the year ended 28 February 2014**

## Contents

Financial Highlights	3
Strategic Report	4
Statement on behalf of the Board	4
Table of Investments	7
Review of Investment Portfolio	8
Board of Directors	10
Report of the Directors	11
Directors' Remuneration Report	13
Audit Committee Report	15
Directors' Responsibilities for the Financial Statements	16
Report of the Independent Auditors	17
Principal Accounting Policies	20
Profit and Loss Account	22
Balance Sheet	23
Cash Flow Statement	24
Notes to the Financial Statements	24
Notice of AGM	29
Proxy Form	30

## Financial highlights

	Year ended 28 February 2014	Year ended 28 February 2013
Net assets at year end	£1.79m	£1.84m
Net asset value per share at year end after distributions	26p	27p
Cumulative dividend (gross) from incorporation	10.5p	10.5p
NAV plus cumulative dividends paid to year end	36.5p	37.5p
Share price at year end	14.0p	14.5p
(Loss)/profit per share (basic & diluted)	(0.7)p	1.5p

## Strategic Report

The Strategic Report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006 and best practice. Its purpose is to inform shareholders of the progress of the Company, to look at the current business model, future objectives, strategy and principal risks of the Venture Capital Trust. The Report contains the Statement on behalf of the Board and a Review of the Investment Portfolio.

### Statement on behalf of the Board

The net assets per share at 28 February 2014 were 26p per share compared to 27p as at 28 February 2013. The loss per share in the year to 28 February 2014 was (0.7)p per share, compared to a gain of 1.5p per share in the year to 28 February 2013. These figures result from the changes to the valuations of the investments during the year as shown in the table on page 7, with some investments being valued upwards and some being down valued based on their performance. Further details of the portfolio companies are given on pages 8 & 9.

### Investment Policy & Fundraising

The Company has built a balanced portfolio of investments with the following characteristics:

- unlisted, UK based, science, technology and engineering businesses
- investments typically in the range of £100,000 to £500,000
- generally located within approximately 60 miles of Oxford

### Business Review

There was a net loss for the period after taxation amounting to £51,000 (2013: gain of £100,000). The profit and loss account comprises nil income (2013: £11,000) plus unrealised gains on fair value of investments of £35,000 (2013: £140,000) less realised losses on disposals of investments of £26,000 (2013: gain of £4,000) and management and other expenses of £60,000 (2013: £55,000).

### Key Performance Indicators

The Board has a number of performance measures to assess the company's success in meeting its objectives. Performance, measured by the change in NAV and total return per share, is also measured against the FTSE All-Share index. This is shown in the graph on page 14 of the Directors' Remuneration Report. This index has been adopted as an informal benchmark.

There is a brief review of the investment portfolio and the company's activities, on pages 8 & 9 and a more detailed table of investments held on page 7.

### Financial Risk Management Objectives and Policies

**Investment risk** - The majority of investments are early stage, unquoted companies which are VCT qualifying holdings. This inherently entails a higher level of risk and lower liquidity than investments in large, quoted companies. The directors seek to reduce this risk by continued monitoring of existing investee companies.

## Oxford Technology 2 Venture Capital Trust PLC

**VCT qualifying status risk** – The Company is required at all times to observe the conditions laid down in the Income Tax Act 2007 for the maintenance of approved VCT status. The loss of such approval could lead to the Company losing its exemption from corporation tax on capital gains, to investors being liable to pay income tax on dividends received from the Company and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment.

**Financial risk** - The Company is exposed to market price risks, credit risk, liquidity risk, fair value and cash flow interest rate risks. All of the company's income and expenditure is denominated in sterling and hence the company has no foreign currency risk. The company does not use derivative financial instruments.

**Regulatory risk** - The Company is required to comply with the Companies Act, the rules of the UK Listing Authority and United Kingdom Accounting Standards.

### **Internal Control**

The Directors are responsible for the company's system of internal control. The Board has adopted an internal operating and strategy document for the company. This includes procedures for the selection and approval of investments, the functions of the Investment Manager and exit and dividend strategies. Day to day operations are delegated under agreements with the Investment Manager who has established clearly defined policies and standards. These include procedures for the monitoring and safeguarding of the company's investments and regular reconciliation of investment holdings. This system of internal control, which includes procedures such as physical controls, segregation of duties, authorisation limits and comprehensive financial reporting to the Board, is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has considered the need for an internal audit function but has decided that the size of the company does not justify it at present. However, it will keep the decision under annual review.

The Board has reviewed, with its Investment Manager, the operation and effectiveness of the company's system of internal control for the financial period and the period up to the date of approval of the financial statements. The Board has continued to prepare the financial statements in accordance with UK Financial Reporting Standards rather than International Financial Reporting Standards. This is permitted as the financial statements present the results of an individual company rather than a group.

### **Gender and Diversity**

The board consists of two male Non Executive Directors. The gender and diversity of the constitution of the Board will be reviewed on an annual basis.

### **Human Rights Issues**

Due to the structure of the Company with no employees and only two Non Executive Directors, there are no Human Rights Issues to report.

### **Environment Policy and Greenhouse Gas Emissions**

The Board has no specific environmental policy; however, the Company recognises the need to conduct its business in a manner responsible to the environment where possible. The Company does not produce any reportable emissions as the fund is managed by Oxford Technology Management, and so has no physical assets, property or employees other than the Non Executive Directors.

## Oxford Technology 2 Venture Capital Trust PLC

### **AGM**

Shareholders should note that the AGM for Oxford Technology 2 VCT (OT2) will be held on Wednesday 9 July 2014, at the Magdalen Centre, Oxford Science Park, starting at 12.00 noon and will include presentations by some of the companies in which the Oxford Technology VCTs have invested. A formal Notice of AGM has been included at the back of these Accounts together with a Form of Proxy for those not attending.

**Michael O'Regan**

**Chairman**

**22 May 2014**

Oxford Technology 2 Venture Capital Trust PLC

**Table of investments held by company at 28<sup>th</sup> February 2014**

<b>Company</b>	<b>Description</b>	<b>Date of initial investment</b>	<b>Net cost of investment £'000</b>	<b>Carrying value at 28/02/14 £'000</b>	<b>Change in value for the year £'000</b>	<b>% equity held by OT2VCT</b>
Oxis Energy	Rechargeable batteries	Jan 00	540	22	-	0.3
Orthogem	Bone graft material	Dec 00	304	47	20	14.5
OC Robotics	Snake arm robots	Jan 01	225	675	-	19.5
Insense	Active wound healing dressings	Jun 01	204	76	-	3.5
Plasma Antennas	Solid state directional antennas	Nov 01	188	189	-	8.3
ImmunoBiology	Novel vaccines	Dec 00	175	12	-	0.3
Inaplex	Data transformation software	Sep 01	138	64	26	21.5
Select Technology	Specialist photocopier interfaces	Nov 01	132	185	(64)	7.4
Arecor	Protein stabilisation	Jul 07	14	38	-	0.6
Telegesis	Zigbee technology	Oct 03	8	168	10	2.9
DHA	Radiotherapy products	Nov 01	-	1	-	1.2
<b>Totals</b>			<b>1,928</b>	<b>1,477</b>	<b>(8)</b>	
Other Net Assets				<b>314</b>		
<b>NET ASSETS</b>				<b>1,791</b>		

Number of shares in issue: 6,792,923

Net Asset Value per share at 28 February 2014: 26p

Dividends per share paid to date: 10.5p

This table shows the current portfolio holdings. The investments in Acumen, Assertion, Astron Clinica, Ciphergrid, CHR Design, Coraltech, Im-Pak, Inscentinel, Jetmask, M3 Networks, Freehand Surgical, Promic, OST & SVA have been written off. The investments in Hardide, Commerce Decisions, Equitalk and MET have been sold.

## Review of Investment Portfolio

Oxford Technology 2 VCT has had slow progress with many of its investments. There have been many failures, and so far it is without the successful star to compensate. However, there are several companies in the portfolio which do continue to have potential.

OT2 owns 19.5% of **OC Robotics**. Now based in a factory in Bristol, OC Robotics is arguably the world's leading designer and manufacturer of snake-arm robots in which the head of the snake may be driven along a 3D path in space with the rest of the snake following the same path taken by the head. A video of this may be seen at:

<http://www.ocrobotics.com/applications--solutions/nuclear/nuclear-case-study--areva>.

OC Robotics has supplied individual robots at prices of more than £1m for particular applications. The company currently has four major areas of activity.

The first is a three year grant-funded programme to produce a snake arm for decommissioning nuclear reactors. There are several parties involved but OC Robotics is the major partner and its share is £4.6m. This is technically demanding, but the flexibility that a snake arm can provide and the fact that it can be operated remotely should provide an ideal tool for decommissioning nuclear reactors. Worldwide there are now 435 nuclear reactors in use with a further 72 under construction. All of these will need to be decommissioned at some point.

The second grant-funded programme, worth about £1m to OC Robotics is to develop a snake for inspecting oil and gas pressure vessels while they remain in use and under pressure. At the moment, in order to inspect such vessels, they have to be taken off-line and depressurised. This is expensive and disrupts normal operations. This is also a three-year programme, now in its second year.

The third of the three year grant-funded programmes is funded by the US air-force and is to develop a snake for inspecting inside wings of US military jets.

In all three cases, the hope is that if the grant-funded R&D projects go well, orders for snake arms will follow.

In addition to the grant-funded projects OC Robotics has also supplied a snake for use on a large tunnel boring machine. These are enormous machines used for boring tunnels through which to run motorways under rivers, for example. In some ground conditions the cutters become clogged and need to be cleaned and inspected. Traditionally this was done by withdrawing the machine from the face, filling the gap with water under pressure, to prevent collapse and inserting divers. This was both very expensive and dangerous. OC Robotics has now supplied the first snake which does the same task, but which is operated remotely from a distant screen. The boring machine is withdrawn from the face. The snake then emerges into the space equipped with lights, a camera and high pressure water jets. It is then able to clean and inspect the face. The use of such a snake has now been specified for a job in Hong Kong, and commercial negotiations are in hand. The clear hope is that further orders will be received for additional tunnel boring projects.

So while OC Robotics faces many technical and commercial challenges, things are looking a great deal better than they were two years ago.

OT2 owns 7.4% of **Select Technology**. Since 2005, Select has been working very closely with Ricoh, the world's leading manufacturer of MFDs (Multi-Function Devices, formerly known as photocopiers, but which now do many other things as well, such as scanning, emailing, printing and faxing). Increasingly, as with computers 30 years ago, what persuades a customer to buy one model rather than another is not the hardware but the software which runs on the hardware, such as software to allocate the costs of using the MFDs on a global network to the appropriate departments. Ricoh are not themselves experts in this software.



## Oxford Technology 2 Venture Capital Trust PLC

Select has developed software modules, now known as the m3i platform which can be embedded within Ricoh's operating system and which transmit data about the state of affairs within the MFD to external software and which enables external software to control the MFD. So m3i acts as a bridge between Ricoh MFDs and external software. Select receives an average of £250 (at a high gross margin) every time m3i is used on a particular MFD. M3i also enables users to create their own applications and to modify the screen displays to suit their particular needs. Select is also the exclusive distributor of Papercut in Europe. Papercut is print management software, now used by 50,000 organisations worldwide.

Select's sales are now growing strongly and Select has become profitable and cash generating:

Year to July	£'000
2010	249
2011	541
2012	1,596
2013	2,274

To date, almost 90% of these sales have been in the UK with almost all the balance being in Europe. But Select has now appointed agents/distributors in the US and in China, and the first sales have been achieved in these countries. So the hope is that sales will continue to grow in the UK and Europe but will be further boosted by growing sales in the US and China, both significantly larger markets than the UK.

OT2 owns 8.3% of **Plasma Antennas**. This company began by designing and supplying specialist antennae, which can be priced at up to £50,000 each for certain specialist applications. In the last few years, Plasma Antennas has been transitioning from an R&D company into an R&D and production company. More of its sales now go to civilian customers (mainly for mobile phone network applications). Before, most of the output was for government security applications. Margins on the civilian applications are lower, but the volumes are very much larger and manufacture is all outsourced.

Also, the company is continuing to work on its plasma antenna (the purpose of the original investment). It now has a working device which demonstrates the technology, but at the moment the insertion losses are too high to make this useful. But the company has what it believes will be a viable technical solution to this problem and will continue working on this. It also has potential customers waiting to use this antenna in their networks if its performance can be improved. The next generation of communications are likely to be at 30GHz and above since higher frequencies carry more information and the current 3GHz networks are becoming overloaded. The atmosphere is quite opaque to signals at these frequencies so that communication has to be by means of beams (like a searchlight as opposed to a light bulb). At the moment this is achieved either by phased arrays (which are very expensive) or by metal reflectors (which are fixed). The plasma antenna will provide a steerable beam, whose direction can be changed in microseconds. So, for example, such an antenna could remain in communication with a car travelling down a motorway.

OT2 was the original investor in **Orthogem** when the company was formed and now owns 14.5%. Orthogem has developed artificial bone, Tripore, made from the same minerals as real bone and with a similar structure of interconnected pores of different size so that blood can flow through the material, (as in real bones). This material is now used by surgeons doing reconstructive surgery, for example. OT2 made an additional investment of £20k in August 2013 as part of a £100k financing round. In accordance with the plan currently in place, Orthogem is developing a putty incorporating its proprietary Tripore material. A putty material is now the format of choice for many surgeons and by developing the putty, Orthogem will be able to access new markets and expand current use. The timing of the introduction of the putty to the market will depend on the regulatory approval in various regions, and may start as soon as in 12 months. In the meantime the company is expanding its markets with Turkey and India having been added to the countries where the product will be sold.

OT2 also owns small stakes in **Arecor** and **Telegesic** both of which are making excellent progress.

## Board of Directors



**Michael O'Regan** OBE, age 66, Chairman

Michael was co-founder in 1973 of Research Machines Limited which floated on the London Stock Exchange as RM plc in 1994; he was an executive director until 1992 and then a non-executive director until 2004. RM plc is the UK's leading supplier of ICT and other services to education. He is a non-executive director of several unlisted companies and has been involved in the start-up and early stage financing of a number of technology based companies.



**Lucius Cary** OBE, age 67, Director

Lucius is the founder and managing director of Oxford Technology Management Ltd (OTM), which has specialised in making and managing investments in start-up technology-based businesses since 1983. He has a degree in engineering and economics from Oxford University, an MBA from Harvard Business School and was an engineering apprentice at the Atomic Energy Research Establishment, Harwell. After forming and raising finance for his first business in 1972, he founded "Venture Capital Report" in 1978 and was its managing director for 17 years. In March 1996, he sold all his shares and became chairman so reducing his day-to-day involvement in order to concentrate more fully on OTM's investment activities.

By 2005, OTM had managed or advised ten seed capital funds, including the Oxford Technology VCTs which, between them, have made some 100 investments in early stage and start-up technology companies. In 2003, he was awarded an OBE for services to business and in 2004 was awarded the Judges Award at Investors Allstars, for his contribution over many years to early stage investing. Lucius Cary is an investor in Select Technology from the OT2 portfolio. He is also a Director of Oxford Technology VCT, Oxford Technology 3 VCT and Oxford Technology 4 VCT which have some shared investments with OT2.

### Conflicts of Interest

The Board has always considered carefully all cases of possible conflicts of interest, as and when they arise. For example, every time one of the OTVCTs makes an investment in which another OTVCT is an investor, there is a potential conflict of interest. The general policy is that there is complete transparency and all interests in every situation are declared and known to all, so that practical and sensible decisions can be taken.

The Board keeps the position of the Investment Manager under review. The Chairman has the casting vote and Lucius Cary as a Director of Oxford Technology Management is not involved in the decision.

## Report of the Directors

The directors present their report together with financial statements for the year ended 28 February 2014.

### Principal Activity

The company commenced business in April 2000. The company invests in start-up and early stage technology companies in general located within 60 miles of Oxford.

### Directors

The present membership of the board, and their beneficial interests in the ordinary shares of the company at 28 February 2014 and at 28 February 2013, are set out below:

Name	2014	2013
M R H J O'Regan	225,000	225,000
J L A Cary	33,597	33,597

Except as disclosed in notes 2 & 3 and set out above, no director had, during the period or at the end of the period, a material interest in any contract which was significant in relation to the company's business.

### Corporate Governance

The company has complied throughout the period with the provisions in Section 1 of the Combined Code on Corporate Governance (the "Code"), except that the Board as a whole performs the functions of both the Audit Committee (Code B.2.1) and the Nomination Committee (Code A.3.3). The Directors do not have formalised service contracts with the company, whereas the recommendation is for fixed term renewable contracts.

The Board confirms that procedures to implement the Turnbull guidance were in place throughout the year ended 28 February 2014. The Board acknowledges that it is responsible for the Company's system of internal control and for reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board consists of two non-executive directors. JLA Cary represents the Investment Manager and Michael O'Regan is the independent Chairman. The Board has put in place corporate governance arrangements which it believes are appropriate to a Venture Capital Trust and which will enable the company to operate within the spirit of the Code.

The Board meets regularly, at least four times a year and between these meetings maintains contact with the Investment Manager. The Investment Manager prepares a written report on the performance of the fund in advance of Board meetings and this is circulated to all members of the Board. In addition, the directors are free to seek any further information they consider necessary. All directors have access to the Company Secretary and independent professionals at the Company's expense. The Code states that the Board should have a formal schedule of matters specifically reserved to it for decision, to ensure that the direction and control of the company is firmly in its hands. This is achieved by a management agreement between the company and its Investment Manager which sets out the matters over which the Investment Manager has authority and the limits above which Board approval must be sought. All other matters are reserved for the approval of the Board.

The Board ensures the independence and objectivity of the external auditors. This includes reviewing the nature and extent of non-audit services supplied by the external auditors to the company, seeking to balance objectivity and value for money. None of the directors has a service contract with the company. The Articles of Association require that one third of the directors (or the number nearest one third) on a rotation basis will be subject to re-election procedures at subsequent AGMs.

## Oxford Technology 2 Venture Capital Trust PLC

### **Statement as to Disclosure of Information to Auditors**

So far as the directors are aware, there is no relevant audit information (as described in Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Directors and Officers Insurance**

The company has maintained insurance cover on behalf of the directors, indemnifying them against certain liabilities which may be incurred by them in relation to their duties as directors of the Company.

### **Whistleblowing**

The Board has been informed that the Manager has arrangements in place in accordance with the UK Corporate Governance Code's recommendations by which staff of the Manager or Secretary of the Company may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters.

### **Bribery Act 2010**

The Company is committed to carrying out business fairly, honestly and openly. The Manager has established policies and procedures to prevent bribery within its organisation. The Directors are closely involved in the day-to-day management of the Company, thus ensuring that they learn of any questionable practices as and when they arise.

### **Relations with Shareholders**

The company values the views of its shareholders and recognises their interest in the company's strategy and performance, Board membership and quality of management. The company's website provides information on all of the company's investments, as well as other information of relevance to shareholders ([www.oxfordtechnology.com](http://www.oxfordtechnology.com)).

### **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.

### **Substantial Shareholders**

At 28 February 2014, the company has been notified of three investors whose interest exceeds three percent of the company's issued share capital (Starcap ANS, 7.4%; R Vessey, 3.4%; MRHJ O'Regan 3.3%). The company has several investors, all individuals, who with their families have invested £100,000 or more in the shares of the company. The Directors shareholdings are listed above.

### **Auditors**

James Cowper LLP offer themselves for reappointment in accordance with Section 489 of the Companies Act 2006.

### **On behalf of the Board**

**JLA Cary**

**22 May 2014**

## **Directors' Remuneration Report**

The Board has prepared this report in accordance with the requirements of Schedule 7A to the Companies Act 2006. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting. The law requires the company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such.

### **Directors' Fees and the Company's Policy on such Fees**

The Board consists solely of two non-executive Directors. Lucius Cary represents the Investment Manager and Michael O'Regan is the independent chairman. Since the company is a Venture Capital Trust with no executive directors, there are certain relaxations of the Code permitted to the company under the Listing Rules of the Financial Conduct Authority. Accordingly, there is no separate remuneration committee and the Board performs collectively the duties of the committee. The Board's policy is that the remuneration of non-executive Directors should be sufficient to reflect the duties and responsibilities of the Directors and the amount of time committed to the company's affairs. The Articles of Association of the company state that no Director can be paid more than £50,000 without an ordinary resolution of the shareholders.

The company's investment manager is Oxford Technology Management Ltd, a company of which Lucius Cary is a Director and the controlling shareholder. The Investment Management fee is laid out in the prospectus dated 6 March 2000 and the fee payments for the years ended 28 February 2014 and 28 February 2013 are laid out in note 2 to the financial statements. As detailed in the company prospectus dated 6 March 2000 and in the more recent Investment Memorandums, once investors have received a return of 100% of the gross sums invested by way of dividends and capital distributions, a performance incentive fee (expressed as a percentage of all distributions thereafter) will be payable as to 14 per cent of such distributions to the Investment Manager collectively and 6 per cent of such distributions to the directors collectively.

### **Directors' Rights of Tenure**

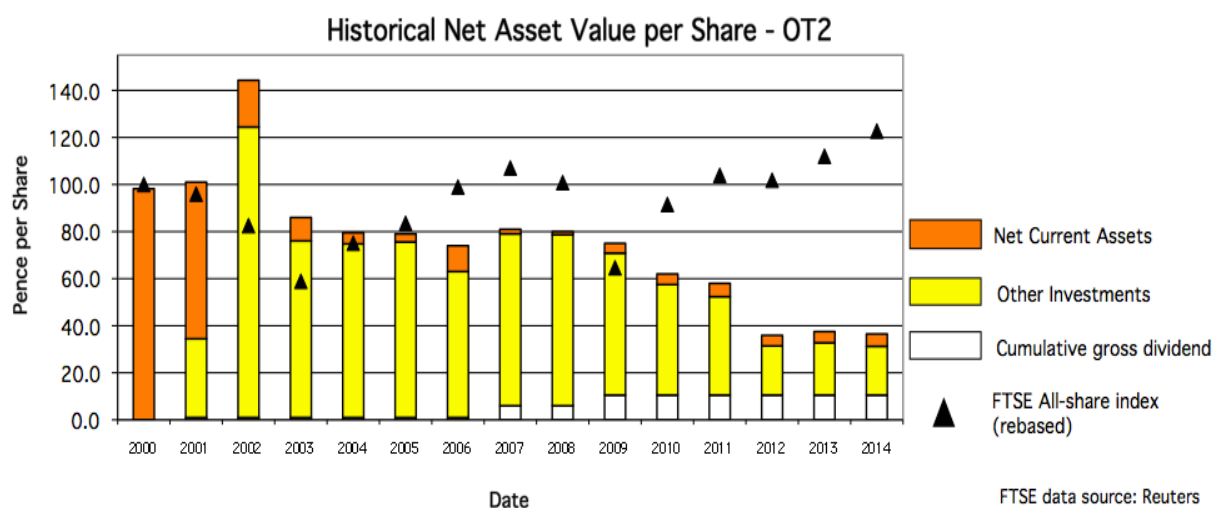
No director has a service contract with the company. At each AGM one of the directors is obliged to retire and offer themselves for re-election by shareholders. At the AGM for the current year, Michael O'Regan will retire and offer himself for re-election. There is no notice period and no provision for compensation upon early termination of the appointment of any director

### **Company's Performance Compared to a Suitable Index**

The Board is responsible for the company's investment strategy and performance, although the creation, management and monitoring of the investment portfolio is delegated to the Investment Manager, as described in the prospectus dated 6 March 2000.

The graph below compares the performance of the company with the performance of the FTSE All-Share index over the period from 28 February 2000 to 28 February 2014. It shows the change over the period in the total return to ordinary shareholders (assuming all dividends are reinvested) compared to the change over the period in total shareholder return on a notional investment of the same composition as the FTSE All-Share Index. This index was chosen as it represents a comparable broad equity market index. The net asset value per share (NAV) of the company has been selected as the most appropriate performance measure, as this best reflects progress of the investments made by the company; shareholders will ultimately realise value on disposal of these investments. All measures are rebased to 100 at the start date of the period. An explanation of the performance of the company is given in the Statement on behalf of the Board.

## Oxford Technology 2 Venture Capital Trust PLC



### Directors' Emoluments for the Year

The information in this part of the report has been audited by the company's auditors. The Directors' fees for the year were £2,500 (2013: £2,500). Michael O'Regan has declined to take any fees for his services as Chairman.

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
MRHJ O'Regan	-	-
JLA Cary	2.5	2.5
	2.5	2.5

The Directors are not eligible for pension benefits, share options or other benefits.

## **Audit Committee Report**

This report is submitted in accordance with The UK Corporate Governance Code and describes the work of the Audit Committee in discharging its responsibilities. The Audit Committee has identified and considered the key areas of risk in relation to the business activities and financial statements of the company, reviewing and making recommendations to the Board. Any issues arising are discussed with the Manager and the auditor.

The Audit Committee's terms of reference include the following responsibilities:

- reviewing and making recommendations to the Board in relation to the Company's published financial statements.
- to challenge where necessary, the actions and judgments of management in relation to the company's financial statements, operating and financial review, interim reports, preliminary announcements and related formal statements
- to monitor the integrity of the company's internal financial controls
- to ensure that the auditors have direct access to the Board Chairman and Audit Committee
- to consider and make recommendations on the appointment, reappointment and removal of the external auditor; to approve the terms of engagement and the remuneration to be paid to the external auditor in respect of audit services provided and to assess the effectiveness of the audit

As part of the process of working with the Board to maximise effectiveness, meetings of the Committee usually take place immediately prior to the Board meeting and a report is provided on relevant matters to enable the Board to carry out their duties.

Reviewing the Audit plan during this financial year the Committee has reviewed the non audit services provided by the external auditor, James Cowper LLP and is happy to recommend their reappointment. Once the Committee has made a recommendation to the Board in relation to the appointment of the external auditor, this is then ratified at the AGM through an Ordinary Resolution.

The Company does not have an independent internal audit function as it is not deemed appropriate given the size of the Company and the nature of the Company's business. However, the Committee considers annually whether there is a need for such a function and if so would recommend this to the Board.

The Audit Committee has reviewed the Manager's statement of internal controls in relation to the Company's business and assessing the effectiveness of those controls in minimising the impact of key risks. The Compliance Procedure of the Company is also reviewed on a quarterly basis. In light of the fact that there is only has one independent non-executive Director, the committee also takes advice from external sources. Methuen Consulting is used as an advisor for Financial Services Compliance. Beaumont Cornish is used as Corporate and Regulatory advisor for the London Stock Exchange and a Chartered Management Accountant team at Positive Outlook for financial advice.

The Directors have met quarterly to assess the appropriateness of the estimates and judgements made by the Manager in the investment valuations. The Company's investments are predominantly in unlisted securities which can be difficult to value and requires the application of skill, knowledge and judgement by the Board and Audit Committee. The methodologies used are those set out in the international Private Equity and Venture Capital Valuation guidelines. It is recommended that the Manager now prepares a document confirming that all VCT rules are met before making any new investments.

The Committee have considered the whole report and accounts for the year ended 28 February 2014 and have reported to the Board that they consider them to be fair, balanced and understandable providing the information necessary for shareholders to assess the Company's performance.

**Michael O'Regan**  
**Audit Committee Chairman**

## **Directors' Responsibilities for the Financial Statements**

Company law in the UK requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the entity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Strategic Report, the Directors' Report, the Remuneration Report and the Financial Statements are prepared in accordance with company law in the United Kingdom. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions. They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Conduct Authority.

The maintenance and integrity of the web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the financial statements since they were initially presented on the web site.

**On behalf of the Board**  
**Michael O'Regan**  
**Chairman**  
**22 May 2014**



## **Report of the Independent Auditors**

We have audited the financial statements of Oxford Technology 2 Venture Capital Trust Plc for the year ended 28 February 2014 which comprise the profit and loss account, balance sheet, cash flow statement, accounting policies and related notes. We have also audited the information set out in the Directors' Remuneration Report that is described as having been audited. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditors' 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**

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the Audit of the Financial Statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/ukp](http://www.frc.org.uk/apb/scope/ukp).

## **Auditor Commentary**

### **An Overview of the Scope of our Audit**

Our audit approach was based on a thorough understanding of the Company's business and is risk-based. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records is outsourced to third-party service providers. Accordingly, our audit work is focussed on obtaining an understanding of, and evaluating, internal controls at the Company and the third-party service providers, and inspecting records and documents held by the third-party service providers. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

### **Our Application of Materiality**

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission.

## Oxford Technology 2 Venture Capital Trust PLC

We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

We established materiality for the financial statements as a whole to be £36,000, which is 2% of the value of the Company's net assets. For income and expenditure items we determined that misstatements of lesser amounts than materiality for the financial statements as a whole would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. Accordingly, we established materiality for revenue items within the profit and loss account to be £1,500.

### **Our Assessment of Risk**

Without modifying our opinion, we highlight the following matters that are, in our judgement, likely to be most important to users' understanding of our audit. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual transactions, balances or disclosures.

### **Valuation of Unquoted Investments**

Investments are the largest asset in the financial statements, and they are designated as being at fair value through profit or loss in accordance with FRS 26, "Financial instruments: recognition and measurement". Measurement of the value of an unquoted investment includes significant assumptions and judgements. We therefore identified the valuation of unquoted investments as a risk that has the greatest effect on the overall audit strategy.

Our audit work included, but was not restricted to, obtaining an understanding of how the valuations were performed, consideration of whether they were made in accordance with published guidance, discussions with Oxford Technology Management, and reviewing and challenging the basis and reasonableness of the assumptions made by OTM and the Directors in conjunction with available supporting information. The Company's accounting policy on the valuation of unquoted investments is included in the statement of principal accounting policies and its disclosures about unquoted investments held at the year end are included in note 7.

### **Revenue Recognition**

Investment income is the Company's main source of revenue and is recognised when the Company's right to the return is established in accordance with the Statement of Recommended Practice.

Our audit work included, but was not restricted to a detailed review of those sources of income recorded in the financial statements and further consideration of other potential sources of income. The Company's accounting policy on income is included in the statement of principal accounting policies and its disclosures about income are included in note 1.

### **Management Override of Financial Controls**

The Company operates a system of financial controls to mitigate its vulnerability to fraud and its financial statements to material error and is reliant upon the efficacy of these controls to ensure that its financial statements present a true and fair view.

## Oxford Technology 2 Venture Capital Trust PLC

The financial statements contain a number of significant accounting estimates that require an element of judgement on behalf of management and that are, therefore, potentially open to manipulation. Our audit work included, but was not restricted to, a review of all significant management estimates and detailed consideration of all material judgements applied during the completion of the financial statements. We also reviewed material journal entries processed by management during the period. The Company's principal accounting policies are included in a statement on page 20.

### **Compliance with Laws and Regulations**

The company is required to observe the conditions laid down by the Income Tax Act 2007 for the maintenance of approved VCT status. Our audit work included but was not restricted to a review of those rules central to the Company's ongoing status as a VCT and review of all correspondence with HMRC.

### **Opinion on Financial Statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other Matters Prescribed by the Companies Act 2006**

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report, comprising the Statement of behalf of the Board and Review of the Investment Portfolio and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance statement with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

### **Matters on which we are Required to Report by Exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the listing rules we are required to review:

- the information given in the Report of the Directors in relation to going concern; and
- the part of the Corporate Governance statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

**Alan Poole BA(Hons) FCA Senior Statutory Auditor**

For and on behalf of **James Cowper LLP**  
Chartered Accountants and Statutory Auditors  
Oxford

## Principal Accounting Policies

### Basis of Preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments. The financial statements have been prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice 'Financial statements of investment trust companies' issued in 2009. The principal accounting policies of the company are set out below.

### Investments

The company invests in financial assets with a view to profiting from their total return through income and capital growth. These investments are managed and their performance is evaluated on a fair value basis. Accordingly as permitted by Financial Reporting Standard 26 (FRS 26) the investments are designated as fair value through profit and loss. Unrealised gains or losses on valuation are recognised through the profit and loss account.

### Valuation of Investments

Quoted investments are stated at the bid price. Unquoted investments are stated at fair value, where fair value is estimated after following the guidelines laid down by the International Private Equity and Venture Capital Guidelines. The Directors' policy is to initially state investments at cost and then to review the valuation every three months. The Directors may then apply an appropriate methodology which, as far as possible, draws on external, objective market data such as where fair value is indicated by:

- a material arms length transaction by a third party in the shares of the company, with discounting for more junior asset classes, and reviewed for impairment; or
- a suitable revenue or earnings multiple where the company is well established and generating maintainable profits. The multiple will be based on comparable listed companies but may be discounted to reflect a lack of marketability; or
- the net assets of the business.

Where such objective data is not available the Directors may choose to maintain the value of the company as previously stated or to discount this where indicated by underperformance against plan.

The Directors consider that this basis of valuation of unquoted investments is consistent with the International Private Equity and Venture Capital Guidelines.

### Income

Income represents realised gains on the disposal of investments along with interest receivable on cash deposits. Dividends receivable on unquoted equity shares are brought into account when the company's right to receive payment is established and there is no reasonable doubt that payment will be received. Dividends receivable on quoted equity shares are brought into account on the ex-dividend date. Fixed returns on debt securities and non-equity shares are recognised on a time apportionment basis so as to reflect the effective yield on the debt securities and shares, provided there is no reasonable doubt that payment will be received in due course. Interest receivable from cash and short term deposits are accrued to the end of the year.

## Oxford Technology 2 Venture Capital Trust PLC

### **Expenses**

All expenses are accounted for on an accruals basis. All expenses are charged through the profit and loss account except as follows:

- those expenses which are incidental to the acquisition of an investment are included within the cost of the investment
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.

### **Deferred Tax**

Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the company meets (and intends to continue for the foreseeable future to meet) the conditions for approval as a Venture Capital Trust. The HMRC has approved the company as a Venture Capital Trust for the purpose of Section 259 of the Income Tax Act 2007. The approval was given in the financial period ended 28 February 2000 and the company has subsequently directed its affairs so as to enable it to continue to be so approved.

### **Earnings per Share**

The calculation of earnings per share for the period is based on the profit attributable to shareholders divided by the weighted average number of shares in issue during the period.

## Profit and Loss Account for the year ended 28 February 2014

		Year ended 28 February 2014	Year ended 28 February 2013
	Note	£000	£000
(Loss)/gain on disposal of investments held at fair value	1	(26)	4
Unrealised gain on fair value of investments	7,11	35	140
Other income	1	-	11
Investment management fees	2	(36)	(35)
Other expenses	3	(24)	(20)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before tax	4	(51)	100
Taxation on (loss)/profit on ordinary activities	5	-	-
		<hr/>	<hr/>
(Loss)/profit on ordinary activities after tax		(51)	100
		<hr/>	<hr/>
(Loss)/earnings per share (basic and diluted)	6	(0.7)p	1.5p
		<hr/> <hr/>	<hr/> <hr/>

## Historic Cost Profits and Losses Note

	2014	2013
	£000	£000
Profit/(loss) for the year	(51)	100
Unrealised (gain) on fair value of investments	(35)	(140)
Loss/(profit) on disposal of investments held at fair value	26	(4)
(Loss) on disposal of investments held at historical value	(420)	(470)
	<hr/>	<hr/>
Historical cost (loss) before tax	(480)	(514)
	<hr/>	<hr/>
Historical cost (loss) after tax	(480)	(514)
	<hr/> <hr/>	<hr/> <hr/>

Oxford Technology 2 Venture Capital Trust PLC

**Balance Sheet at 28 February 2014**

		28 February 2014		28 February 2013	
	Note	£000	£000	£000	£000
<b>Fixed assets</b>					
Investments at fair value	7		1,477		1,557
<b>Current assets</b>					
Other debtors & prepayments	8	13		18	
Cash at bank		352		309	
		<u>365</u>		<u>327</u>	
<b>Creditors: amounts falling due within one year</b>	9				
		<u>(51)</u>		<u>(42)</u>	
Net current assets			314		285
<b>Net assets</b>			<u>1,791</u>		<u>1,842</u>
			=====		=====
<b>Capital and reserves</b>					
Called up share capital	10		679		679
Share premium	11		376		376
Profit and loss account	11		90		570
Unrealised capital reserve	11		646		217
<b>Shareholders' funds</b>	12		<u>1,791</u>		<u>1,842</u>
			=====		=====
<b>Net asset value per share</b>			<u>26p</u>		<u>27p</u>
			=====		=====

These financial statements were approved by the directors on 22 May 2014.

**JLA Cary**  
**Director**  
**22 May 2014**

## Cash Flow Statement for the period ended 28 February 2014

		2014	2013
	Note	£000	£000
<b>Net cash (outflow) from operating activities</b>	13	(46)	(42)
<b>Capital expenditure and financial investment</b>			
Purchase of investments		(20)	(12)
Sale of investments		109	37
		-----	-----
<b>Net cash inflow from capital expenditure and financial investment</b>		89	25
		-----	-----
<b>Net cash flow before financing</b>		43	(17)
<b>Increase/(decrease) in cash</b>		43	(17)
		=====	=====

The accompanying accounting policies and notes form an integral part of these financial statements.

## Notes to the Financial Statements for the year ended 28 February 2014

<b>1 Income</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Interest receivable	-	11
(Loss)/gain on disposal of investments	(26)	4
	-----	-----
	(26)	15
	=====	=====
 <b>2 Investment Management Fees</b>		
	<b>£000</b>	<b>£000</b>
Investment management fee (see below)	36	35
	-----	-----
	36	35
	=====	=====



## Oxford Technology 2 Venture Capital Trust PLC

Related Party disclosure - JLA Cary is a director of Oxford Technology Management Ltd and of Oxford Technology Venture Capital Trust Plc. OTM is the Investment Manager to the company. During the year OTM charged management fees of £27,630 (2013: £26,132). Under the original agreement, OTM is entitled to charge a fee of 2% of net assets for managing the fund. OTM actually charges 1.5% with 0.5% deferred, to be paid pending future realisations. There were no employees during the year except for the directors.

<b>3 Other Expenses</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Directors' remuneration (see report on page 11)	3	3
Auditors' remuneration: audit services	5	5
Other expenses	27	25
Cost cap refund from OTM	(11)	(13)
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	24	20
	=====	=====

<b>4 Operating Profit</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
The operating profit is stated after charging:		
Auditors' remuneration - audit services	5	5
Directors' remuneration	3	3
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
	8	8
	=====	=====

### 5 Tax

No liability to UK corporation tax arose during the year.

	<b>£000</b>	<b>£000</b>
UK Corporation tax	-	-
	=====	=====

The tax charge for the year is different to the small companies rate of corporation taxation in the UK of 20.0% (2012: 20.0%). The differences are explained below:

	<b>£000</b>	<b>£000</b>
Profit/(Loss) on ordinary activities before taxation	(51)	100
	=====	=====
At standard rate of taxation	(10)	20
Income/costs not chargeable to corporation tax	10	(20)
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Current tax credit for year	-	-
	=====	=====

Unrelieved management expenses of £1,273,811 (2013: £1,213,037) remain available for offset against future taxable profits.

## Oxford Technology 2 Venture Capital Trust PLC

### 6 Earnings Per Share

The calculation of earnings per share (basic and diluted) is based on the net loss for the financial year of £51,000 (2013: profit of £100,000) divided by the weighted average number of shares of 6,792,923 (2013: 6,792,923) in issue during the year. There are no potentially dilutive capital instruments in issue and therefore no diluted return per share figures are relevant. The basic and diluted earnings per share are therefore identical.

### 7 Investments

	<b>2014</b>	<b>2013</b>
<b>Cost</b>	<b>£000</b>	<b>£000</b>
As at 1 March 2013	2,438	2,933
Purchases at cost	20	12
Redeemed / disposed during the year	(529)	(507)
	-----	-----
As at 28 February 2014	1,929	2,438
	=====	=====
<b>Revaluation</b>		
As at 1 March 2013	(881)	(1,496)
Revaluation movement	429	615
	-----	-----
As at 28 February 2014	(452)	(881)
	=====	=====
<b>Net Book Value</b>		
As at 1 March 2013	1,557	1,437
	-----	-----
As at 28 February 2014	1,477	1,557
	=====	=====

Details of unlisted investments in which OT2 owns more than 20% are set out below with reference to their most recent published accounts. All companies are incorporated and operate in the UK.

Name of undertaking	Class of shares held %	Percentage of voting rights held by company %	Percentage of voting rights held by other OT Funds £000	Capital and reserves £000	Retained profit/(loss) for year
Orthogem <sup>1</sup>	Ordinary	24.0	7.3	105	(120)
Inaplex <sup>2</sup>	Ordinary	21.5	13.3	23	(18)

## Oxford Technology 2 Venture Capital Trust PLC

As shown above, certain of the company's unlisted investments entitle the company to more than 20% of the voting rights in the investee company. The Board does not consider that these investments fall within the definition of associated undertakings since the company does not exercise significant influence over the operating and financial policies of the investee companies.

**Most recent published accounts:**

1. For the year ended 31 December 2012.
2. For the year ended 30 September 2012.

<b>8 Debtors</b>	<b>2014</b>	<b>2013</b>	
	<b>£000</b>	<b>£000</b>	
Prepayments and accrued income	13	18	
	=====	=====	
<b>9 Creditors: amounts falling due within one year</b>			
	<b>£000</b>	<b>£000</b>	
Other creditors	7	7	
Investment Management Fee Accrual (note 2)	44	35	
	=====	=====	
	51	42	
	=====	=====	
<b>10 Share Capital</b>			
	<b>£000</b>	<b>£000</b>	
<b>Authorised</b>			
10,000,000 ordinary shares of 10p each	1,000	1,000	
<b>Allotted, called up and fully paid</b>			
6,792,923 (2013: 6,792,923) ordinary shares of 10p each	679	679	
	=====	=====	
<b>11 Reserves</b>			
	<b>Share Premium</b>	<b>Unrealised</b>	<b>Profit and</b>
	<b>Account</b>	<b>Capital Reserve</b>	<b>Loss Account</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 March 2013	376	217	570
(Loss) for the year	-	-	(51)
Unrealised (losses)/gains	-	35	(35)
Transfer between reserves	-	394	(394)
	-----	-----	-----
As at 28 February 2014	376	646	90
	=====	=====	=====

## Oxford Technology 2 Venture Capital Trust PLC

### 12 Reconciliation of Movements in Shareholders' Funds

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Result for the year	(51)	100
Net (decrease)/increase in shareholders' funds	<u>(51)</u>	<u>100</u>
Shareholders' funds at beginning of year	1,842	1,742
Shareholders' funds at end of year	<u>1,791</u>	<u>1,842</u>
	=====	=====

### 13 Reconciliation of Net Loss before Taxation to Net Cash Outflow from Operating Activities

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Operating (loss)/profit	(51)	100
Increase in creditors	9	9
Decrease/(Increase) in debtors	5	(7)
Unrealised (gain) on investments	(35)	(140)
Realised loss/(gain) on investments	26	(4)
Net cash outflow from operating activities for the year	<u>(46)</u>	<u>(42)</u>
	=====	=====

### 14 Financial Instruments

Other than its investments in unquoted companies, the company has cash and a small amount of debtors and creditors through which it finances its activities. The risk faced by these instruments, such as interest rate risk or liquidity risk is considered to be minimal due to their nature. All of these are carried in the accounts at face value. There is no difference between these values and the fair values of the financial instruments.

### 15 Capital Commitments

The company had no commitments at 28 February 2014 or 28 February 2013.

### 16 Contingent Liabilities

The company had no contingent liabilities at 28 February 2014 or 28 February 2013.

### 17 Post Balance Sheet Events

There have been no post balance sheet events.

## Oxford Technology 2 Venture Capital Trust PLC

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Oxford Technology 2 Venture Capital Trust plc will be held at the Magdalen Centre, Oxford Science Park, Oxford OX4 4GA at 12.00 noon on Wednesday 9th July 2014 for the following purposes:

To consider and, if thought fit, pass the following Resolutions:

- (1) That the report and accounts for the period to 28 February 2014 be approved.
- (2) That Mr Michael O'Regan who retires at the Annual General Meeting by rotation in accordance with Article 139 of the Company's Articles of Association, be re-appointed as a Director.
- (3) That James Cowper LLP, Chartered Accountants, be re-appointed as Auditors and that the Directors be authorised to determine their remuneration.
- (4) That the Directors' remuneration report be approved.
- (5) That the Company is generally and unconditionally authorised (pursuant to Article 23 of the Company's Articles of Association) to make market purchases (within the meaning of s693(4) of the Companies Act 2006 ("the Act") of ordinary shares of 10 pence each in the share capital of the Company ("Shares") provided that:
  - (a) the maximum number of Shares hereby authorised to be purchased is 500,000 (representing approximately 7.4 per cent of the issued number of Shares),
  - (b) the minimum price which may be paid for a Share is 10 pence (which amount shall be exclusive of expenses); and
  - (c) the maximum price which may be paid for a Share is 110% of the latest published NAV per share (exclusive of expenses).

This authority shall expire at the Company's annual general meeting in 2015. Pursuant to s701(6) of the Act, the Company may make contracts for the purchase of Shares which would or might be executed wholly or partly after the expiry of the time limit referred to above.

- (6) That the Company continue in being as a Venture Capital Trust.
- (7) In accordance with section 551 of the Companies Act 2006 (the "2006 Act"), to authorise the Directors generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £1,000,000 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the fifth anniversary of the date of this resolution save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 80 of the Companies Act 1985 or section 551 of the 2006 Act.
- (8) Subject to the passing of the resolution 7 and in accordance with section 570 of the 2006 Act, the Directors be generally empowered to allot equity securities (as defined in section 560 of the 2006 Act) pursuant to the authority conferred by resolution 7, as if section 561(1) of the 2006 Act did not apply to any such allotment.

**By Order of the Board**  
**James Gordon**

Notes:

- (1) A member who is entitled to vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. Such a proxy need not also be a member of the Company. To be valid, a proxy card must be lodged with the Company's Registrar, Capita Registrars plc, c/o Oxford Technology 2 VCT plc, Magdalen Centre, Oxford Science Park, Oxford OX4 4GA at least 48 hours before the meeting. A proxy card for use by members is attached. Completion of this proxy card will not prevent a member from attending the meeting and voting in person.
- (2) No director has a contract of service with the Company.
- (3) Resolutions 1,2,3,4,6 & 7 will be proposed as ordinary resolutions. Resolutions 5 & 8 will be proposed as special resolutions.

Oxford Technology 2 Venture Capital Trust PLC

**Form of Proxy  
for the Annual General Meeting convened  
for 12.00 noon on Wednesday 9 July 2014**

I/We .....  
(BLOCK LETTERS)

of .....  
being a member of Oxford Technology 2 Venture Capital Trust plc (“the Company”) hereby appoint the Chairman of the meeting or (note 2) ..... as my proxy to vote for me/us on my/our behalf at the annual general meeting of the Company to be held on Wednesday 9 July 2014 and at any adjournment thereof.

I/We direct my/our proxy to vote as follows in respect of the ordinary resolutions set out in notice of meeting (note 1):

	Resolution No.	For	Against	Withheld
1	Approval of accounts			
2	Re-appointment of Mr Michael O’Regan as a Director			
3	Approval of the appointment of James Cowper LLP and authorisation of Directors to fix remuneration.			
4	Approval of the Directors remuneration report			
5	Approval of authority to make purchases of own shares			
6	Company to continue as a Venture Capital Trust			
7	Approval of Directors authority to allot shares			
8	Approval of issues of shares on non-rights issue basis			

Date this .....day of....., 2014

Signature.....

Notes

1. Please indicate how you wish your vote to be cast. If you do not indicate how you wish your proxy to use your vote on any particular matter, the proxy will exercise his discretion both as to how he votes and as to whether or not he abstains from voting. The proxy will act as he thinks fit in relation to any other business arising from the meeting (including any resolution to adjourn the meeting).
2. If you prefer to appoint some other person or persons as your proxy, strike out the words “the Chairman of the Meeting or ”, and insert in the blank space the name or names preferred and initial the alteration. A proxy need not be a member of the Company.
3. The ‘Vote Withheld’ option is to enable you to abstain on any particular resolution. Such a vote is not a vote in law and will not be counted in the votes ‘For’ and ‘Against’ a resolution.
4. If the member is a corporation, this Form of Proxy must be executed either under its common seal or under the hand of an officer or attorney duly authorised in writing.
5. To be effective, this Form of Proxy must be completed, signed and must be lodged (together with any power of attorney or duly certified copy thereof under which this Form of Proxy is signed) with the Company’s registrars, Capita Registrars plc, c/o Oxford Technology 2 Venture Capital Trust plc, Magdalen Centre, Oxford Science Park, Oxford OX4 4GA, not less than 48 hours before the time appointed for the meeting.

Oxford Technology 2 Venture Capital Trust PLC

**Please send your completed Proxy Form to:**

**Capita Registrars  
c/o Oxford Technology 2 VCT PLC  
The Magdalen Centre  
Oxford Science Park  
Oxford OX4 4GA**

## Company Information

### **Directors**

Michael O'Regan (Chairman)  
Lucius Cary

### **Investment Manager**

Oxford Technology Management Ltd  
Magdalen Centre  
Oxford Science Park  
Oxford  
OX4 4GA

### **Secretary**

James Gordon

### **Solicitors**

Gordons Partnership LLP  
22 Great James Street  
London  
WC1N 3ES

### **Registrars**

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

### **Auditors**

James Cowper LLP  
2 Chawley Park  
Cumnor Hill  
Cumnor  
Oxford  
OX2 9GG

**Company Registration Number: 3928569**

**Registered Office: Magdalen Centre, Oxford Science Park, Oxford OX4 4GA**