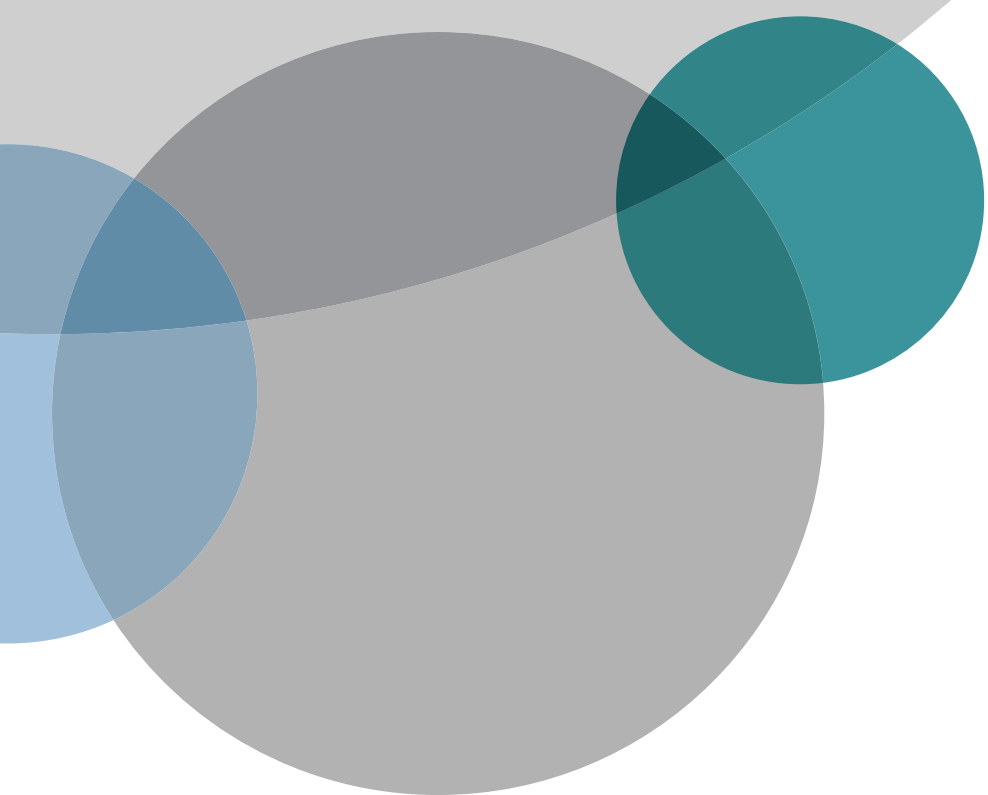




# British Smaller Companies VCT plc

## Interim Report

for the six months ended 30 September 2023



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

Transforming small businesses

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## BRITISH SMALLER COMPANIES VCT PLC

Registered number 03134749

### Financial Calendar

|                    |                         |
|--------------------|-------------------------|
| Ex-dividend date   | <b>9 November 2023</b>  |
| Record date        | <b>10 November 2023</b> |
| DRIS election date | <b>24 November 2023</b> |
| Investor Workshop  | <b>27 November 2023</b> |
| Dividend paid      | <b>8 December 2023</b>  |

# Financial Highlights

## NAV PER SHARE

# 82.4p

NAV per ordinary share increased by 0.7 pence, an increase of 0.8 per cent on its opening value, before the dividend paid in the period.

## INVESTED

# £6.0m

The Company completed two new investments and two follow-on investments during the six months ended 30 September 2023.

## FUNDS RAISED

# £44.3m

A fully subscribed offer was allotted, raising net proceeds of £44.3 million.

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

# 259.3p

Since 31 March 2023 the Company's Total Return has increased by 0.7 pence, from 258.6 pence per ordinary share to 259.3 pence per ordinary share, which includes cumulative dividends paid of 176.9 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

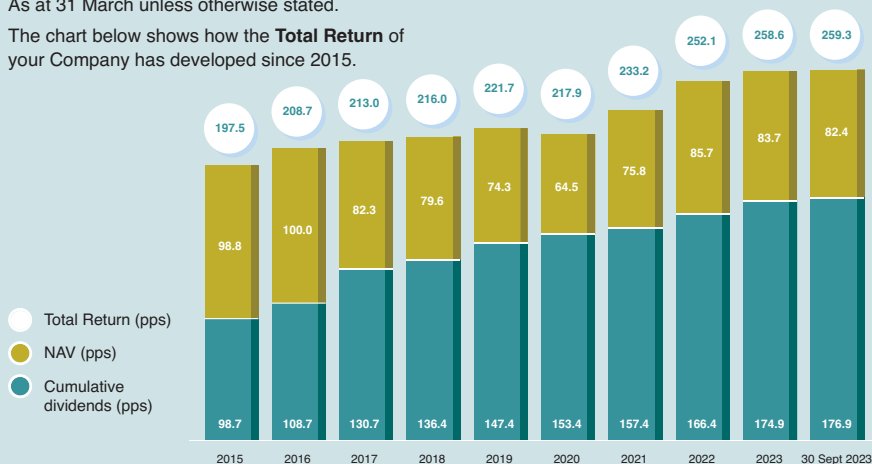
for the six months ended 30 September 2023

**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.

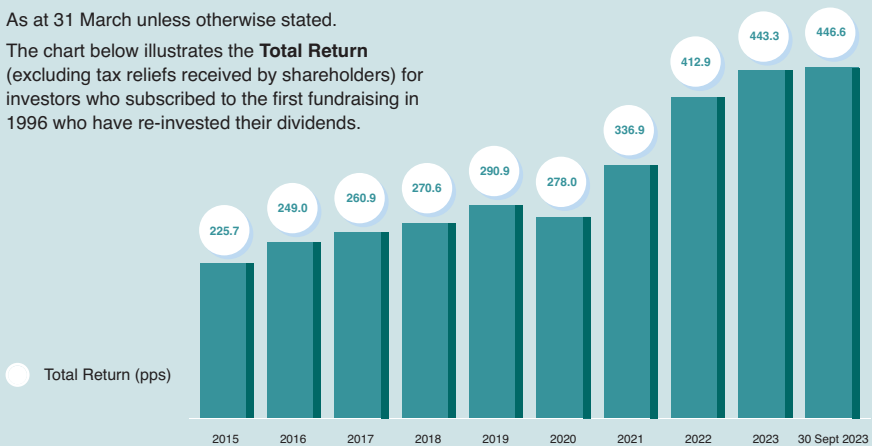
The chart below shows how the **Total Return** of your Company has developed since 2015.



## 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

I am pleased to present the interim results of British Smaller Companies VCT plc (the "Company") for the six months to 30 September 2023.

The performance in the period reflects the Company's positive progress despite ongoing macroeconomic challenges and geopolitical uncertainty, achieving a Total Return of 0.7 pence, an increase of 0.8 per cent over the opening NAV. In contrast the FTSE Small Cap fell by 0.4 per cent over the same period.

Underlying portfolio companies remain resilient, showing adaptability to market conditions and focusing on efficient use of capital. Revenues continue to grow, contributing to positive revaluations even with valuation multiples remaining subdued.

Over the past six months, the Company has completed two new investments to the portfolio, Workbuzz and GEEIQ totalling £4.9 million, and made two follow-on investments, totalling £1.1 million. Following the period end, a further £0.8 million has also been invested, taking the total invested so far this year to £6.8 million, following the £28.4 million invested in the full year to 31 March 2023.

## Realisations in the Period

Realisations of investments generated total proceeds of £1.8 million in the period.

The Company realised its investment in Ncam in April, generating initial proceeds of £1.4 million. There is the potential for additional receipts of up to £1.2 million depending on the achievement of certain milestones over the coming years, which would see the Company fully recover its investment; £0.3 million of deferred proceeds have been recognised at the period end.

Post-period end, in November 2023, the Company exited its investments in E2E, a consultancy in the satellite industry, for £2.0 million, representing a 2.5x return on the company's cost; and MacroArt, a large scale branding and signage specialist, for £1.5 million, representing a 2.0x return on the company's cost. This was a pleasing outcome for the Company following a challenging hold period, and reflects the Company's ethos of working hard to generate positive returns from all of its investments.

## Financial Results

The investment portfolio generated a return of £2.4 million in the period, driven by positive revaluations from a number of companies.

Given the current interest rate environment, the Company is managing its treasury position to generate a positive return for shareholders, balanced against the primary objective of capital preservation. The Company's treasury operations generated £1.3 million of income in the period.

## Chairman's Statement (continued)

The movement in net asset value ("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 2023                       | 83.7p                       | 157,032        |
| Net gain arising from investment portfolio | 1.0p                        | 2,376          |
| Net operating costs                        | (0.1p)                      | (197)          |
| Comprehensive income in the period         | 0.9p                        | 2,179          |
| Issue/buy-back of new shares*              | (0.2p)                      | 44,169         |
| Total Return in the period                 | 0.7p                        | 46,348         |
| NAV before the payment of dividends        | <b>84.4p</b>                | <b>203,380</b> |
| Dividends paid                             | (2.0p)                      | (4,816)        |
| NAV at 30 September 2023                   | <b>82.4p</b>                | <b>198,564</b> |
| Cumulative dividends paid                  | 176.9p                      |                |
| <b>Total Return: At 30 September 2023</b>  | <b>259.3p</b>               |                |
| At 31 March 2023                           | 258.6p                      |                |

\* The allotment of shares from the 2022/23 fundraising reduces total return per ordinary share as the fundraising was priced at the 31 December 2022 NAV, being the latest published NAV at the allotment date shortly after 31 March 2023.

### Dividends

An interim dividend of 2.0 pence per ordinary share in respect of the year ending 31 March 2024 was paid on 28 July 2023, bringing the cumulative dividends paid to date to 176.9 pence per ordinary share.

The Board has announced a second interim dividend of 2.0 pence per ordinary share for the year ending 31 March 2024 which, when combined with the above dividend, will bring total dividends paid in the current financial year to 4.0 pence per ordinary share (2023: 8.5 pence per ordinary share). The dividend will be paid on 8 December 2023 to shareholders on the shareholder register on 10 November 2023.

### Shareholder Relations

The shareholder workshop held on 20 June 2023 was well attended. Attendees heard from Tom Dunlop, CEO of Summize, and Philip Hunt, Chair of Vuealta.

The Company will be hosting an online webinar on 27 November 2023 to provide an update to shareholders; for further details please contact Tracey Nice at [tracey.nice@ymep.com](mailto:tracey.nice@ymep.com).

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.

### Regulatory Developments

In the Autumn Statement on 22 November 2023, the Government announced it would extend the sunset clause currently in place for Venture Capital Trusts until April 2035, and that it would include legislation to achieve this in the next Finance Bill.

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 4 April 2023 the Company allotted shares from its fully subscribed 2022/23 share offer. £44.3 million was raised by the Company, resulting in the allotment of 53,559,905 ordinary shares.

Having assessed its expected cash requirements, the Company announced a new share offer on 20 September 2023, alongside British Smaller Companies VCT2 plc, with the intention of raising up to £90 million (in aggregate), which includes an over-allotment facility of £25 million. Applications exceeding £45 million have been received as of the date of this report, of which £27 million relate to the Company. The first allotment of £30 million of gross proceeds will take place between 29 and 31 January 2024. The second and final allotment will take place in early April 2024.

### Outlook

Over the past six months it has been pleasing to see portfolio companies continue to grow revenues, and to see positive exit outcomes despite challenging conditions. The Company has a promising pipeline of both new investment and exit opportunities, and will continue to look for opportunities to deploy capital into the existing portfolio to support continued growth.

I thank shareholders for their continued support.



**Rupert Cook**  
Chairman

24 November 2023

# 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.

## Investment Strategy

The Company seeks to build a broad portfolio of investments in early-stage companies focused on growth, with the aim of spreading the maturity profiles and maximising return, as well as ensuring compliance with the VCT Regulations.

The Company predominantly invests in unquoted smaller companies and expects that this will continue to make up the significant majority of the portfolio. It will also retain holdings in cash or near-cash investments to provide a reserve of liquidity which will maximise the Company's flexibility as to the timing of investment acquisitions and disposals, dividend payments and share buy-backs.

Unquoted investments are structured using various investment instruments, including ordinary shares, preference shares, convertible securities and very occasionally loan stock, to achieve an appropriate balance of income and capital growth, having regard to the VCT Regulations. The portfolio is diversified by investing in a broad range of industry sectors. The normal investment period into the portfolio companies is expected to be typically between the range of five to seven years.

## Investment Policy

The investment policy 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 will be re-investing their profits for growth and the investments will comprise mainly equity instruments.

The Company seeks to build a broad portfolio of investments in early-stage companies focused on growth with the aim of spreading the maturity profiles and maximising return as well as ensuring compliance with the VCT guidelines.



# Investment Review

The Company's portfolio at 30 September 2023 has a value of £130.3 million. The top ten investments represent 42.4 per cent of the net asset value with the largest representing 12.7 per cent of the net asset value.

The movements in the investment portfolio are set out below:

| Company   | Portfolio<br>£million | Listed<br>investment<br>funds<br>£million | Investment<br>portfolio<br>£million |
|---|-----------------------|---|-------------------------------------|
| Opening fair value at 1 April 2023                | 123.4                 | 4.0                                       | 127.4                               |
| Additions   | 6.0                   | -   | 6.0                                 |
| Disposal proceeds                                 | (1.7)                 | (0.1)                                     | (1.8)                               |
| Gain (loss) arising from the investment portfolio | 2.6                   | (0.3)                                     | 2.3                                 |
| <b>Closing fair value at 30 September 2023</b>    | <b>130.3</b>          | <b>3.6</b>                                | <b>133.9</b>                        |

The Company's portfolio delivered a positive performance over the period, generating a return of £2.6 million.

There were upward revaluations from several portfolio companies including Unbiased, Traveltek, E2E, Displayplan and MacroArt, offset by decreases from Relative Insight, Wooshii and ACC.

## Realisation of Investments

During the six months to 30 September 2023 the Company generated £1.8 million from disposals, in line with the opening carrying value and a loss of £0.9 million on cost. Further details are given in note 6.

## Investment Review (continued)

### Investments

During the six months ended 30 September 2023, the Company completed four investments, totalling £6.0 million. This comprised two new investments of £4.9 million and two follow-on investments totalling £1.1 million. The breakdown of these investments is shown below:

| Company                       | Description   | New<br>£million | Follow-on<br>£million | Total<br>£million |
|-------------------------------|---|-----------------|-----------------------|-------------------|
| Workbuzz                      | SaaS-based employee engagement survey and insights platform | 2.6             | -                     | 2.6               |
| GEEIQ                         | Data and market intelligence platform in the gaming space   | 2.3             | -                     | 2.3               |
| Relative Insight              | AI-based text data analytics platform                       | -               | 0.8                   | 0.8               |
| Elucidat                      | An e-learning software authoring platform                   | -               | 0.3                   | 0.3               |
| <b>Invested in the period</b> |   | <b>4.9</b>      | <b>1.1</b>            | <b>6.0</b>        |

Subsequent to the period end, the Company has invested £0.8 million into portfolio company Force24.

### Cash Deposits and other Liquid Funds

Given the current environment of rising interest rates the Company is taking an active approach to cash management, whilst pursuing its primary aim of capital preservation. This is effected through the use of a pool of money market funds (which can be converted back to cash with immediate notice), cash deposits with tier one banking institutions, and a small, diversified portfolio of listed investment funds. At 30 September 2023 this listed portfolio was valued at £3.6 million, or 1.8 per cent of net assets; this reduced in value by £0.3 million in the period, predominantly driven by a reduction in the valuation of its bond investments.

## Portfolio

The top 10 investments had a combined value of £84.1 million, 64.5 per cent of the total portfolio.



Data

Fair Value  
**£33.0m**



Application Software

Fair Value  
**£27.0m**



Tech-enabled Services

Fair Value  
**£21.8m**



Business Services

Fair Value  
**£16.2m**



New Media

Fair Value  
**£15.2m**



Cloud & DevOps

Fair Value  
**£10.2m**



Retail and Brands

Fair Value  
**£5.1m**



Other

Fair Value  
**£1.8m**

### Matillion Limited Manchester



Equity held: 3.1%  
[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 in the cloud for insight and decision making and is headquartered in Manchester with offices in Denver and Seattle.

|   |        |
|---|--------|
| First investment                          | Nov 16 |
| Amount invested (£000)                    | 2,666  |
| Value at 30 September 2023 (£000)         | 25,233 |
| Recognised income/proceeds to date (£000) | 7,071  |
| Return to date (£000)                     | 32,304 |

### Unbiased EC1 Limited London



Equity held: 18.5%  
[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. The proven UK model is now being launched into the much larger US financial advisor market.

|   |        |
|---|--------|
| First investment                          | Dec 19 |
| Amount invested (£000)                    | 5,596  |
| Value at 30 September 2023 (£000)         | 11,559 |
| Recognised income/proceeds to date (£000) | -      |
| Return to date (£000)                     | 11,559 |

## Portfolio (continued)

### Outpost VFX Limited Bournemouth



# outpost

**Equity held: 17.3%**  
**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 London, Los Angeles, Montreal and Mumbai. An impressive client list includes global streaming platforms such as Netflix, Amazon and Apple, and major Hollywood studios.

|   |        |
|---|--------|
| First investment                          | Feb 21 |
| Amount invested (£000)                    | 4,500  |
| Value at 30 September 2023 (£000)         | 8,936  |
| Recognised income/proceeds to date (£000) | 38     |
| Return to date (£000)                     | 8,974  |

### Elucidat Ltd Brighton



# Elucidat

**Equity held: 15.1%**  
**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 |
| Amount invested (£000)                    | 4,260  |
| Value at 30 September 2023 (£000)         | 6,494  |
| Recognised income/proceeds to date (£000) | 197    |
| Return to date (£000)                     | 6,691  |

### Displayplan Holdings Limited Stevenage



# displayplan

**Equity held: 22.3%**  
**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 |
| Amount invested (£000)                    | 1,300  |
| Value at 30 September 2023 (£000)         | 8,611  |
| Recognised income/proceeds to date (£000) | 3,168  |
| Return to date (£000)                     | 11,779 |

### Wooshii Limited London



# WOOSHII

**Equity held: 19.9%**  
**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 a blue-chip client list including Coca Cola, Google, Microsoft and Amazon. Wooshii has also developed software tools to enable its customers to extract greater value from their historic libraries.

|   |        |
|---|--------|
| First investment                          | May 19 |
| Amount invested (£000)                    | 4,644  |
| Value at 30 September 2023 (£000)         | 6,006  |
| Recognised income/proceeds to date (£000) | 581    |
| Return to date (£000)                     | 6,587  |

**Force24 Ltd**  
Leeds



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

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

|   |        |
|---|--------|
| First investment                          | Nov 20 |
| Amount invested (£000)                    | 3,150  |
| Value at 30 September 2023 (£000)         | 4,792  |
| Recognised income/proceeds to date (£000) | -      |
| Return to date (£000)                     | 4,792  |

**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 |
| Amount invested (£000)                    | 3,300  |
| Value at 30 September 2023 (£000)         | 4,119  |
| Recognised income/proceeds to date (£000) | -      |
| Return to date (£000)                     | 4,119  |

**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 also provides a range of consultancy and specialist charter services to clients via its global office network.

|   |        |
|---|--------|
| First investment                          | Nov 14 |
| Amount invested (£000)                    | 2,068  |
| Value at 30 September 2023 (£000)         | 4,405  |
| Recognised income/proceeds to date (£000) | 5,280  |
| Return to date (£000)                     | 9,685  |

**Quality Clouds Limited**  
London



**Equity held: 13.2%**  
[www.qualityclouds.com](http://www.qualityclouds.com)

Quality Clouds provides a leading SaaS tool for the control and governance of critical SaaS platforms, with a focus on ServiceNow and Salesforce. The company operates from London, Barcelona and the US, with a client list that includes BP, Linde, and JP Morgan Chase.

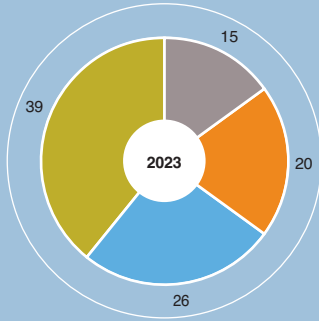
|   |        |
|---|--------|
| First investment                          | May 22 |
| Amount invested (£000)                    | 3,916  |
| Value at 30 September 2023 (£000)         | 3,942  |
| Recognised income/proceeds to date (£000) | -      |
| Return to date (£000)                     | 3,942  |

## Portfolio (continued)

| Name of company                                   | Sector                | First investment | Amount invested<br>£000 | Value at<br>30 Sept<br>2023<br>£000 | Recognised<br>income/<br>proceeds<br>to date<br>£000 | Return<br>to date<br>£000 |
|---|-----------------------|------------------|-------------------------|-------------------------------------|--|---------------------------|
| <b>Total top 10 investments</b>                   |                       |                  | <b>35,400</b>           | <b>84,097</b>                       | <b>16,335</b>  | <b>100,432</b>            |
| <b>Remaining portfolio</b>                        |                       |                  |                         |                                     |  |                           |
| SharpCloud Limited                                | Data                  | Oct 19           | 3,407                   | 3,859                               | -  | 3,859                     |
| DrDoctor (via ICNH Ltd)                           | Application Software  | Feb 23           | 3,565                   | 3,565                               | -  | 3,565                     |
| Tonkotsu Limited                                  | Retail & Brands       | Jun 19           | 2,388                   | 2,961                               | -  | 2,961                     |
| Workbuzz Analytics Limited                        | Application Software  | Jun 23           | 2,577                   | 2,945                               | -  | 2,945                     |
| AutomatePro Limited                               | Cloud & DevOps        | Dec 22           | 2,225                   | 2,875                               | -  | 2,875                     |
| Traveltek Group Holdings Limited                  | Application Software  | Oct 16           | 1,716                   | 2,797                               | 901  | 3,698                     |
| GEEIQ<br>(via Checkpoint GG Limited)              | Data                  | Sep 23           | 2,358                   | 2,358                               | -  | 2,358                     |
| Frescobol Carioca Ltd                             | Retail & Brands       | Mar 19           | 1,800                   | 2,143                               | -  | 2,143                     |
| Relative Insight Limited                          | Tech-enabled Services | Mar 22           | 3,804                   | 2,092                               | -  | 2,092                     |
| Summize Limited                                   | Application Software  | Oct 22           | 1,800                   | 2,070                               | -  | 2,070                     |
| Plandek Limited                                   | Cloud & DevOps        | Oct 22           | 2,070                   | 2,070                               | -  | 2,070                     |
| KeTech Enterprises Limited                        | Tech-enabled Services | Nov 15           | 2,000                   | 2,059                               | 2,599  | 4,658                     |
| Vuealta Holdings Limited                          | Tech-enabled Services | Sep 21           | 3,045                   | 2,013                               | 4,601  | 6,614                     |
| E2E Engineering Limited                           | Business Services     | Sep 17           | 900                     | 1,942                               | 243  | 2,185                     |
| Xapien (via Digital Insight Technologies Limited) | Application Software  | Mar 23           | 1,740                   | 1,846                               | -  | 1,846                     |
| Biorelate Limited                                 | Application Software  | Nov 22           | 1,560                   | 1,562                               | -  | 1,562                     |
| Panintelligence<br>(via Paninsight Limited)       | Data                  | Nov 19           | 1,500                   | 1,500                               | -  | 1,500                     |
| Sipsynergy (via Hosted Network Services Limited)  | Cloud & DevOps        | Jun 16           | 2,654                   | 1,346                               | 1  | 1,347                     |
| Macro Art Holdings Limited                        | Business Services     | Jun 14           | 1,260                   | 1,210                               | 1,002  | 2,212                     |
| £1 million and below                              |                       |                  | 11,153                  | 2,983                               | 6,819  | 9,802                     |
| <b>Total portfolio</b>                            |                       |                  | <b>88,922</b>           | <b>130,293</b>                      | <b>32,501</b>  | <b>162,794</b>            |
| Full disposals to date                            |                       |                  | 76,675                  | -                                   | 149,724  | 149,724                   |
| <b>Total portfolio</b>                            |                       |                  | <b>165,597</b>          | <b>130,293</b>                      | <b>182,225</b>                                       | <b>312,518</b>            |

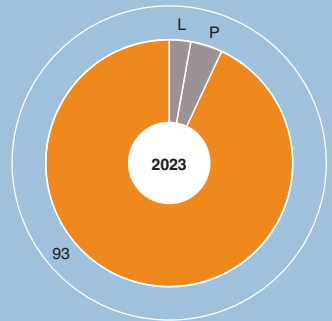
# Our Portfolio at a Glance

AGE OF INVESTMENT (%)



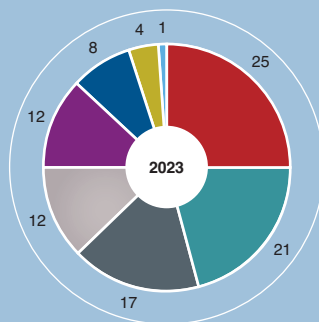
- Less than 1 year
- Between 1 and 3 years
- Between 3 and 5 years
- Greater than 5 years

INVESTMENT INSTRUMENT (%)



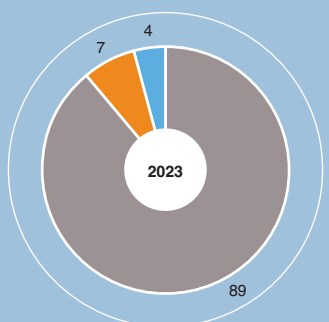
- Loan
  - Preference shares
  - Equity
- } 7%

INDUSTRY SECTOR (%)



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

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 2023. 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:

- > VCT Qualifying Status;
- > Economic;
- > Investment and Strategic;
- > Regulatory;
- > Legislative;
- > Reputational;
- > Operational;
- > Cyber Security and Information Technology;
- > ESG; and
- > Liquidity.

Full details of the principal risks can be found in the financial statements for the year ended 31 March 2023 on pages 31 to 33, 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

A handwritten signature in black ink, appearing to read 'R. Cook', written over a faint horizontal line.

**Rupert Cook**  
Chairman

24 November 2023

# Unaudited Statement of Comprehensive Income

for the six months ended 30 September 2023

|   | Notes | Unaudited 6 months ended<br>30 September 2023 |                 |               | Unaudited 6 months ended<br>30 September 2022 |                 |               |
|---|-------|---|-----------------|---------------|---|-----------------|---------------|
|   |       | Revenue<br>£000                               | Capital<br>£000 | Total<br>£000 | Revenue<br>£000                               | Capital<br>£000 | Total<br>£000 |
| Gains on investments held at fair value                         | 6     | -   | 2,280           | 2,280         | -   | 650             | 650           |
| Profit on disposal of investments                               | 6     | -   | 96              | 96            | -   | 2,849           | 2,849         |
|   |       | -   | 2,376           | 2,376         | -   | 3,499           | 3,499         |
| Income  | 2     | 1,629   | -               | 1,629         | 658   | -               | 658           |
| Total income  |       | 1,629   | 2,376           | 4,005         | 658   | 3,499           | 4,157         |
| Administrative expenses:  |       |   |                 |               |   |                 |               |
| Manager's fee   |       | (367)   | (1,100)         | (1,467)       | (351)   | (1,052)         | (1,403)       |
| Other expenses  |       | (359)   | -               | (359)         | (329)   | -               | (329)         |
|   |       | (726)   | (1,100)         | (1,826)       | (680)   | (1,052)         | (1,732)       |
| Profit (loss) before taxation                                   |       | 903   | 1,276           | 2,179         | (22)  | 2,447           | 2,425         |
| Taxation  | 3     | -   | -               | -             | -   | -               | -             |
| <b>Profit (loss) for the period</b>                             |       | <b>903</b>                                    | <b>1,276</b>    | <b>2,179</b>  | <b>(22)</b>                                   | <b>2,447</b>    | <b>2,425</b>  |
| <b>Total comprehensive income (expense)<br/>for the period</b>  |       | <b>903</b>                                    | <b>1,276</b>    | <b>2,179</b>  | <b>(22)</b>                                   | <b>2,447</b>    | <b>2,425</b>  |
| <b>Basic and diluted earnings (loss)<br/>per ordinary share</b> | 5     | <b>0.38p</b>                                  | <b>0.53p</b>    | <b>0.91p</b>  | <b>(0.01p)</b>                                | <b>1.31p</b>    | <b>1.30p</b>  |

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 July 2022 – "SORP") published by the Association of Investment Companies.

# Unaudited Balance Sheet

as at 30 September 2023

|  | Notes | Unaudited<br>30 September<br>2023<br>£000 | Unaudited<br>30 September<br>2022<br>£000 | Audited<br>31 March<br>2023<br>£000 |
|--|-------|---|---|-------------------------------------|
| <b>ASSETS</b>  |       |   |   |                                     |
| <b>Non-current assets at fair value through profit or loss</b> |       |   |   |                                     |
| Investments  | 6     | 130,293                                   | 99,010                                    | 123,361                             |
| Listed investment funds  | 6     | 3,620                                     | 4,181                                     | 4,045                               |
| Financial assets at fair value through profit or loss          | 6     | 133,913                                   | 103,191                                   | 127,406                             |
| Accrued income and other assets                                |       | 1,891                                     | 1,014                                     | 1,556                               |
|  |       | <b>135,804</b>                            | <b>104,205</b>                            | <b>128,962</b>                      |
| <b>Current assets</b>  |       |   |   |                                     |
| Accrued income and other assets                                |       | 825                                       | 6,386                                     | 161                                 |
| Current asset investments                                      |       | 32,500                                    | 14,471                                    | 7,501                               |
| Cash and cash equivalents                                      |       | 29,635                                    | 33,217                                    | 20,766                              |
|  |       | <b>62,960</b>                             | <b>54,074</b>                             | <b>28,428</b>                       |
| <b>LIABILITIES</b>   |       |   |   |                                     |
| <b>Current liabilities</b>                                     |       |   |   |                                     |
| Trade and other payables                                       |       | (200)                                     | (146)                                     | (358)                               |
| <b>Net current assets</b>                                      |       | <b>62,760</b>                             | <b>53,928</b>                             | <b>28,070</b>                       |
| <b>Net assets</b>  |       | <b>198,564</b>                            | <b>158,133</b>                            | <b>157,032</b>                      |
| <b>Shareholders' equity</b>                                    |       |   |   |                                     |
| Share capital  |       | 26,452                                    | 20,612                                    | 20,969                              |
| Share premium account  |       | 41,586                                    | 62,861                                    | 1,700                               |
| Capital reserve  |       | 75,609                                    | 34,245                                    | 82,893                              |
| Investment holding gains and losses reserve                    |       | 52,397                                    | 39,138                                    | 49,215                              |
| Revenue reserve  |       | 2,520                                     | 1,277                                     | 2,255                               |
| <b>Total shareholders' equity</b>                              |       | <b>198,564</b>                            | <b>158,133</b>                            | <b>157,032</b>                      |
| <b>Net asset value per ordinary share</b>                      | 7     | <b>82.4p</b>                              | 85.0p                                     | 83.7p                               |

Signed on behalf of the Board



**Rupert Cook**

Chairman

24 November 2023

# Unaudited Statement of Changes in Equity

for the six months ended 30 September 2023

|  | 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 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>          |
| <i>Revenue return for the period</i>                             | -                     | -                                | -                          | -   | 1,105                      | 1,105                   |
| <i>Expenses charged to capital</i>                               | -                     | -                                | (1,159)                    | -   | -                          | (1,159)                 |
| <i>Investment holding gain on investments held at fair value</i> | -                     | -                                | -                          | 7,502   | -                          | 7,502                   |
| <i>Realisation of investments in the period</i>                  | -                     | -                                | 2,364                      | -   | -                          | 2,364                   |
| Total comprehensive income for the period                        | -                     | -                                | 1,205                      | 7,502   | 1,105                      | 9,812                   |
| <i>Issue of shares - DRIS</i>                                    | 357                   | 2,485                            | -                          | -   | -                          | 2,842                   |
| <i>Issue costs</i>   | -                     | (40)                             | -                          | -   | -                          | (40)                    |
| <i>Share premium cancellation</i>                                | -                     | (63,606)                         | 63,606                     | -   | -                          | -                       |
| <i>Purchase of own shares</i>                                    | -                     | -                                | (1,556)                    | -   | -                          | (1,556)                 |
| <i>Dividends</i>   | -                     | -                                | (12,032)                   | -   | (127)                      | (12,159)                |
| Total transactions with owners                                   | 357                   | (61,161)                         | 50,018                     | -   | (127)                      | (10,913)                |
| Realisation of prior year investment holding losses              | -                     | -                                | (2,575)                    | 2,575   | -                          | -                       |
| <b>At 31 March 2023</b>  | <b>20,969</b>         | <b>1,700</b>                     | <b>82,893</b>              | <b>49,215</b>   | <b>2,255</b>               | <b>157,032</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 2023</b>  | <b>20,969</b>         | <b>1,700</b>                     | <b>82,893</b>              | <b>49,215</b>   | <b>2,255</b>               | <b>157,032</b>          |
| <i>Revenue return for the period</i>                             | -                     | -                                | -                          | -   | 903                        | 903                     |
| <i>Expenses charged to capital</i>                               | -                     | -                                | (1,100)                    | -   | -                          | (1,100)                 |
| <i>Investment holding gain on investments held at fair value</i> | -                     | -                                | -                          | 2,280   | -                          | 2,280                   |
| <i>Realisation of investments in the period</i>                  | -                     | -                                | 96                         | -   | -                          | 96                      |
| Total comprehensive (expense) income for the period              | -                     | -                                | (1,004)                    | 2,280   | 903                        | 2,179                   |
| <i>Issue of share capital</i>                                    | 5,356                 | 40,893                           | -                          | -   | -                          | 46,249                  |
| <i>Issue of shares - DRIS</i>                                    | 127                   | 911                              | -                          | -   | -                          | 1,038                   |
| <i>Issue costs</i>   | -                     | (1,918)                          | -                          | -   | -                          | (1,918)                 |
| <i>Purchase of own shares</i>                                    | -                     | -                                | (1,200)                    | -   | -                          | (1,200)                 |
| <i>Dividends</i>   | -                     | -                                | (4,178)                    | -   | (638)                      | (4,816)                 |
| Total transactions with owners                                   | 5,483                 | 39,886                           | (5,378)                    | -   | (638)                      | 39,353                  |
| Realisation of prior year investment holding losses              | -                     | -                                | (902)                      | 902   | -                          | -                       |
| <b>At 30 September 2023</b>                                      | <b>26,452</b>         | <b>41,586</b>                    | <b>75,609</b>              | <b>52,397</b>   | <b>2,520</b>               | <b>198,564</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>75,609</b>              | <b>2,520</b>               | <b>78,129</b> |
| Less: Income/proceeds not yet distributable         | (399)                      | (1,952)                    | (2,351)       |
| Less: Cancelled share premium not yet distributable | (40,769)                   | -                          | (40,769)      |
| <b>Reserves available for distribution*</b>         | <b>34,441</b>              | <b>568</b>                 | <b>35,009</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 £78,129,000, representing a decrease of £7,019,000 in the period since 31 March 2023. 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.

## FINANCIAL STATEMENTS

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

Of the potentially distributable reserves of £78,129,000 shown on page 19, £2,351,000 relates to income and proceeds not yet distributable and £40,769,000 relates to cancelled share premium which becomes distributable from the dates shown below.

Total share premium cancelled is available for distribution from the following dates:

|  | £000          |
|--|---------------|
| 1 April 2024   | 7,157         |
| 1 April 2025   | 32,128        |
| 1 April 2026   | 1,484         |
| <b>Cancelled share premium account not yet distributable</b> | <b>40,769</b> |

# Unaudited Statement of Cash Flows

for the six months ended 30 September 2023

|   | Notes | Unaudited<br>6 months<br>ended<br>30 September<br>2023<br>£000 | Unaudited<br>6 months<br>ended<br>30 September<br>2022<br>£000 | Audited<br>year ended<br>31 March<br>2023<br>£000 |
|---|-------|--|--|---|
| Profit before taxation  |       | 2,179  | 2,425  | 12,237  |
| Decrease in trade and other payables  |       | (158)  | (641)  | (429)   |
| Increase in accrued income and other assets                                 |       | (599)  | (224)  | (660)   |
| Profit on disposal of investments   |       | (96)   | (2,849)  | (5,213)   |
| Gains on investments held at fair value                                     |       | (2,280)  | (650)  | (8,152)   |
| Capitalised income  |       | -  | -  | (60)  |
| <b>Net cash outflow from operating activities</b>                           |       | <b>(954)</b>   | <b>(1,939)</b>   | <b>(2,277)</b>                                    |
| <b>Cash flows from (used in) investing activities</b>                       |       |  |  |   |
| Cash maturing from fixed term deposits                                      |       | -  | -  | 6,970   |
| Purchase of financial assets at fair value through profit or loss           | 6     | (6,039)  | (8,778)  | (28,832)  |
| Proceeds from sale of financial assets at fair value through profit or loss | 6     | 1,508  | 8,832  | 20,716  |
| <b>Net cash (outflow) inflow from investing activities</b>                  |       | <b>(4,531)</b>   | <b>54</b>  | <b>(1,146)</b>                                    |
| <b>Cash flows from (used in) financing activities</b>                       |       |  |  |   |
| Issue of ordinary shares  |       | 46,249   | -  | -   |
| Costs of ordinary share issues*   |       | (1,918)  | (22)   | (62)  |
| Purchase of own shares  |       | (1,200)  | (941)  | (2,497)   |
| Dividends paid  | 4     | (3,778)  | (2,863)  | (12,180)  |
| <b>Net cash inflow (outflow) from financing activities</b>                  |       | <b>39,353</b>  | <b>(3,826)</b>   | <b>(14,739)</b>                                   |
| <b>Net increase (decrease) in cash and cash equivalents</b>                 |       | <b>33,868</b>  | <b>(5,711)</b>   | <b>(18,162)</b>                                   |
| <b>Cash and cash equivalents at the beginning of the period</b>             |       | <b>28,267</b>  | <b>46,429</b>  | <b>46,429</b>                                     |
| <b>Cash and cash equivalents at the end of the period</b>                   |       | <b>62,135</b>  | <b>40,718</b>  | <b>28,267</b>                                     |
| <b>Cash and cash equivalents comprise</b>                                   |       |  |  |   |
| Money market funds  |       | 32,500   | 7,501  | 7,501   |
| Cash at bank  |       | 29,635   | 33,217   | 20,766  |
| <b>Cash and cash equivalents at the end of the period</b>                   |       | <b>62,135</b>  | <b>40,718</b>  | <b>28,267</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) 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 2023 do not constitute full financial statements and have been extracted from the Company's financial statements for the year ended 31 March 2023. 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 2023. 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 2023 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 July 2022 – "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 12 months from the date these half year statements were approved. As at 30 September 2023 the Company held cash balances, fixed term deposits and other liquid resources with a combined value of £65,755,000. 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 for at least 12 months from the date of publication of this report.



In the year ended 31 March 2023 the Company's costs and discretionary expenditures were:

|  | £'000         |
|--|---------------|
| Administrative expenses (before fair value movements related to credit risk and incentive fee) | 3,480         |
| Share buy-backs  | 2,497         |
| Dividends (before DRIS)  | 15,884        |
| <b>Total</b>   | <b>21,861</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>2023<br>£000 | Unaudited<br>6 months<br>ended 30<br>September<br>2022<br>£000 |
|---|--|--|
| Income from investments   |  |  |
| - Interest on loans to unquoted companies                         | 103  | 297  |
| - Dividends from unquoted companies                               | 243  | 172  |
| Income from unquoted portfolio                                    | 346  | 469  |
| Income from listed investment funds                               | 62   | 54   |
| Income from investments held at fair value through profit or loss | 408  | 523  |
| Interest on bank deposits/money market funds                      | 1,221  | 135  |
|   | <b>1,629</b>   | <b>658</b>   |

## 3 Taxation

|  | Unaudited 6 months ended<br>30 September 2023 |                 |               | Unaudited 6 months ended<br>30 September 2022 |                 |               |
|--|---|-----------------|---------------|---|-----------------|---------------|
|  | Revenue<br>£000                               | Capital<br>£000 | Total<br>£000 | Revenue<br>£000                               | Capital<br>£000 | Total<br>£000 |
| Profit (loss) before taxation  | 903   | 1,276           | 2,179         | (22)  | 2,447           | 2,425         |
| Profit (loss) before taxation<br>multiplied by the standard small<br>company rate of corporation tax<br>in UK of 19.0% (2022: 19.0%) | 172   | 242             | 414           | (4)   | 465             | 461           |
| Effect of:   |   |                 |               |   |                 |               |
| UK dividends received  | (47)  | -               | (47)          | (35)  | -               | (35)          |
| Non-taxable profits on investments   | -   | (451)           | (451)         | -   | (665)           | (665)         |
| Deferred tax not recognised  | (125)   | 209             | 84            | 39  | 200             | 239           |
| <b>Tax charge</b>  | -   | -               | -             | -   | -               | -             |

Explanatory Notes to the Unaudited  
Condensed Financial Statements  
(continued)

**3 Taxation (continued)**

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

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 2023 |                 |               | Unaudited 6 months ended<br>30 September 2022 |                 |               | Audited year ended<br>31 March 2023 |                 |               |
|--|---|-----------------|---------------|---|-----------------|---------------|-------------------------------------|-----------------|---------------|
|  | 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 2024 of 2.0p (2023: 2.0p) per ordinary share | 638   | 4,178           | 4,816         | -   | 3,725           | 3,725         | -                                   | 3,725           | 3,725         |
| Second interim dividend for the year ended 31 March 2023 of 5.0p per ordinary share        | -   | -               | -             | -   | -               | -             | -                                   | 3,736           | 3,736         |
| Third interim dividend for the year ended 31 March 2023 of 2.0p per ordinary share         | -   | -               | -             | -   | -               | -             | 127                                 | 8,296           | 8,423         |
|  | <b>638</b>                                    | <b>4,178</b>    | <b>4,816</b>  | -   | 3,725           | 3,725         | 127                                 | 15,757          | 15,884        |
| Proceeds from shares allotted under DRIS   |   |                 | (1,038)       |   |                 | (862)         |                                     |                 | (3,704)       |
| Dividends paid in the Statement of Cash Flows  |   |                 | <b>3,778</b>  |   |                 | 2,863         |                                     |                 | 12,180        |

The interim dividend of 2.0 pence per ordinary share was paid on 28 July 2023 to shareholders on the register as at 30 June 2023.

A second interim dividend of 2.0p per ordinary share, amounting to approximately £4.8 million, has been announced. This dividend has not been recognised in these half year financial statements as the obligation did not exist at the balance sheet date.

**5 Basic and Diluted Earnings per Ordinary Share**

The basic and diluted earnings per ordinary share is based on the profit after tax attributable to equity shareholders of £2,179,000 (30 September 2022: £2,425,000) and 240,246,488 (30 September 2022: 186,454,862) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The basic and diluted revenue earnings (loss) per ordinary share is based on the revenue profit attributable to equity shareholders of £903,000 (30 September 2022: loss of £22,000) and 240,246,488 (30 September 2022: 186,454,862) 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 £1,276,000 (30 September 2022: £2,447,000) and 240,246,488 (30 September 2022: 186,454,862) ordinary shares being the weighted average number of ordinary shares in issue during the period.

During the period the Company allotted 53,559,905 new ordinary shares in respect of the 2022/23 fundraising and 1,270,231 new ordinary shares in respect of its DRIS.

The Company has also repurchased 1,517,931 of its own shares in the period and these shares are held in the capital reserve. The total of 23,525,696 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 2023, 31 March 2023 and 30 September 2022.

## 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 (2022: 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 2022.

## 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 2023, 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 2023 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                                   | 73,515                                     | 4,676  | 78,191                       |
| Opening valuation gain (loss)                  | 49,846                                     | (631)  | 49,215                       |
| <b>Opening fair value at 1 April 2023</b>      | <b>123,361</b>                             | <b>4,045</b>                                     | <b>127,406</b>               |
| Additions at cost                              | 6,039                                      | -  | <b>6,039</b>                 |
| Disposal proceeds                              | (1,668)                                    | (147)  | <b>(1,815)</b>               |
| Net profit (loss) on disposals*                | 9  | (6)  | <b>3</b>                     |
| Change in fair value                           | 2,228                                      | (272)  | <b>1,956</b>                 |
| Foreign exchange gain                          | 324  | -  | <b>324</b>                   |
| <b>Closing fair value at 30 September 2023</b> | <b>130,293</b>                             | <b>3,620</b>                                     | <b>133,913</b>               |
| Closing cost                                   | 77,041                                     | 4,475  | 81,516                       |
| Closing valuation gain (loss)                  | 53,252                                     | (855)  | 52,397                       |
| <b>Closing fair value at 30 September 2023</b> | <b>130,293</b>                             | <b>3,620</b>                                     | <b>133,913</b>               |

\* The net profit on disposals in the table above is £3,000 whereas that shown in the Statement of Comprehensive Income is £96,000. The difference comprises deferred proceeds in respect of assets which have been disposed of in prior periods and were not included in the portfolio at 1 April 2023.

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 £6,220,000 (4.8 per cent) lower. Using the upside alternative, the value would be increased by £6,157,000 (4.7 per cent).

97 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.

3 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 2023 would have increased the net assets attributable to the Company's shareholders and the total profit by £181,000. 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 2023: 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>2023<br>£000 | Profit (loss)<br>over<br>opening<br>carrying<br>value<br>£000 |
|--|--------------------------------------|--------------|---|---|
| <b>Unquoted investments</b>  |                                      |              |   |   |
| Ncam Technologies Limited  | 1,668                                | 2,512        | 1,659   | 9   |
| <b>Total from portfolio</b>  | <b>1,668</b>                         | <b>2,512</b> | <b>1,659</b>  | <b>9</b>  |
| Listed investment funds  | 147                                  | 202          | 153   | (6)   |
| <b>Total from investment portfolio</b>   | <b>1,815</b>                         | <b>2,714</b> | <b>1,812</b>  | <b>3</b>  |
| Deferred consideration – Wakefield Acoustics<br>(via Malvar Engineering Limited) | 93                                   | -            | -   | 93  |
| <b>Total from investment portfolio</b>   | <b>1,908</b>                         | <b>2,714</b> | <b>1,812</b>  | <b>96</b>   |

The total from disposals in the table above is £1,908,000 whereas that shown in the Statement of Cash Flows is £1,508,000. 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 £198,564,000 (30 September 2022 and 31 March 2023: £158,133,000 and £157,032,000 respectively) and 240,991,484 (30 September 2022 and 31 March 2023: 186,112,757 and 187,679,279 respectively) ordinary shares in issue at 30 September 2023.

The treasury shares have been excluded in calculating the number of ordinary shares in issue at 30 September 2023.

The Company has no potentially dilutive shares and consequently, basic and diluted net asset values are equivalent at 30 September 2023, 31 March 2023 and 30 September 2022.

### 8 Total Return

Total Return per ordinary share is calculated on cumulative dividends paid of 176.9 pence per ordinary share (30 September 2022: 168.4 pence per ordinary share and 31 March 2023: 174.9 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 £0.8 million into portfolio company Force24.

In November 2023, the Company exited its investments in E2E for £2.0 million and MacroArt for £1.5 million, in line with the companies valuations at 30 September 2023.

### 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).

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**Adam Bastin**  
**Jonathan Cartwright**  
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