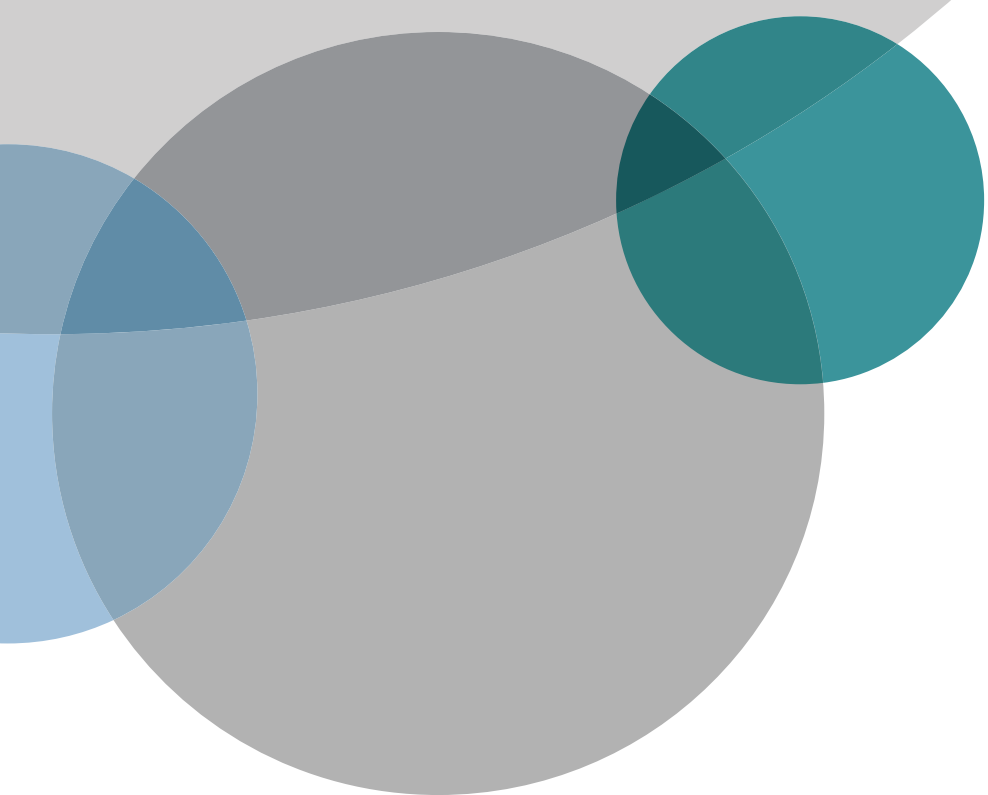




# British Smaller Companies VCT plc

## Interim Report

for the six months ended 30 September 2022



[bscfunds.com](https://bscfunds.com)

Transforming small businesses

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## BRITISH SMALLER COMPANIES VCT PLC

Registered number 03134749

### Financial Calendar

|                    |                         |
|--------------------|-------------------------|
| Results announced  | <b>25 November 2022</b> |
| Ex-dividend date   | <b>17 November 2022</b> |
| Record date        | <b>18 November 2022</b> |
| DRIS election Date | <b>2 December 2022</b>  |
| Dividend paid      | <b>11 January 2023</b>  |

# Financial Highlights

## NAV PER SHARE

# 85.0p

NAV per ordinary share increased by 1.3 pence, an increase of 1.5 per cent on its opening value, before the dividend paid in the period.

## INVESTED

# £8.4m

Your Company completed one new investment and six follow-on investments during the six months ended 30 September 2022.

## REALISATION PROCEEDS

# £15.0m

Realisations of investments generated total proceeds of £15.0 million in the period, a gain of £2.8 million over the opening carrying value and £6.3 million over cost.

## TOTAL RETURN<sup>1</sup>

# 253.4p

Since 31 March 2022 your Company's Total Return has increased by 1.3 pence, from 252.1 pence per ordinary share to 253.4 pence per ordinary share, which includes cumulative dividends paid of 168.4 pence per ordinary share.

1. This is an Alternative Performance Measure.

**Total Return** is calculated as the total of current net asset value per ordinary share plus cumulative dividends paid since inception of the Company.

# Financial Summary

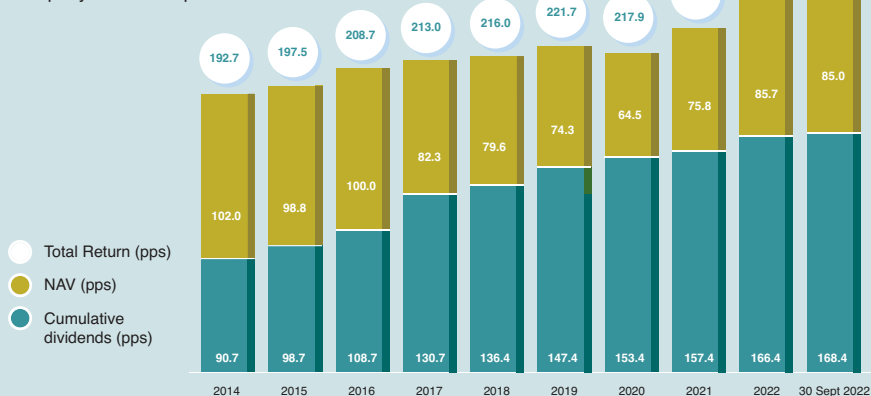
for the six months ended 30 September 2022

**Total Return**, calculated by reference to the cumulative dividends paid plus net asset value (excluding tax reliefs received by shareholders), is the primary measure of performance in the VCT industry.

## Total Return

As at 31 March unless otherwise stated.

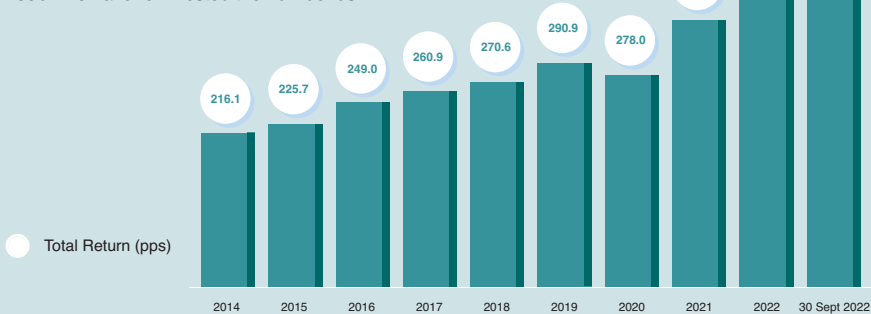
The chart below shows how the **Total Return** of your Company has developed since 2014.



## Total Return with Dividend Re-investment Scheme (DRIS) Participation

As at 31 March unless otherwise stated.

The chart below illustrates the **Total Return** (excluding tax reliefs received by shareholders) for investors who subscribed to the first fundraising in 1996 who have re-invested their dividends.



## Chairman's Statement

It gives me great pleasure to set out my first Chairman's Statement for British Smaller Companies VCT plc, having been appointed as Chair at the Company's AGM in September. I thank my predecessor, Helen Sinclair, for her exemplary service to the Company over 14 years, both as Director and Chair.

It is undoubtedly a turbulent time for the UK economy, characterised by high rates of inflation and rising interest rates, coupled with a period of political instability. This has fed through to equity markets, where decreasing share prices have reduced the underlying multiples that the Company applies to value its investments.

It is therefore pleasing to note that the Company has achieved a positive total return in the period, increasing by 1.3 pence, from 252.1 pence per ordinary share at 31 March 2022 to 253.4 pence per ordinary share at 30 September 2022.

The resilience of the Company's investment valuations predominantly arises from two aspects. First, there have been positive revaluations upon the sale of two portfolio companies, Springboard and Intelligent Office; and second, underlying revenue growth continues to be seen within portfolio companies, which has helped to negate the impact of lower valuation multiples.

As a Board we remain watchful for further impacts from the economic environment and will continue to monitor and adjust portfolio valuations to reflect changes observed.

We also consider the Company's position as a provider of long term funding to businesses with growth potential that can deliver value through economic cycles to be a positive in such an environment, and expect further opportunities to deploy the Company's capital in both new and existing portfolio companies over the coming months.

Over the past six months, the Company has completed six further investments into existing portfolio companies, totalling £6.9 million. At the same time, the Company has added one new investment of £1.5 million. Subsequent to the period end, a further £3.2 million has also been invested, in aggregate, into portfolio companies Unbiased and Wooshii, and two new investments have been made totalling £3.9 million, taking the total invested so far this year to £15.5 million, following the £9.8 million invested in the full year to 31 March 2022.

### Realisations in the Period

Realisations of investments generated total proceeds of £15.0 million in the period, realising a gain of £2.8 million over the opening carrying value and £6.3 million over the original cost.

The realisation of Springboard generated proceeds of £8.7 million, representing a capital profit over cost of £5.9 million, an uplift of 30.7 per cent or £2.0 million on the carrying value at the beginning of the year. Including income, the total return from this investment was £9.9 million over a nearly eight year holding period, producing an internal rate of return of 23 per cent and a multiple of 4.1x cost. There is the prospect of further consideration in 2023 based on performance targets, no value has been taken on these potential payments at this time.

The sale of Intelligent Office generated proceeds of £6.1 million, representing a capital profit over cost of £3.2 million, an uplift of 21.1 per cent or £1.1 million on the carrying value at the beginning of the year. Including income, the total return from this investment was £7.6 million over an eight and a half year holding period, producing an internal rate of return of 14 per cent and a multiple of 2.6x cost.

### Financial Results

The investment portfolio generated a return of £3.5 million in the period, driven by the two successful realisations and positive revaluations from a number of companies. The movement in net asset value ("NAV") per ordinary share and the dividends paid are set out in the table on page 4.

## Chairman's Statement (continued)

The movement in NAV per ordinary share and the dividends paid are set out in the table below:

|                                            | Pence per<br>ordinary share | £000           |
|--------------------------------------------|-----------------------------|----------------|
| NAV at 31 March 2022                       | 85.7p                       | 159,534        |
| Net gain arising from investment portfolio | 1.9p                        | 3,499          |
| Net operating costs                        | (0.6p)                      | (1,074)        |
| Issue/buy-back of new shares               | -                           | (101)          |
| Total Return in period                     | 1.3p                        | 2,324          |
| NAV before the payment of dividends        | <b>87.0p</b>                | <b>161,858</b> |
| Dividends paid                             | (2.0p)                      | (3,725)        |
| NAV at 30 September 2022                   | <b>85.0p</b>                | <b>158,133</b> |
| Cumulative dividends paid                  | 168.4p                      |                |
| <b>Total Return: At 30 September 2022</b>  | <b>253.4p</b>               |                |
| At 31 March 2022                           | 252.1p                      |                |

Investments made since the changes to the VCT rules in November 2015 now comprise 83 per cent by value of the unquoted portfolio at 30 September 2022 (£82.1 million, cost of £52.5 million), with 17 per cent by value of investments made prior to the rule changes (£16.9 million, cost of £6.8 million). These more recent additions to the portfolio are typically equity-based instruments and are focused on investing for growth.

### Dividends

An interim dividend of 2.0 pence per ordinary share in respect of the year ending 31 March 2023 was paid on 12 July 2022, and subsequent to the period end a second interim dividend of 2.0 pence per ordinary share for the year ending 31 March 2023 was paid on 3 October 2022, bringing the cumulative dividends paid to date to 170.4 pence per ordinary share.

Your Board has proposed a special dividend of 4.5 pence per ordinary share for the year ending 31 March 2023 which, when combined with the above dividends, will bring total dividends paid in the current financial year to 8.5 pence per ordinary share (2022: 9.0 pence per ordinary share). The special dividend will be paid on 11 January 2023 to shareholders on the register on 18 November 2022.

### Shareholder Relations

The shareholder workshop held on 29 June 2022 was well attended. Attendees heard from economist and author Paul Collier; Ben Hookway, CEO of Relative Insight, one of the Company's recent investments; and Matthew Scullion of Matillion. The Matillion interview and the slides from the event can be viewed on the website [www.bscfunds.com](http://www.bscfunds.com).

We will be hosting a further event by video platform on 1 December 2022.

Documents such as the annual report are now received electronically by 81 per cent of shareholders, rather than by post, which helps to meet the Board's impact objectives and reduces printing costs. The Board continues to encourage all shareholders to take up this option.

The Company's website is refreshed on a regular basis and provides a comprehensive level of information in what I hope is a user-friendly format.

## Board Changes

As previously announced, Purvi Sapre joined the Board on 6 June 2022. Purvi has over 15 years investment experience in the UK and International markets, investing on behalf of debt, equity, and investment funds.

As noted above, Helen Sinclair retired as Chairman and a Director of the Board at the Company's AGM on 16 September 2022.

## Registrars

The Company changed its registrar from Link Group to The City Partnership over the weekend of 21-23 October 2022. The City Partnership has issued further correspondence on this to all shareholders.

## Regulatory Developments

On 23 September 2022 the then Chancellor announced that the Sunset Clause would be extended beyond the current expiry date of April 2025. The Sunset Clause applies to both EIS and VCT initial tax reliefs, it comes into effect in April 2025 and would have the effect of removing the upfront tax reliefs on investment unless it is extended. The announcement of the extension is welcomed. In the period there have been no regulatory changes that impact the Company; the Manager continues to monitor for any amendments.

Most new portfolio investments are now self-assured as VCT qualifying on a case-by-case basis and always with confirmation from professional advisers that they are Qualifying Investments. Advance assurance is sought where there is an element of uncertainty over the application of the rules.

## Fundraising

On 2 August 2022, the Company announced its intention to launch a new joint offer for subscription for the tax year 2022-23 later this year, alongside British Smaller Companies VCT2 plc. A prospectus with full details of the proposed offer will be published on or around 30 November 2022.

## Share Premium Cancellation

Following approval at the Company's Annual General meeting, and subsequent approval by the High Court, subsequent to the period end the Company cancelled the balance of its share premium account, £63.6 million, which will be transferred to the Capital reserve. This will give the Company greater flexibility to continue to pay regular dividends to shareholders and to provide its periodic offer to buy back shares from shareholders. As set out on page 20, this will become available for distribution at various times over the period to 1 April 2026.

## Outlook

The portfolio companies have proven themselves to be adaptable and resilient. In the past, when faced with the combination of high inflation, increasing interest rates and slowing economies we have seen demand for equity capital increase from the UK's smaller innovative businesses. Such conditions often prove to be an opportune time to invest long term capital in fast growing businesses, and therefore the planned fundraising by the Company will ensure it is well placed to take advantage of new opportunities.

I thank shareholders for their continued support.



**Rupert Cook**  
Chairman

25 November 2022

## Objectives and Strategy

The Company's objective is to maximise Total Return and provide investors with a long-term tax free dividend yield whilst maintaining the Company's status as a venture capital trust.

The investment strategy of the Company is to invest in UK businesses across a broad range of sectors that blends a mix of businesses operating in established and emerging industries that offer opportunities in the application and development of innovation in their products and services.

These investments will all meet the definition of a Qualifying Investment and be primarily in unquoted UK companies. It is anticipated that the majority of these businesses will be re-investing their profits for growth and the investments will comprise mainly equity investments.

The Company seeks to build a diversified portfolio which ensures compliance with the VCT guidelines.



# Investment Review

The Company's portfolio at 30 September 2022 had a value of £99.0 million. Investments made since the VCT rule changes in 2015 comprised £82.1 million (83 per cent of the total value of the portfolio). The top ten investments represented 46.5 per cent of the net asset value with the largest representing 15.5 per cent of the net asset value.

The Company's portfolio delivered a positive performance over the period, generating a return of £4.2 million, of which £2.9 million was realised and £1.3 million arose from the residual portfolio. As noted on page 8, there was a fall in value of £0.7 million from the quoted investments.

There were upward revaluations from Displayplan, Outpost, ACC and Wakefield Acoustics, offset by more difficult trading conditions at Arcus Global and Elucidat. Matillion's valuation reduced due to decreases in valuation multiples of comparable public companies.

## Realisation of Investments

During the six months to 30 September 2022 the Company generated £15.0 million from disposals, a profit of £2.8 million over the opening carrying value and a gain of £6.3 million on cost. Further details, including movements from quoted funds, are given in note 6.

## Investments

During the six months ended 30 September 2022, the Company completed seven investments, totalling £8.4 million. This comprised one new investment of £1.5 million and six follow-on investments totalling £6.9 million. The breakdown of these investments is shown below:

| Company                       | Investments made £million |            |            |
|-------------------------------|---------------------------|------------|------------|
|                               | New                       | Follow-on  | Total      |
| Quality Clouds                | 1.5                       | -          | 1.5        |
| Outpost                       | -                         | 3.0        | 3.0        |
| Vypr                          | -                         | 1.8        | 1.8        |
| Vuealta                       | -                         | 0.9        | 0.9        |
| Force24                       | -                         | 0.7        | 0.7        |
| Wooshii                       | -                         | 0.4        | 0.4        |
| Other follow-on investments   | -                         | 0.1        | 0.1        |
| <b>Invested in the period</b> | <b>1.5</b>                | <b>6.9</b> | <b>8.4</b> |

## Investment Review (continued)

Quality Clouds, a tool for the control and governance of critical SaaS platforms within corporations, will be supported to recruit and grow their sales teams in the UK and US. The follow-on investments into: Outpost will help the company develop new studios in London and Mumbai, building their technology; Vypr will assist in the strategic sales and product development; Vuealta the development of software to enhance the consultancy business; Force24 will aid the expansion in sales, marketing and product-led growth; and Wooshii assist in expanding the product and service offering.

Subsequent to the period end the Company has invested £3.9 million into two new companies and also invested a further £3.2 million, in aggregate, into portfolio companies Unbiased and Wooshii.

### Cash Deposits

Under the revised VCT legislation it is no longer possible to deposit funds for longer than seven days, which has reduced the Company's interest income from cash deposits. The Board continually review opportunities to generate a higher level of income, whilst seeking to maintain capital over the medium term. As part of this, the Company has invested into a small, diversified portfolio of listed investment funds with a focus on capital preservation, whilst generating some yield. At 30 September 2022 this quoted portfolio was valued at £4.2 million, or 2.6 per cent of net assets; this reduced in value by £0.7 million in the period, predominantly driven by a reduction in the valuation of its bond investments.

In addition, the Company has also invested into a number of money market funds which can be converted back into cash with immediate notice. These funds are included within Current asset investments. At 30 September 2022 these funds were valued at £7.5 million, or 4.7 per cent of net assets.

## Portfolio

The top 10 investments had a combined value of £73.6 million, 74.3 per cent of the total portfolio.



Data

Fair Value  
**£30.0m**



Tech-enabled Services

Fair Value  
**£18.5m**



New Media

Fair Value  
**£15.9m**



Business Services

Fair Value  
**£13.5m**



Application Software

Fair Value  
**£11.8m**



Retail and Brands

Fair Value  
**£3.9m**



Cloud &amp; DevOps

Fair Value  
**£3.3m**



Other

Fair Value  
**£1.2m**



Advanced Manufacturing

Fair Value  
**£0.9m**

### Matillion Limited Manchester



Equity held: 2.9%  
[www.matillion.com](http://www.matillion.com)

Matillion is a leading provider of cloud-based data extraction and transformation tools. The company helps businesses utilise their data for insight and decision making and is headquartered in Manchester with offices in Denver, Seattle and New York.

|                                   |        |
|-----------------------------------|--------|
| First investment                  | Nov 16 |
| Current cost (£000)               | 1,778  |
| Value at 30 September 2022 (£000) | 24,530 |
| Proceeds to date (£000)           | 7,071  |
| Capital Return to date (£000)     | 31,601 |

### Outpost VFX Limited Bournemouth



Equity held: 17.3%  
[www.outpost-vfx.com](http://www.outpost-vfx.com)

Outpost is a visual effects firm best known for their striking environments, seamless digital makeup and photoreal creatures. The company is headquartered in Bournemouth, with studios in Montreal and London. An impressive client list includes global streaming platforms such as Netflix, Amazon and Apple, and major Hollywood studios.

|                                   |        |
|-----------------------------------|--------|
| First investment                  | Feb 21 |
| Current cost (£000)               | 4,500  |
| Value at 30 September 2022 (£000) | 8,203  |
| Proceeds to date (£000)           | -      |
| Capital Return to date (£000)     | 8,203  |

## Portfolio (continued)

### Displayplan Holdings Limited Stevenage



# displayplan

Equity held: 22.3%  
[www.displayplan.com](http://www.displayplan.com)

Displayplan specialises in creating and delivering in-store “point of purchase” display and fixtures. It provides a complete retail display consultancy service from concept through to design, sourcing and final installation. Clients include M&S, Sainsburys and Nike.

|                                   |        |
|-----------------------------------|--------|
| First investment                  | Jan 12 |
| Current cost (£000)               | 130    |
| Value at 30 September 2022 (£000) | 7,367  |
| Proceeds to date (£000)           | 1,521  |
| Capital Return to date (£000)     | 8,888  |

### Unbiased EC1 Limited London



# unbiased.co.uk

Equity held: 15.9%  
[www.unbiased.co.uk](http://www.unbiased.co.uk)

Unbiased is a technology-enabled marketplace that connects consumers to Independent Financial Advisers, Mortgage Brokers and Accountants. The company has a strong, well-established position and brand awareness in the IFA market with a high level of recurring subscription income from the thousands of professionals in their network.

|                                   |        |
|-----------------------------------|--------|
| First investment                  | Dec 19 |
| Current cost (£000)               | 2,946  |
| Value at 30 September 2022 (£000) | 6,495  |
| Proceeds to date (£000)           | -      |
| Capital Return to date (£000)     | 6,495  |

### Wooshii Limited London



# WOOSHII

Equity held: 19.9%  
[www.wooshiivideoagency.com](http://www.wooshiivideoagency.com)

Wooshii is a global video production agency using technology to manage a geographically distributed network of creative professionals. The company offers clients the convenience and quality of a traditional video marketing agency combined with cutting edge video management tools. It has an impressive client list including Coca Cola, Google, Microsoft and Amazon.

|                                   |        |
|-----------------------------------|--------|
| First investment                  | May 19 |
| Current cost (£000)               | 4,059  |
| Value at 30 September 2022 (£000) | 5,478  |
| Proceeds to date (£000)           | -      |
| Capital Return to date (£000)     | 5,478  |

### Force24 Ltd Leeds



# Force24™

Equity held: 20.0%  
[www.force24.co.uk](http://www.force24.co.uk)

Force24 provides personalised cloud-based marketing automation technology trusted by over 350 businesses including household brands such as Michelin, Tarmac and Children In Need.

|                                   |        |
|-----------------------------------|--------|
| First investment                  | Nov 20 |
| Current cost (£000)               | 3,150  |
| Value at 30 September 2022 (£000) | 4,781  |
| Proceeds to date (£000)           | -      |
| Capital Return to date (£000)     | 4,781  |

## ACC Aviation Group Limited Reigate



Equity held: 27.6%  
[www.accaviation.com](http://www.accaviation.com)

ACC Aviation is the market leader in airline-to-airline “wet lease” brokerage and associated services. The company serves clients globally in all aspects of aircraft charter, leasing, interiors, and aviation support.

|                                   |        |
|-----------------------------------|--------|
| First investment                  | Nov 14 |
| Current cost (£000)               | 220    |
| Value at 30 September 2022 (£000) | 4,702  |
| Proceeds to date (£000)*          | 1,848  |
| Capital Return to date (£000)     | 6,550  |

\* Additional ordinary dividends of £2.9 million have also been received

## SharpCloud Software Limited London



Equity held: 19.5%  
[www.sharpccloud.com](http://www.sharpccloud.com)

SharpCloud provides a leading visual business collaboration platform for managers. It offers a product that provides top-down insight and the ability to aggregate fragmented data. The company has an impressive client list including many blue chip companies and government organisations.

|                                   |        |
|-----------------------------------|--------|
| First investment                  | Oct 19 |
| Current cost (£000)               | 3,407  |
| Value at 30 September 2022 (£000) | 4,002  |
| Proceeds to date (£000)           | -      |
| Capital Return to date (£000)     | 4,002  |

## Elucidat Ltd Brighton



Equity held: 12.2%  
[www.elucidat.com](http://www.elucidat.com)

Elucidat provides a cloud based e-learning authoring platform which allows its customers to drive down the cost of producing business-critical training. The company has impressive customer retention and a client list including Tesco, Target and Walmart.

|                                   |        |
|-----------------------------------|--------|
| First investment                  | May 19 |
| Current cost (£000)               | 2,700  |
| Value at 30 September 2022 (£000) | 4,054  |
| Proceeds to date (£000)           | -      |
| Capital Return to date (£000)     | 4,054  |

## Vypr Validation Technologies Limited Manchester



Equity held: 19.3%  
[www.vyprclients.com](http://www.vyprclients.com)

Vypr is a cloud-based data validation platform providing industry-leading consumer intelligence for use in all aspects of product development including packaging, pricing and naming.

|                                   |        |
|-----------------------------------|--------|
| First investment                  | Jan 21 |
| Current cost (£000)               | 3,300  |
| Value at 30 September 2022 (£000) | 3,991  |
| Proceeds to date (£000)           | -      |
| Capital Return to date (£000)     | 3,991  |

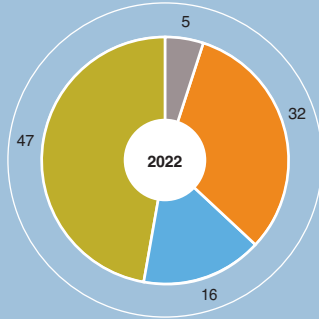
## Portfolio (continued)

| Name of Company                                      | Sector                 | First investment | Current cost<br>£000 | Value at<br>30 Sept<br>2022<br>£000 | Proceeds<br>to date*<br>£000 | Capital<br>return<br>to date<br>£000 |
|------------------------------------------------------|------------------------|------------------|----------------------|-------------------------------------|------------------------------|--------------------------------------|
| <b>Total top 10 investments</b>                      |                        |                  | <b>26,190</b>        | <b>73,603</b>                       | <b>10,440</b>                | <b>84,043</b>                        |
| <b>Remaining portfolio</b>                           |                        |                  |                      |                                     |                              |                                      |
| Vuealta Group Limited                                | Tech-enabled Services  | Sep 21           | 2,954                | 3,157                               | -                            | 3,157                                |
| Relative Insight Limited                             | Tech-enabled Services  | Mar 22           | 3,000                | 3,099                               | -                            | 3,099                                |
| Ncam Technologies Limited                            | New Media              | Mar 18           | 2,512                | 2,184                               | 131                          | 2,315                                |
| Tonkotsu Limited                                     | Retail & Brands        | Jun 19           | 2,388                | 2,059                               | -                            | 2,059                                |
| Frescobol Carioca Ltd                                | Retail & Brands        | Mar 19           | 1,800                | 1,849                               | -                            | 1,849                                |
| Sipsynergy (via Hosted Network Services Limited)     | Cloud & DevOps         | Jun 16           | 2,654                | 1,830                               | -                            | 1,830                                |
| KeTech Enterprises Limited                           | Tech-enabled Services  | Nov 15           | 10                   | 1,714                               | 1,775                        | 3,489                                |
| Traveltek Group Holdings Limited                     | Application Software   | Oct 16           | 1,716                | 1,576                               | -                            | 1,576                                |
| Panintelligence (via Paninsight Limited)             | Data                   | Nov 19           | 1,500                | 1,500                               | -                            | 1,500                                |
| Quality Clouds Limited                               | Cloud & DevOps         | May 22           | 1,500                | 1,500                               | -                            | 1,500                                |
| e2E Engineering Limited                              | Business Services      | Sep 17           | 900                  | 1,148                               | -                            | 1,148                                |
| Wakefield Acoustics (via Malvar Engineering Limited) | Advanced Manufacturing | Dec 14           | 1,080                | 779                                 | -                            | 779                                  |
| £0.75 million and below                              |                        |                  | 11,060               | 3,012                               | 8,469                        | 11,481                               |
| <b>Total portfolio</b>                               |                        |                  | <b>59,264</b>        | <b>99,010</b>                       | <b>20,815</b>                | <b>119,825</b>                       |
| Full disposals to date                               |                        |                  | 69,367               | -                                   | 129,247                      | 129,247                              |
| <b>Total portfolio</b>                               |                        |                  | <b>128,631</b>       | <b>99,010</b>                       | <b>150,062</b>               | <b>249,072</b>                       |

\* Additional ordinary dividends of £2.9 million have also been received

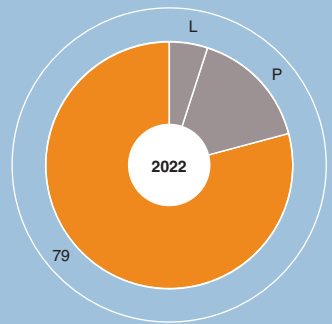
# Our Portfolio at a Glance

AGE OF INVESTMENT (%)



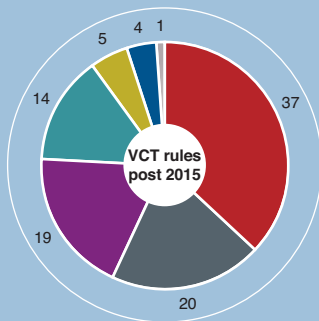
- Less than 1 year
- Between 1 and 3 years
- Between 3 and 5 years
- Greater than 5 years

INVESTMENT INSTRUMENT (%)

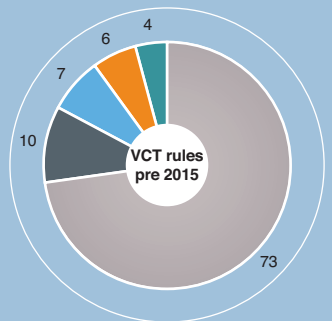


- L Loan
  - P Preference shares
  - Equity
- } 21%

INDUSTRY SECTOR (%)



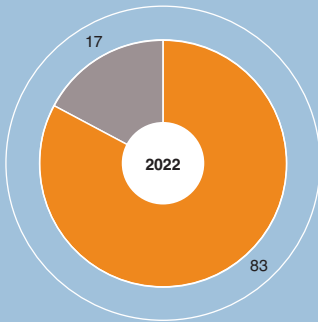
- Data
- Tech-Enabled Services
- New Media
- Application Software
- Retail & Brands
- Cloud & DevOps
- Business Services



- Business Services
- Tech-Enabled Services
- Other
- Advanced Manufacturing
- Application Software

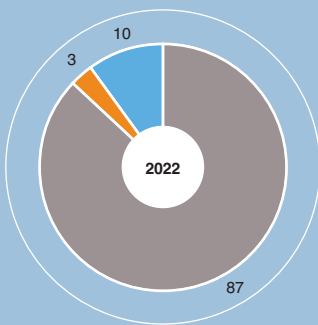
Our Portfolio at a Glance  
(continued)

VCT RULES (%)



- Investments made prior to rule change in 2015
- Investments made following rule change in 2015

VALUE COMPARED TO COST (%)



- Value above cost
- Cost
- Value below cost



## Principal Risks and Uncertainties

In accordance with DTR 4.2.7, the Board confirms that the principal risks and uncertainties facing the Company have not materially changed from those identified in the Annual Report and Accounts for the year ended 31 March 2022. The Board acknowledges that there is regulatory risk and continues to manage the Company's affairs in such a manner as to comply with section 274 of the Income Tax Act 2007.

In summary, the principal risks are:

- > Loss of approval as a Venture Capital Trust;
- > Economic;
- > Investment and strategic;
- > Regulatory;
- > Reputational;
- > Operational;
- > Cyber/IT;
- > Climate;
- > Financial; and
- > Market/liquidity.

Full details of the principal risks can be found in the financial statements for the year ended 31 March 2022 on pages 32 to 34, a copy of which is available at [www.bscfunds.com](http://www.bscfunds.com).

## Directors' Responsibilities Statement

The directors of British Smaller Companies VCT plc confirm that, to the best of their knowledge, the condensed set of financial statements in this interim report have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the UK, and give a true and fair view of the assets, liabilities, financial position and profit and loss of British Smaller Companies VCT plc, and that the interim management report includes a true and fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

The directors of British Smaller Companies VCT plc are listed in note 10 of these interim financial statements.

By order of the Board



**Rupert Cook**  
Chairman

25 November 2022

# Unaudited Statement of Comprehensive Income

for the six months ended 30 September 2022

|                                                             | Notes | Unaudited 6 months ended<br>30 September 2022 |                 |               | Unaudited 6 months ended<br>30 September 2021 |                 |               |
|-------------------------------------------------------------|-------|-----------------------------------------------|-----------------|---------------|-----------------------------------------------|-----------------|---------------|
|                                                             |       | Revenue<br>£000                               | Capital<br>£000 | Total<br>£000 | Revenue<br>£000                               | Capital<br>£000 | Total<br>£000 |
| Gains on disposal of investments                            | 6     | -                                             | 2,849           | 2,849         | -                                             | 2,518           | 2,518         |
| Gains on investments held at fair value                     | 6     | -                                             | 650             | 650           | -                                             | 23,071          | 23,071        |
|                                                             |       | -                                             | 3,499           | 3,499         | -                                             | 25,589          | 25,589        |
| Income                                                      | 2     | 658                                           | -               | 658           | 613                                           | -               | 613           |
| Total income                                                |       | 658                                           | 3,499           | 4,157         | 613                                           | 25,589          | 26,202        |
| Administrative expenses:                                    |       |                                               |                 |               |                                               |                 |               |
| Manager's fee                                               |       | (351)                                         | (1,052)         | (1,403)       | (261)                                         | (780)           | (1,041)       |
| Other expenses                                              |       | (329)                                         | -               | (329)         | (237)                                         | -               | (237)         |
|                                                             |       | (680)                                         | (1,052)         | (1,732)       | (498)                                         | (780)           | (1,278)       |
| (Loss) profit before taxation                               |       | (22)                                          | 2,447           | 2,425         | 115                                           | 24,809          | 24,924        |
| Taxation                                                    | 3     | -                                             | -               | -             | -                                             | -               | -             |
| <b>(Loss) profit for the period</b>                         |       | <b>(22)</b>                                   | <b>2,447</b>    | <b>2,425</b>  | <b>115</b>                                    | <b>24,809</b>   | <b>24,924</b> |
| <b>Total comprehensive (expense) income for the period</b>  |       | <b>(22)</b>                                   | <b>2,447</b>    | <b>2,425</b>  | <b>115</b>                                    | <b>24,809</b>   | <b>24,924</b> |
| <b>Basic and diluted (loss) earnings per ordinary share</b> | 5     | <b>(0.01p)</b>                                | <b>1.31p</b>    | <b>1.30p</b>  | 0.08p                                         | 17.04p          | 17.12p        |

The Total column of this statement represents the Company's Unaudited Statement of Comprehensive Income, prepared in accordance with UK adopted international accounting standards. The supplementary Revenue and Capital columns are prepared under the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in April 2021 – "SORP") published by the Association of Investment Companies.

# Unaudited Balance Sheet

as at 30 September 2022

|                                                                | Notes | Unaudited<br>30 September<br>2022<br>£000 | Unaudited<br>30 September<br>2021<br>£000 | Audited<br>31 March<br>2022<br>£000 |
|----------------------------------------------------------------|-------|-------------------------------------------|-------------------------------------------|-------------------------------------|
| <b>ASSETS</b>                                                  |       |                                           |                                           |                                     |
| <b>Non-current assets at fair value through profit or loss</b> |       |                                           |                                           |                                     |
| Investments                                                    | 6     | 99,010                                    | 98,614                                    | 101,159                             |
| Listed investment funds                                        | 6     | 4,181                                     | 4,979                                     | 4,706                               |
| Financial assets at fair value through profit or loss          | 6     | 103,191                                   | 103,593                                   | 105,865                             |
| Accrued income and other assets                                |       | 1,014                                     | 856                                       | 907                                 |
|                                                                |       | <b>104,205</b>                            | <b>104,449</b>                            | <b>106,772</b>                      |
| <b>Current assets</b>                                          |       |                                           |                                           |                                     |
| Accrued income and other assets                                |       | 6,386                                     | 204                                       | 150                                 |
| Current asset investments                                      |       | 14,471                                    | 9,471                                     | 14,471                              |
| Cash and cash equivalents                                      |       | 33,217                                    | 17,714                                    | 38,928                              |
|                                                                |       | <b>54,074</b>                             | <b>27,389</b>                             | <b>53,549</b>                       |
| <b>LIABILITIES</b>                                             |       |                                           |                                           |                                     |
| <b>Current liabilities</b>                                     |       |                                           |                                           |                                     |
| Trade and other payables                                       |       | (146)                                     | (109)                                     | (787)                               |
| <b>Net current assets</b>                                      |       | <b>53,928</b>                             | <b>27,280</b>                             | <b>52,762</b>                       |
| <b>Net assets</b>                                              |       | <b>158,133</b>                            | <b>131,729</b>                            | <b>159,534</b>                      |
| <b>Shareholders' equity</b>                                    |       |                                           |                                           |                                     |
| Share capital                                                  |       | 20,612                                    | 16,233                                    | 20,510                              |
| Share premium account                                          |       | 62,861                                    | 30,626                                    | 62,123                              |
| Capital reserve                                                |       | 34,245                                    | 41,990                                    | 33,620                              |
| Investment holding gains and losses reserve                    |       | 39,138                                    | 41,437                                    | 41,982                              |
| Revenue reserve                                                |       | 1,277                                     | 1,443                                     | 1,299                               |
| <b>Total shareholders' equity</b>                              |       | <b>158,133</b>                            | <b>131,729</b>                            | <b>159,534</b>                      |
| <b>Net asset value per ordinary share</b>                      | 7     | <b>85.0p</b>                              | 90.9p                                     | 85.7p                               |

Signed on behalf of the Board



**Rupert Cook**  
Chairman

25 November 2022

# Unaudited Statement of Changes in Equity

for the six months ended 30 September 2022

|                                                                  | Share capital<br>£000 | Share premium<br>account<br>£000 | Capital<br>reserve<br>£000 | Investment<br>holding<br>gains and<br>losses<br>reserve<br>£000 | Revenue<br>reserve<br>£000 | Total<br>equity<br>£000 |
|------------------------------------------------------------------|-----------------------|----------------------------------|----------------------------|-----------------------------------------------------------------|----------------------------|-------------------------|
| <b>At 31 March 2021</b>                                          | <b>16,131</b>         | <b>29,995</b>                    | <b>41,106</b>              | <b>18,944</b>                                                   | <b>4,184</b>               | <b>110,360</b>          |
| <i>Revenue return for the period</i>                             | -                     | -                                | -                          | -                                                               | 115                        | 115                     |
| <i>Expenses charged to capital</i>                               | -                     | -                                | (780)                      | -                                                               | -                          | (780)                   |
| <i>Investment holding gain on investments held at fair value</i> | -                     | -                                | -                          | 23,071                                                          | -                          | 23,071                  |
| <i>Realisation of investments in the period</i>                  | -                     | -                                | 2,518                      | -                                                               | -                          | 2,518                   |
| Total comprehensive income for the period                        | -                     | -                                | 1,738                      | 23,071                                                          | 115                        | 24,924                  |
| <i>Issue of shares - DRIS</i>                                    | 102                   | 652                              | -                          | -                                                               | -                          | 754                     |
| <i>Issue costs</i>                                               | -                     | (21)                             | -                          | -                                                               | -                          | (21)                    |
| <i>Purchase of own shares</i>                                    | -                     | -                                | (1,376)                    | -                                                               | -                          | (1,376)                 |
| <i>Dividends</i>                                                 | -                     | -                                | (116)                      | -                                                               | (2,796)                    | (2,912)                 |
| Total transactions with owners                                   | 102                   | 631                              | (1,492)                    | -                                                               | (2,796)                    | (3,555)                 |
| Realisation of prior year investment holding gains               | -                     | -                                | 638                        | (578)                                                           | (60)                       | -                       |
| <b>At 30 September 2021</b>                                      | <b>16,233</b>         | <b>30,626</b>                    | <b>41,990</b>              | <b>41,437</b>                                                   | <b>1,443</b>               | <b>131,729</b>          |
| <i>Revenue loss for the period</i>                               | -                     | -                                | -                          | -                                                               | (144)                      | (144)                   |
| <i>Expenses charged to capital</i>                               | -                     | -                                | (1,573)                    | -                                                               | -                          | (1,573)                 |
| <i>Investment holding gain on investments held at fair value</i> | -                     | -                                | -                          | 2,444                                                           | -                          | 2,444                   |
| <i>Realisation of investments in the period</i>                  | -                     | -                                | 2,613                      | -                                                               | -                          | 2,613                   |
| Total comprehensive income (expense) for the period              | -                     | -                                | 1,040                      | 2,444                                                           | (144)                      | 3,340                   |
| <i>Issue of share capital</i>                                    | 3,952                 | 30,676                           | -                          | -                                                               | -                          | 34,628                  |
| <i>Issue of shares - DRIS</i>                                    | 325                   | 2,338                            | -                          | -                                                               | -                          | 2,663                   |
| <i>Issue costs</i>                                               | -                     | (1,517)                          | -                          | -                                                               | -                          | (1,517)                 |
| <i>Purchase of own shares</i>                                    | -                     | -                                | (1,122)                    | -                                                               | -                          | (1,122)                 |
| <i>Dividends</i>                                                 | -                     | -                                | (10,187)                   | -                                                               | -                          | (10,187)                |
| Total transactions with owners                                   | 4,277                 | 31,497                           | (11,309)                   | -                                                               | -                          | 24,465                  |
| Realisation of prior year investment holding gains               | -                     | -                                | 1,899                      | (1,899)                                                         | -                          | -                       |
| <b>At 31 March 2022</b>                                          | <b>20,510</b>         | <b>62,123</b>                    | <b>33,620</b>              | <b>41,982</b>                                                   | <b>1,299</b>               | <b>159,534</b>          |

|                                                                      | Share capital<br>£000 | Share premium<br>account<br>£000 | Capital<br>reserve<br>£000 | Investment<br>holding<br>gains and<br>losses<br>reserve<br>£000 | Revenue<br>reserve<br>£000 | Total<br>equity<br>£000 |
|----------------------------------------------------------------------|-----------------------|----------------------------------|----------------------------|-----------------------------------------------------------------|----------------------------|-------------------------|
| <b>At 31 March 2022</b>                                              | <b>20,510</b>         | <b>62,123</b>                    | <b>33,620</b>              | <b>41,982</b>                                                   | <b>1,299</b>               | <b>159,534</b>          |
| <i>Revenue loss for the period</i>                                   | -                     | -                                | -                          | -                                                               | (22)                       | (22)                    |
| <i>Expenses charged to capital</i>                                   | -                     | -                                | (1,052)                    | -                                                               | -                          | (1,052)                 |
| <i>Investment holding gain on<br/>investments held at fair value</i> | -                     | -                                | -                          | 650                                                             | -                          | 650                     |
| <i>Realisation of investments in the period</i>                      | -                     | -                                | 2,849                      | -                                                               | -                          | 2,849                   |
| Total comprehensive income (expense) for the period                  | -                     | -                                | 1,797                      | 650                                                             | (22)                       | 2,425                   |
| <i>Issue of shares - DRIS</i>                                        | 102                   | 760                              | -                          | -                                                               | -                          | 862                     |
| <i>Issue costs</i>                                                   | -                     | (22)                             | -                          | -                                                               | -                          | (22)                    |
| <i>Purchase of own shares</i>                                        | -                     | -                                | (941)                      | -                                                               | -                          | (941)                   |
| <i>Dividends</i>                                                     | -                     | -                                | (3,725)                    | -                                                               | -                          | (3,725)                 |
| Total transactions with owners                                       | 102                   | 738                              | (4,666)                    | -                                                               | -                          | (3,826)                 |
| Realisation of prior year investment holding gains                   | -                     | -                                | 3,494                      | (3,494)                                                         | -                          | -                       |
| <b>At 30 September 2022</b>                                          | <b>20,612</b>         | <b>62,861</b>                    | <b>34,245</b>              | <b>39,138</b>                                                   | <b>1,277</b>               | <b>158,133</b>          |

### Reserves available for distribution

Under the Companies Act 2006, the capital reserve and the revenue reserve are distributable reserves. The table below shows amounts that are available for distribution.

|                                             | Capital<br>reserve<br>£000 | Revenue<br>reserve<br>£000 | Total<br>£000 |
|---------------------------------------------|----------------------------|----------------------------|---------------|
| <b>Distributable reserves as above</b>      | <b>34,245</b>              | <b>1,277</b>               | <b>35,522</b> |
| Less: Income not yet distributable          | -                          | (1,150)                    | (1,150)       |
| <b>Reserves available for distribution*</b> | <b>34,245</b>              | <b>127</b>                 | <b>34,372</b> |

\* subject to filing these interim financial statements at Companies House.

The capital reserve and the revenue reserve are both distributable reserves. These reserves total £35,522,000, representing a decrease of £603,000 in the period since 31 March 2022. The directors also consider the level of the investment holding gains and losses reserve and the future requirements of the Company when determining the level of dividend payments.

Of the potentially distributable reserves of £35,522,000 shown above, £1,150,000 relates to income not yet receivable.

## FINANCIAL STATEMENTS

### Unaudited Statement of Changes in Equity (continued)

Total share premium cancelled subsequent to the period end is available for distribution from the following dates:

|                                                                                       | £000          |
|---------------------------------------------------------------------------------------|---------------|
| Once the annual report for the year ended 31 March 2023 is circulated to shareholders | 22,838        |
| 1 April 2024                                                                          | 7,157         |
| 1 April 2025                                                                          | 32,128        |
| 1 April 2026                                                                          | 738           |
| <b>Share premium account at 30 September 2022</b>                                     | <b>62,861</b> |
| 1 April 2026 – arising on 3 October 2022 dividend                                     | 746           |
| <b>Cancelled share premium account not yet distributable</b>                          | <b>63,607</b> |

# Unaudited Statement of Cash Flows

for the six months ended 30 September 2022

|                                                                             | Notes | Unaudited<br>6 months<br>ended<br>30 September<br>2022<br>£000 | Unaudited<br>6 months<br>ended<br>30 September<br>2021<br>£000 | Audited<br>year ended<br>31 March<br>2022<br>£000 |
|-----------------------------------------------------------------------------|-------|----------------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------|
| Profit before taxation                                                      |       | 2,425                                                          | 24,924                                                         | 28,264                                            |
| (Decrease) increase in trade and other payables                             |       | (641)                                                          | (77)                                                           | 601                                               |
| (Increase) decrease in accrued income and other assets                      |       | (224)                                                          | 384                                                            | 387                                               |
| Gains on disposal of investments                                            |       | (2,849)                                                        | (2,518)                                                        | (5,131)                                           |
| Gains on investments held at fair value                                     |       | (650)                                                          | (23,071)                                                       | (25,515)                                          |
| Capitalised income                                                          |       | -                                                              | -                                                              | (89)                                              |
| <b>Net cash outflow from operating activities</b>                           |       | <b>(1,939)</b>                                                 | <b>(358)</b>                                                   | <b>(1,483)</b>                                    |
| <b>Cash flows (used in) from investing activities</b>                       |       |                                                                |                                                                |                                                   |
| Purchase of financial assets at fair value through profit or loss           | 6     | (8,778)                                                        | (6,516)                                                        | (10,465)                                          |
| Proceeds from sale of financial assets at fair value through profit or loss | 6     | 8,832                                                          | 7,246                                                          | 14,069                                            |
| Deferred consideration                                                      | 6     | -                                                              | 240                                                            | 240                                               |
| <b>Net cash inflow from investing activities</b>                            |       | <b>54</b>                                                      | <b>970</b>                                                     | <b>3,844</b>                                      |
| <b>Cash flows from (used in) financing activities</b>                       |       |                                                                |                                                                |                                                   |
| Issue of ordinary shares                                                    |       | -                                                              | -                                                              | 34,628                                            |
| Costs of ordinary share issues*                                             |       | (22)                                                           | (21)                                                           | (1,538)                                           |
| Purchase of own shares                                                      |       | (941)                                                          | (1,376)                                                        | (2,498)                                           |
| Dividends paid                                                              | 4     | (2,863)                                                        | (2,158)                                                        | (9,682)                                           |
| <b>Net cash (outflow) inflow from financing activities</b>                  |       | <b>(3,826)</b>                                                 | <b>(3,555)</b>                                                 | <b>20,910</b>                                     |
| <b>Net (decrease) increase in cash and cash equivalents</b>                 |       | <b>(5,711)</b>                                                 | <b>(2,943)</b>                                                 | <b>23,271</b>                                     |
| <b>Cash and cash equivalents at the beginning of the period</b>             |       | <b>46,429</b>                                                  | <b>23,158</b>                                                  | <b>23,158</b>                                     |
| <b>Cash and cash equivalents at the end of the period</b>                   |       | <b>40,718</b>                                                  | <b>20,215</b>                                                  | <b>46,429</b>                                     |
| <b>Cash and cash equivalents comprise</b>                                   |       |                                                                |                                                                |                                                   |
| Money market funds                                                          |       | 7,501                                                          | 2,501                                                          | 7,501                                             |
| Cash at bank                                                                |       | 33,217                                                         | 17,714                                                         | 38,928                                            |
| <b>Cash and cash equivalents at the end of the period</b>                   |       | <b>40,718</b>                                                  | <b>20,215</b>                                                  | <b>46,429</b>                                     |

\* Issue costs include both fundraising costs and expenses incurred from the Company's DRIS.

# Explanatory Notes to the Unaudited Condensed Financial Statements

## 1 General Information, Basis of Preparation and Principal Accounting Policies

These half year statements have been approved by the directors whose names appear at note 10, each of whom has confirmed that to the best of their knowledge:

- > the interim management report includes a fair review of the information required by rules 4.2.7 and 4.2.8 of the Disclosure Rules and the Transparency Rules; and
- > the half year statements have been prepared in accordance with IAS 34 'Interim financial reporting' and the Disclosure and Transparency Rules of the Financial Conduct Authority.

The half year statements are unaudited and have not been reviewed by the auditors pursuant to the International Standard on Review Engagements (UK and Ireland) 2410 guidance on Review of Interim Financial Information performed by the independent Auditor of the entity. They do not constitute full financial statements as defined in section 435 of the Companies Act 2006. The comparative figures for the year ended 31 March 2022 do not constitute full financial statements and have been extracted from the Company's financial statements for the year ended 31 March 2022. Those accounts were reported upon without qualification by the auditors and have been delivered to the Registrar of Companies.

The accounting policies and methods of computation followed in the half year statements are the same as those adopted in the preparation of the audited financial statements for the year ended 31 March 2022. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2022 annual report.

The accounts have been prepared on a going concern basis as set out below and in accordance with UK adopted international accounting standards.

The accounts have been prepared under the historical cost basis as modified by the measurement of investments at fair value through profit or loss.

The accounts have been prepared in compliance with the recommendations set out in the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies (issued in April 2021 – "SORP") to the extent that they do not conflict with UK adopted international accounting standards.

The financial statements are prepared in accordance with UK adopted international accounting standards (IFRSs) and interpretations in force at the reporting date. New standards coming into force during the period and future standards that come into effect after the period-end have not had a material impact on these financial statements.

The Company has carried out an assessment of accounting standards, amendments and interpretations that have been issued by the IASB and that are effective for the current reporting period. The Company has determined that the transitional effects of the standards do not have a material impact.

The financial statements are presented in sterling and all values are rounded to the nearest thousand (£000), except where stated.

Going Concern: The directors have carefully considered the issue of going concern and are satisfied that the Company has sufficient resources to meet its obligations as they fall due for a period of at least twelve months from the date these half year statements were approved. As at 30 September 2022 the Company held cash balances, fixed term deposits and other liquid resources with a combined value of £51,869,000. Cash flow projections show the Company has sufficient funds to meet both its contracted expenditure and its discretionary cash outflows in the form of share buy-backs and the dividend policy.



In the year ended 31 March 2022 the Company's costs and discretionary expenditures were:

|                                                | £'000         |
|------------------------------------------------|---------------|
| Administrative expenses (before incentive fee) | 2,826         |
| Share buybacks                                 | 2,498         |
| Dividends (before DRIS)                        | 13,099        |
| <b>Total</b>                                   | <b>18,423</b> |

The directors therefore believe that it is appropriate to continue to apply the going concern basis of accounting in preparing these half year statements.

## 2 Income

|                                                                   | Unaudited<br>6 months<br>ended 30<br>September<br>2022<br>£000 | Unaudited<br>6 months<br>ended 30<br>September<br>2021<br>£000 |
|-------------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|
| Income from investments                                           |                                                                |                                                                |
| - Interest on loans to unquoted companies                         | 297                                                            | 204                                                            |
| - Dividends from unquoted companies                               | 172                                                            | 321                                                            |
| Income from unquoted portfolio                                    | 469                                                            | 525                                                            |
| Income from listed investment funds                               | 54                                                             | 54                                                             |
| Income from investments held at fair value through profit or loss | 523                                                            | 579                                                            |
| Interest on bank deposits/money market funds                      | 135                                                            | 34                                                             |
|                                                                   | <b>658</b>                                                     | <b>613</b>                                                     |

## 3 Taxation

|                                                                                                                                      | Unaudited 6 months ended<br>30 September 2022 |                 |               | Unaudited 6 months ended<br>30 September 2021 |                 |               |
|--------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------|---------------|-----------------------------------------------|-----------------|---------------|
|                                                                                                                                      | Revenue<br>£000                               | Capital<br>£000 | Total<br>£000 | Revenue<br>£000                               | Capital<br>£000 | Total<br>£000 |
| Loss (profit) before taxation                                                                                                        | (22)                                          | 2,447           | 2,425         | 115                                           | 24,809          | 24,924        |
| Loss (profit) before taxation multiplied<br>by the standard small company rate<br>of corporation tax in UK of 19.0%<br>(2021: 19.0%) | (4)                                           | 465             | 461           | 22                                            | 4,714           | 4,736         |
| Effect of:                                                                                                                           |                                               |                 |               |                                               |                 |               |
| UK dividends received                                                                                                                | (35)                                          | -               | (35)          | (65)                                          | -               | (65)          |
| Non-taxable profits on investments                                                                                                   | -                                             | (665)           | (665)         | -                                             | (4,862)         | (4,862)       |
| Deferred tax not recognised                                                                                                          | 39                                            | 200             | 239           | 43                                            | 148             | 191           |
| Tax charge                                                                                                                           | -                                             | -               | -             | -                                             | -               | -             |

The Company has no provided, or unprovided, deferred tax liability in either period.

Explanatory Notes to the Unaudited  
Condensed Financial Statements  
(continued)

**3 Taxation (continued)**

Deferred tax assets in respect of losses have not been recognised as the directors do not currently believe that it is probable that sufficient taxable profits will be available against which the assets can be recovered.

Due to the Company's status as a venture capital trust, and the continued intention to meet the conditions required to comply with Chapter 3 Part 6 of the Income Tax Act 2007, the Company has not provided deferred tax on any capital gains or losses arising on the revaluation or realisation of investments.

**4 Dividends**

Amounts recognised as distributions to equity holders in the period:

|                                                                                            | Unaudited 6 months ended<br>30 September 2022 |                 |               | Unaudited 6 months ended<br>30 September 2021 |                 |               | Audited year ended<br>31 March 2022 |                 |               |
|--------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------|---------------|-----------------------------------------------|-----------------|---------------|-------------------------------------|-----------------|---------------|
|                                                                                            | Revenue<br>£000                               | Capital<br>£000 | Total<br>£000 | Revenue<br>£000                               | Capital<br>£000 | Total<br>£000 | Revenue<br>£000                     | Capital<br>£000 | Total<br>£000 |
| Interim dividend for the year ending 31 March 2023 of 2.0p (2022: 2.0p) per ordinary share | -                                             | 3,725           | 3,725         | 2,796                                         | 116             | 2,912         | 2,796                               | 116             | 2,912         |
| Second interim dividend for the year ended 31 March 2022 of 5.0p per ordinary share        | -                                             | -               | -             | -                                             | -               | -             | -                                   | 7,244           | 7,244         |
| Third interim dividend for the year ended 31 March 2022 of 2.0p per ordinary share         | -                                             | -               | -             | -                                             | -               | -             | -                                   | 2,943           | 2,943         |
|                                                                                            | -                                             | 3,725           | 3,725         | 2,796                                         | 116             | 2,912         | 2,796                               | 10,303          | 13,099        |
| Shares allotted under DRIS                                                                 |                                               |                 | (862)         |                                               |                 | (754)         |                                     |                 | (3,417)       |
| Dividends paid in the Statement of Cash Flows                                              |                                               |                 | 2,863         |                                               |                 | 2,158         |                                     |                 | 9,682         |

The interim dividend of 2.0 pence per ordinary share was paid on 12 July 2022 to shareholders on the register as at 10 June 2022.

A second interim dividend of 2.0p per ordinary share amounting to approximately £2.9 million was paid on 3 October 2022 to shareholders on the register at 2 September 2022, and a special dividend of 4.5 pence per ordinary share, amounting to approximately £8.4 million, is proposed. These dividends have not been recognised in these half year financial statements as the obligations did not exist at the balance sheet date.

**5 Basic and Diluted (Loss) Earnings per Ordinary Share**

The basic and diluted earnings per ordinary share is based on the profit after tax attributable to equity shareholders of £2,425,000 (30 September 2021: £24,924,000) and 186,454,862 (30 September 2021: 145,575,164) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The basic and diluted revenue (loss) earnings per ordinary share is based on the revenue loss attributable to equity shareholders of £22,000 (30 September 2021: profit of £115,000) and 186,454,862 (30 September 2021: 145,575,164) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The basic and diluted capital earnings per ordinary share is based on the capital profit attributable to equity shareholders of £2,447,000 (30 September 2021: £24,809,000) and 186,454,862 (30 September 2021: 145,575,164) ordinary shares being the weighted average number of ordinary shares in issue during the period.

During the period the Company allotted 1,029,555 new ordinary shares in respect of its DRIS.

The Company has also repurchased 1,176,943 of its own shares in the period and these shares are held in the capital reserve. The total of 20,011,925 treasury shares has been excluded in calculating the weighted average number of ordinary shares during the period.

The Company has no dilutive shares and consequently, basic and diluted earnings per ordinary share are equivalent at 30 September 2022, 31 March 2022 and 30 September 2021.

## 6 Financial Assets at Fair Value through Profit or Loss

IFRS 13 and IFRS 7, in respect of financial instruments that are measured in the balance sheet at fair value, require disclosure of fair value measurements by level within the following fair value measurement hierarchy:

- > **Level 1:** quoted prices in active markets for identical assets or liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is defined as a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1 and comprise listed investment funds classified as held at fair value through profit or loss.
- > **Level 2:** the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The Company held no such instruments in the current or prior year.
- > **Level 3:** the fair value of financial instruments that are not traded in an active market (for example, investments in unquoted companies) is determined by using valuation techniques such as earnings or revenue multiples. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The majority of the Company's investments fall into this category.

Each investment is reviewed at least quarterly to ensure that it has not ceased to meet the criteria of the level in which it was included at the beginning of each accounting period. There have been no transfers between these classifications in the period (2021: none).

The change in fair value for the current and previous year is recognised through profit or loss. All items held at fair value through profit or loss were designated as such upon initial recognition.

### Valuation of Investments

Unquoted investments are valued in accordance with IFRS 13 "Fair Value Measurement" and using the International Private Equity and Venture Capital ("IPEVC") Valuation Guidelines ("the Guidelines") issued in December 2018.

## Explanatory Notes to the Unaudited Condensed Financial Statements (continued)

### 6 Financial Assets at Fair Value through Profit or Loss (continued)

#### Initial measurement

The best estimate of the initial fair value of an unquoted investment is the cost of the investment. Unless there are indications that this is inappropriate, an unquoted investment will be held at this value within the first three months of investment.

#### Subsequent measurement

Based on the Guidelines we have identified six of the most widely used valuation methodologies for unquoted investments. The Guidelines advocate that the best valuation methodologies are those that draw on external, objective market-based data in order to derive a fair value.

Full details of the methods used by the Company were set out on pages 66 and 67 of the financial statements for the year ended 31 March 2022, a copy of which can be found at [www.bscfunds.com](http://www.bscfunds.com).

The primary methods used for valuing non-quoted investments, and the key assumptions relating to them are:

#### Unquoted Investments

- > **revenue multiple.** An appropriate multiple, given the risk profile and revenue growth prospects of the underlying company, is applied to the revenue of the company. The multiple is adjusted to reflect any risk associated with lack of marketability and to take account of the differences between the investee company and the benchmark company or companies used to derive the multiple.
- > **earnings multiple.** An appropriate multiple, given the risk profile and earnings growth prospects of the underlying company, is applied to the maintainable earnings of the company. The multiple is adjusted to reflect any risk associated with lack of marketability and to take account of the differences between the investee company and the benchmark company or companies used to derive the multiple.

Movements in investments at fair value through profit or loss during the six months to 30 September 2022 are summarised as follows:

| IFRS 13 measurement classification             | Level 3<br>Unquoted<br>Investments<br>£000 | Level 1<br>Listed<br>Investment<br>Funds<br>£000 | Total<br>Investments<br>£000 |
|------------------------------------------------|--------------------------------------------|--------------------------------------------------|------------------------------|
| Opening cost                                   | 59,265                                     | 4,618                                            | 63,883                       |
| Opening valuation gain                         | 41,894                                     | 88                                               | 41,982                       |
| <b>Opening fair value at 1 April 2022</b>      | <b>101,159</b>                             | <b>4,706</b>                                     | <b>105,865</b>               |
| Additions at cost                              | 8,425                                      | 353                                              | <b>8,778</b>                 |
| Disposal proceeds                              | (14,792)                                   | (159)                                            | <b>(14,951)</b>              |
| Net profit (loss) on disposals                 | 2,863                                      | (14)                                             | <b>2,849</b>                 |
| Change in fair value                           | 1,355                                      | (705)                                            | <b>650</b>                   |
| <b>Closing fair value at 30 September 2022</b> | <b>99,010</b>                              | <b>4,181</b>                                     | <b>103,191</b>               |
| Closing cost                                   | 59,264                                     | 4,789                                            | <b>64,053</b>                |
| Closing valuation gain (loss)                  | 39,746                                     | (608)                                            | <b>39,138</b>                |
| <b>Closing fair value at 30 September 2022</b> | <b>99,010</b>                              | <b>4,181</b>                                     | <b>103,191</b>               |

Level 3 valuations include assumptions based on non-observable data, such as discounts applied either to reflect changes in the fair value of financial assets held at the price of recent investment, or to adjust revenue or earnings multiples.

IFRS13 requires disclosure, by class of financial instruments, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to fair value measurement. Each unquoted portfolio company has been reviewed and both downside and upside alternative assumptions have been identified and applied to the valuation of each of the unquoted investments. Applying the downside alternative the value of the unquoted investments would be £4,518,000 (4.6 per cent) lower. Using the upside alternative the value would be increased by £4,420,000 (4.5 per cent).

96 per cent of the Company's investments are in unquoted companies held at fair value. The valuation methodology for these investments includes the application of externally produced revenue and earnings multiples. Therefore the value of the unquoted element of the portfolio is also indirectly affected by price movements on the listed market. Those using revenue and earnings multiple methodologies include judgements regarding the level of discount applied to that multiple. The effect of changing the level of discounts applied to the multiples is considered above.

4 per cent of the Company's investments are investment funds listed on the main market of the London Stock Exchange (including FCA authorised and regulated UCITS funds). A 5 per cent increase in stock prices as at 30 September 2022 would have increased the net assets attributable to the Company's shareholders and the total profit by £209,000. An equal change in the opposite direction would have decreased the net assets attributable to the Company's shareholders and the total profit by an equal amount.

There have been no individual fair value adjustments downwards during the period that exceeded 5 per cent of the total assets of the Company (31 March 2022: none).

The following disposals took place during the period.

|                                                                       | Net<br>proceeds<br>from sale<br>£000 | Cost<br>£000 | Opening<br>carrying<br>value as at<br>1 April<br>2022<br>£000 | Gain (loss)<br>over<br>opening<br>carrying<br>value<br>£000 |
|-----------------------------------------------------------------------|--------------------------------------|--------------|---------------------------------------------------------------|-------------------------------------------------------------|
| <i>Unquoted investments</i>                                           |                                      |              |                                                               |                                                             |
| Springboard Research Holdings Limited                                 | 8,673                                | 2,822        | 6,638                                                         | 2,035                                                       |
| Intelligent Office UK (IO Outsourcing Limited t/a Intelligent Office) | 6,119                                | 2,934        | 5,051                                                         | 1,068                                                       |
| Arraco Global Markets Limited*                                        | -                                    | 2,670        | 240                                                           | (240)                                                       |
| <b>Total from portfolio</b>                                           | <b>14,792</b>                        | <b>8,426</b> | <b>11,929</b>                                                 | <b>2,863</b>                                                |
| Listed investment funds                                               | 159                                  | 182          | 173                                                           | (14)                                                        |
| <b>Total from investment portfolio</b>                                | <b>14,951</b>                        | <b>8,608</b> | <b>12,102</b>                                                 | <b>2,849</b>                                                |

\* opening carrying value includes addition in the period.

The total from disposals in the table above is £14,951,000 whereas that shown in the Statement of Cash Flows is £8,832,000. This is due to the timing differences between the recognition of the deferred income and its receipt in cash.

Explanatory Notes to the Unaudited  
Condensed Financial Statements  
(continued)

**7 Basic and Diluted Net Asset Value per Ordinary Share**

The basic and diluted net asset value per ordinary share is calculated on attributable assets of £158,133,000 (30 September 2021 and 31 March 2022: £131,729,000 and £159,534,000 respectively) and 186,112,757 (30 September 2021 and 31 March 2022: 144,873,228 and 186,260,145 respectively) ordinary shares in issue at 30 September 2022.

The treasury shares have been excluded in calculating the number of ordinary shares in issue at 30 September 2022.

The Company has no potentially dilutive shares and consequently, basic and diluted net asset values are equivalent at 30 September 2022, 31 March 2022 and 30 September 2021.

**8 Total Return**

Total Return per ordinary share is calculated on cumulative dividends paid of 168.4 pence per ordinary share (30 September 2021: 159.4 pence per ordinary share and 31 March 2022: 166.4 pence per ordinary share) plus the net asset value as calculated in note 7.

**9 Post Balance Sheet Events**

Subsequent to the period end the Company has invested £3.9 million into two new companies and also invested a further £3.2 million, in aggregate, into portfolio companies Unbiased and Wooshii.

**10 Directors**

The directors of the Company are: Rupert Cook, Adam Bastin, Jonathan Cartwright and Purvi Sapre.

**11 Other Information**

Copies of the interim report can be obtained from the Company's registered office: 5th Floor, Valiant Building, 14 South Parade, Leeds, LS1 5QS or from [www.bscfunds.com](http://www.bscfunds.com).

## Advisers to the Company

### Directors

**Rupert Cook**  
**Adam Bastin**  
**Jonathan Cartwright**  
**Purvi Sapre**

### Manager

**YFM Private Equity Limited**  
5th Floor, Valiant Building  
14 South Parade  
Leeds  
LS1 5QS

### Registrars

**The City Partnership (UK) Limited**  
The Mending Rooms  
Park Valley Mills  
Meltham Road  
Huddersfield HD4 7BH

### Solicitors

**Howard Kennedy LLP**  
1 London Bridge  
London  
SE1 9BG

### Stockbrokers

**Panmure Gordon (UK) Limited**  
One New Change  
London  
EC4M 9AF

### Promoter

**RAM Capital Partners LLP**  
18 Soho Square  
London  
W1D 3QL

### Independent Auditor

**BDO LLP**  
55 Baker Street  
London  
W1U 7EU

### VCT Status Adviser

**Philip Hare and Associates LLP**  
6 Snow Hill  
London  
EC1A 2AY

### Bankers

**Santander UK plc**  
44 Merrion Street  
Leeds  
LS2 8JQ

### Company Secretary

**The City Partnership (UK) Limited**  
The Mending Rooms  
Park Valley Mills  
Meltham Road  
Huddersfield HD4 7BH

### Financial Advisor

**Brewin Dolphin Limited**  
34 Lisbon Street  
Leeds  
LS1 4LX



**British Smaller Companies VCT plc**

5th Floor, Valiant Building  
14 South Parade  
Leeds LS1 5QS

Telephone 0113 244 1000  
Email [info@yfmepl.com](mailto:info@yfmepl.com)

[bscfunds.com](http://bscfunds.com)

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