



BRITISH SMALLER COMPANIES VCT PLC

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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CONTENTS

Financial Overview

Financial Highlights in the Year	3
Five Year Summary	4
Financial Calendar	4
The Portfolio	5

Strategic Report

Chairman's Statement	6
Objectives and Key Policies	10
Processes and Operations	11
Key Performance Indicators	12
Portfolio Structure and Analysis	16
Investment Review	18
Case Studies	24
Portfolio Summary at 31 March 2025	26
Summary of Portfolio Movement	27
Investee Company Information	28
Risk Factors	32
Other Matters	36
Section 172 Statement	36

Corporate Governance

Directors	38
Directors' Report	39
Corporate Governance	43
Directors' Remuneration Report	52
Directors' Responsibilities Statement	55

Independent Auditor's Report

Independent Auditor's Report	56
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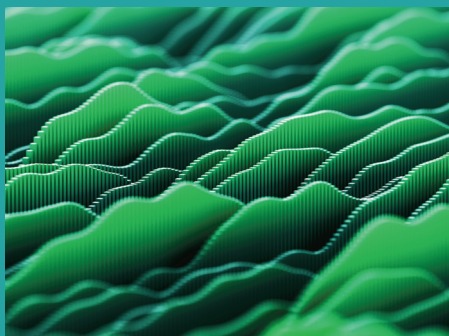
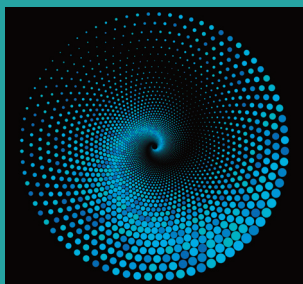
Financial Statements

Statement of Comprehensive Income	63
Balance Sheet	64
Statement of Changes in Equity	65
Statement of Cash Flows	67
Notes to the Financial Statements	68

Company Information

Notice of the Annual General Meeting	92
Advisers to the Company	

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ABOUT US

British Smaller Companies VCT plc was formed in 1996. It aims to provide investors exposure to a diversified portfolio of UK businesses that offer opportunities in the application and development of innovation in their products and services, across established and emerging industries.

**THE PORTFOLIO HAS
A VALUATION OF**

£153.4m

AS AT 31 MARCH 2025.

BRITISH SMALLER COMPANIES VCT PLC

Transforming small businesses

Manager

YFM Private Equity Limited (“the Manager”) is a wholly owned subsidiary of YFM Equity Partners LLP and is authorised and regulated by the Financial Conduct Authority.

Investment Policy

The investment strategy of British Smaller Companies VCT plc (“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. Further details of the Company's investment policy can be found in the Strategic Report on page 10.

Dividend Policy

The Board remains committed to achieving the objective, over time, of paying tax free dividends from realised investment returns. This depends upon the level of investment income and realisations that the Company is able to make or achieve in any one period and cannot be guaranteed.

The tax reliefs that are available for an investment in a Venture Capital Trust are of particular benefit for shareholders as there is no income tax payable on the dividends received, or need to declare them in a tax return.

Share Buy-Backs

Share buy-backs enable shareholders to obtain some liquidity in an otherwise illiquid market when there is a need to dispose of shares. This policy is kept under active review to ensure that any decisions taken are in the interests of shareholders as a whole. The current rate of discount at which ordinary shares will be bought back is targeted to be no more than five per cent of the latest reported net asset value.

Dividend Re-Investment Scheme (“DRIS”)

The Company operates a DRIS which gives shareholders the opportunity to re-invest any cash dividends. Currently, dividends are re-invested at the latest reported net asset value as adjusted for the relevant dividend in question if this has not already been recognised. Any dividends that are re-invested by shareholders are eligible for income tax relief at 30 per cent of the amount invested, subject to an annual investment limit of £200,000, or, if lower, the amount of a shareholder's income tax liability. The Finance Act 2014 confirmed that shares acquired at any time under dividend re-investment schemes will not impact tax relief on sales of, or subscriptions for, VCT shares, unless in the latter case it results in a breach of the £200,000 investment limit.

* Under Chapter 3 Part 6 of the Income Tax Act 2007

FINANCIAL HIGHLIGHTS IN THE YEAR

1. Total Return ("TR") is defined as an Alternative Performance Measure. The Board considers TR to be the primary measure of shareholder value; it is calculated as the total of net asset value per ordinary share plus cumulative dividends paid since inception of the Company.

The Annual Report contains a number of Alternative Performance Measures ("APMs"). APMs are financial measures that are in addition to those defined or specified in the Company's financial reporting framework.

All stated figures above and throughout the annual report exclude the impact of any tax benefits that may arise to shareholders due to the Company's status as a Venture Capital Trust.

TOTAL RETURN¹ IN THE YEAR

+2.2p

+2.5% RETURN IN THE YEAR

The Company's Total Return increased by 2.2 pence, equivalent to an annualised return of 2.5 per cent of the opening net asset value. Overall Total Return increased from 262.5 pence per ordinary share to 264.7 pence per ordinary share, which includes cumulative dividends paid of 184.15 pence per ordinary share.

REALISATION PROCEEDS

£9.1m

+£7.2M OVER COST

Realisations of portfolio investments generated total proceeds of £9.1 million, a gain of £1.0 million over the opening carrying value and £7.2 million over cost.

INVESTED IN PORTFOLIO

£29.3m

FOR 2024/2025

The Company invested capital into 17 companies during the year, of which five were new additions to the portfolio.

DIVIDENDS PAID IN THE YEAR

5.25p

YIELD OF 6.3%

Total dividends paid were 5.25 pence per ordinary share, which equates to 6.3 per cent of the opening net asset value per ordinary share.

FUNDS ALLOTTED IN THE YEAR

£50.5m

RELATING TO 2023/24 & 2024/25 TAX YEARS

The Company raised £53.8 million in 2023/24, £35.7 million of which was allotted in April 2024. A further £44.3 million was raised in 2024/25, £14.8 million of which was allotted in January 2025.

FIVE YEAR SUMMARY

	Year ended 31 March 2025	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Income £000	5,463	4,045	1,994	1,065	4,074
Profit before and after taxation £000	6,769	10,618	12,237	28,264	21,339
Net assets attributable to ordinary shares £000	257,111	219,600	157,032	159,534	110,360
Profit per ordinary share	2.21p	4.34p	6.54p	18.22p	15.38p
Dividends per ordinary share paid in the year	5.25p	4.0p	8.5p	9.0p	4.0p
Net asset value per ordinary share	80.55p	83.6p	83.7p	85.7p	75.8p
Total Return per ordinary share ¹	264.70p	262.5p	258.6p	252.1p	233.2p
Increase in Total Return per ordinary share ¹	2.2p	3.9p	6.5p	18.9p	15.3p
Annualised return ¹	2.5%				
Cumulative 3 year increase in Total Return per ordinary share ¹	12.6p				
Annualised 3 year return ¹	5.6%				
Cumulative 5 year increase in Total Return per ordinary share ¹	46.8p				
Annualised 5 year return ¹	14.0%				

1. These are Alternative Performance Measures. The Board considers Total Return to be the primary measure of shareholder value. The annualised return comprises the cumulative dividends paid plus the NAV at 31 March 2025, compared to the NAV at the beginning of the relevant period.

FINANCIAL CALENDAR

Results announced	13 June 2025
Shareholder workshop	19 June 2025
Ex-dividend date	26 June 2025
Record date	27 June 2025
DRIS Election date	11 July 2025
Dividend paid	25 July 2025
Annual General Meeting	9 September 2025

THE PORTFOLIO

 arcus global	 AutomatePro Let's make progress	 B2M TM SOLUTIONS ANALYTICS. INSIGHT. RESULTS.	 Biorelate
 DrDoctor	 EIKON	 Elucidat	 Force24 TM
 FRESCOBOL CARICA RIO DE JANEIRO	 Fuuse	 GEEIQ	 intamac Making Connections
 INTEGRUM ESG	 KeTech Better Informed Journeys	 MATILLION	 ohalo
 outpost	 panintelligence	 Plandek	 QualityClouds SaaS by Nature, Quality by Design
 Relative INSIGHT	 sipsynergy	 S4labour	 SharpCloud
 SpotlessWater	 Summize	 STORMHARVESTER	 TeraView
 TONKOTSU	 Unbiased.co.uk	 VUEALTA	 Vypr.
 WOOSHII	 Work Buzz	 xapien ^{AI}	

CHAIRMAN'S STATEMENT

I am pleased to present the 2025 annual report and financial statements of British Smaller Companies VCT plc (the "Company"). The Company is successfully navigating the evolving market dynamics and has continued to achieve positive performance in investing in and supporting early-stage UK businesses.

During the financial year, the UK saw a change of government, with Labour returning to power and promising a focus on growth. The political stability, combined with inflation coming under control and a reduction in interest rates, should be seen as positive indicators for the UK economy and long-term investment, although annual GDP growth rates remain subdued.

At a global level, there continue to be changes in the geopolitical landscape. A significant number of countries held elections in 2024, with many of these seeing a change in government. Conflicts in Ukraine and the Middle East have continued to impact the global agenda, as has the commencement of President Trump's second term in office. Announcements and opinions relating to the US's tariff policies are extensive and well-documented and there remains ongoing market uncertainty as we move into the Company's new financial year.

Developments in Artificial Intelligence ("AI") are coming through at significant speed. AI is increasingly pervasive, with businesses finding a growing number of ways to use AI applications to improve their operations and, where relevant, incorporating it into the products and services they offer. This wave of technological advancement will continue to build momentum in the years ahead: understanding and managing the associated risks and opportunities presented by AI for the Company and its portfolio businesses will be an important factor in the future delivery of the Company's objectives.

Despite this combination of varying degrees of domestic and global volatility and technological change, the Company has performed positively, generating an annualised 2.5 per cent return on its opening net asset value in the year.

There are several factors contributing to this performance: 23 out of the 26 portfolio companies valued on a revenue basis have shown positive revenue growth over the last 12 months, with eight of these delivering growth of over 40 per cent. Nevertheless,

there have been a small number of portfolio businesses where performance issues have affected the valuation. As you would expect, the Company's Manager, YFM Private Equity Limited, is heavily involved with the investee businesses, supporting them to face challenges and pursue growth opportunities.

The Company had a busy year for investment activity, with £29.3 million deployed in the year. Five new companies were added to the portfolio, while the Company provided follow-on funding to 12 existing holdings. It remains the Company's strategy to "back its winners" and shareholders should expect to see this approach of investing follow-on capital to help to accelerate future growth continuing in future years.

Despite the current market conditions making it difficult to deliver the realisation of portfolio assets, the Company has benefited from the successful exit of two investee businesses in the period.

Financial Performance

In 2025, the Company delivered a 2.2 pence per ordinary share increase in Total Return which, as noted above, is equivalent to an annualised 2.5 per cent of the opening net asset value at 31 March 2024. Total Return is now 264.7 pence per ordinary share.

The portfolio drove the positive performance, generating a return of £6.6 million, 5.2 per cent over its opening value: £1.0 million of the return arose from realised investments and £5.6 million from unrealised investments.

Realisations in the Year

There were two realisations in the year: ACC Aviation and Traveltek. These exits generated proceeds of £9.1 million, and delivered a £1.0 million gain over the year's opening carrying value and £7.2 million over the original cost.

In October 2024 the Company realised its investment in Traveltek, receiving £2.6 million in initial proceeds, with additional deferred consideration of £0.6 million anticipated to be received over the next year. Including the deferred consideration, the Traveltek investment has generated an overall return of £4.3 million, a 2.5x return on the original cost of £1.7 million. £0.6 million of deferred proceeds have been recognised at the year-end.

In February 2025, the Company sold its investment in ACC Aviation for initial cash consideration of £4.7 million, plus potential deferred consideration of £2.3 million, of which £1.7 million has been recognised at the end of the year. The ACC investment has generated an overall return of £10.0 million to date, a 4.8x return on the original cost of £2.1 million. Including deferred consideration, proceeds have the potential to rise to £12.3 million, and the return to 5.9x.

In the year the Company also recognised a net loss of £0.5 million relating to deferred consideration previously recognised from investments realised in prior years. These deferred consideration proceeds were contingent rather than guaranteed with one holding realising a £0.1 million gain and another realising a £0.6 million loss against the previous holding value.

Investment Activity

The Company invested £29.3 million in the year into the portfolio. £10.7 million was deployed into five new investments.

The new investments are:

Investment	Sector
Fuuse	Electric vehicle charge point management system
Spotless Water	Ultra-pure water distribution network
Ohalo	Unstructured data governance platform
Integrum ESG	A specialist ESG ratings and analytics platform
Stormharvester	An AI platform for wastewater utilities

In our continued support of the portfolio, 12 companies received follow-on funding, totalling £18.6 million in aggregate. Further details are given in the Investment Review on page 19.

Financial Results

The movement in net asset value ("NAV") per ordinary share and the dividends paid in the year are set out in the table below:

	Pence per ordinary share	£000
NAV at 31 March 2024	83.60	219,600
Increase in value	1.80	5,656
Gain on disposal of investments	0.30	965
Net underlying change in investment portfolio	2.10	6,621
Net operating income	0.05	148
Total Return in period	2.15	6,769
Issue/buy-back of new shares	0.05	46,591
NAV before the payment of dividends	85.80	272,960
Dividends paid	(5.25)	(15,849)
NAV at 31 March 2025	80.55	257,111
Cumulative dividends paid	184.15	
Total Return: at 31 March 2025	264.70	
at 31 March 2024	262.50	

CHAIRMAN'S STATEMENT (CONTINUED)

The charts on page 12 show the movement in Total Return and Net Asset Value over time in greater detail.

The portfolio investments held at the beginning of the financial year, amounting to £126.6 million, delivered a return over the year of £7.1 million.

The current portfolio's net valuation increased by £5.6 million. Within this there were gains of £17.8 million, offset by £12.2 million of downward movements.

Treasury

Due to the nature of its structure, a proportion of the Company's net assets will be held in cash and cash equivalents at any point in time. The Company has taken an active approach to generating a good return on liquid funds, whilst remaining focused on the primary goal of capital preservation.

A portion of the Company's liquid assets are held across a diversified range of Triple-A rated money market funds, managed by global institutions, while the balance is held as readily accessible cash, all of which is held at Tier 1 Financial Institutions (A2 rated or above).

In the year, the Company generated a return of £4.8 million on its liquid assets, and at year-end was generating a weighted run-rate return on these assets of around 4.2 per cent per annum.

Dividends

Dividends paid in the year totalled 5.25 pence per ordinary share. These comprised interim dividends of 4.0 pence per ordinary share and a special dividend of 1.25 pence per ordinary share. Cumulative dividends paid as at 31 March 2025 were 184.15 pence per ordinary share.

An interim dividend for the year ending 31 March 2026 of 2.0 pence per ordinary share will be paid on 25 July 2025, to shareholders on the register at 27 June 2025.

Dividend Re-investment Scheme ("DRIS")

The Company operates a DRIS, which gives shareholders the opportunity to re-invest any cash dividends received; it is open to all shareholders, including those who invested under the recent offers. The main advantages of the DRIS are:

- 1 the dividends remain tax free; and
- 2 any DRIS investment attracts income tax relief at the rate of 30 per cent.

For the financial year ended 31 March 2025, £2.9 million was re-invested by way of the DRIS, from overall dividends paid of £15.8 million.

Regulatory Developments

During the period, the process of extending the Venture Capital Trust regime to 2035 was completed by the Government, with the underlying regulations brought into force. As part of the Budget on 30 October 2024, Chancellor Rachel Reeves noted this extension as a sign of the Government's commitment to supporting growth and entrepreneurship. 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 from HMRC where there is an element of uncertainty over the application of the rules.

Fundraising

During the year the Company received net proceeds of £35.7 million from the second allotment of its 2023/24 fundraising, allotted in April 2024; and £14.8 million from the first allotment of its 2024/25 fundraising, allotted in January 2025.

Shareholder Relations

Investor Workshop

The annual shareholder workshop held on 20 June 2024 was well attended. Attendees heard from Steve Frost, CEO of Workbuzz, and Scott Morris, Managing Director of Displayplan.

We are pleased to confirm that the next in-person shareholder workshop will be held jointly with British Smaller Companies VCT2 plc on 19 June 2025 at 30 Euston Square, London NW1 2FB.

The electronic communications policy continues to be a success, with 82 per cent of shareholders now receiving communications in this way. Documents such as the annual report are published on the website www.bscfunds.com rather than by post, saving on printing costs, as well as being more environmentally friendly.

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

Annual General Meeting

The Annual General Meeting of the Company will be held at 12:00 pm on 9 September 2025 at 8-10 Hill Street, London W1J 5NG. Full details of the agenda for this meeting are included in the Notice of the Annual General Meeting on page 92.

Events after the Balance Sheet Date

On 1 April 2025 the Company allotted the final shares from its fully subscribed 2024/25 share offer. Gross proceeds of £30.5 million were raised, resulting in the issue of 36,799,582 ordinary shares. This increased the number of ordinary shares in issue to 355,978,239.

Subsequent to the year end, the Company has invested £2.4 million into new portfolio company S4labour, and £0.4 million into existing portfolio company Force24.

Outlook

The economic conditions noted at the start of my statement have contributed to a greater sense of uncertainty in the broader market. Nevertheless, as the Company moves into its new financial year shareholders should be comforted by the positive trends within many of the underlying portfolio companies.

Indeed, it can often be the case at this point in the economic cycle that technology-led companies with a differentiated product or service, such as many of those in the Company's portfolio, are able to disrupt existing third-party customer-supplier relationships and succeed in growing their market share in a way that can be harder to achieve in more stable and potentially prosperous economic times. Building solid foundations in their markets in their environment will leave those companies well-positioned for further growth when the economic outlook is more positive.

The Company's investee businesses typically target sales into national and international enterprises and, despite macroeconomic conditions prompting some existing or potential customers to review costs and tighten expenditure, the Company has seen positive growth rates from its performing holdings, often reflecting the strength of the investee's underlying proposition and their own market opportunity. It is our hope and expectation that this will continue in the new financial year, with a number of businesses in the portfolio starting to show meaningful progress and significant potential.

Accelerating the success of the performing investments held in the portfolio, through a combination of providing access to follow-on growth capital and to the Manager's long-standing expertise in portfolio management, is at the heart of what the Company strives to do. It remains the Company's mission to support the development of young British businesses, which can deliver positive outcomes to their shareholders, employees and customers and also to wider society. Venture Capital Trusts were created with this purpose at their core and the Company and its shareholders can be proud of the contribution that has been made over many years.

The strong fundraising seen over this period will enable the Company to continue to add new businesses to the portfolio, whilst also providing further investment into the existing holdings. On behalf of the Board, I would like to thank shareholders for their support and we look ahead to the new year with optimism.



Rupert Cook
Chairman

13 June 2025

OBJECTIVES AND KEY POLICIES

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 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.

Borrowing

The Company does not borrow and has no borrowing facilities, choosing to fund investments from its own resources.

Co-investment

British Smaller Companies VCT plc and British Smaller Companies VCT2 plc (together "the VCTs") typically co-invest in investments, allocating such investments 60 per cent to the Company and 40 per cent to British Smaller Companies VCT2 plc. However, the Board of the Company has discretion as to whether or not to take up its allocation; where British Smaller Companies VCT2 plc does not take its allocation, the Board may opt to increase the Company's allocation in such opportunities.

The VCTs may invest alongside co-investment funds managed by YFM, the Manager of the VCTs. The VCTs have first priority on all equity investment opportunities meeting the VCT qualifying criteria. Non-VCT qualifying investments are allocated to YFM's co-investment funds.

Asset Mix

Cash which is pending investment in VCT-qualifying securities is held in money market funds and interest bearing instant access and short-notice bank accounts.

Remuneration Policy

The Company's policy on the remuneration of its directors, all of whom are non-executive, can be found on page 52.

Other Key Policies

Details of the Company's policies on the payment of dividends, the DRIS and the buy-back of shares are given on page 2. In addition to these, details of the Company's anti-bribery and environmental and social responsibilities policies can be found on page 37.

PROCESSES AND OPERATIONS

The Manager is responsible for the sourcing and screening of investment opportunities, carrying out suitable due diligence investigations and making submissions to the Board regarding potential investments.

Post investment, the Manager works with the businesses and management teams in which the Company is invested, monitoring progress, effecting change and, where applicable, redefining strategies with a view to maximising values through structured exit processes.

The Board regularly monitors the performance of the portfolio and the investment requirements set by the relevant VCT legislation. Reports are received from the Manager regarding the trading and financial position of each investee company and experienced members of the Manager regularly attend the Company's Board meetings. Monitoring reports on compliance with VCT regulations are also received at each Board meeting so that the Board can monitor that the Venture Capital Trust status of the Company is maintained and take corrective action if appropriate. Monitoring reports carrying out an independent review of this compliance are received twice a year.

The Board reviews the terms of YFM Private Equity Limited's appointment as Manager on a regular basis.

YFM Private Equity Limited has performed investment advisory or management, administrative and secretarial services for the Company since its inception on 28 February 1996. The principal terms of the agreement under which these services are performed are set out in note 3 to the financial statements.

In the opinion of the directors, the continuing appointment of YFM Private Equity Limited as Manager is in the interests of the shareholders as a whole, in view of its experience in managing venture capital trusts and in making, managing and exiting investments of the nature falling within the Company's investment policies.

KEY PERFORMANCE INDICATORS

Total Return

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.

Further explanation is given under the heading ‘Financial Performance’ on page 6.

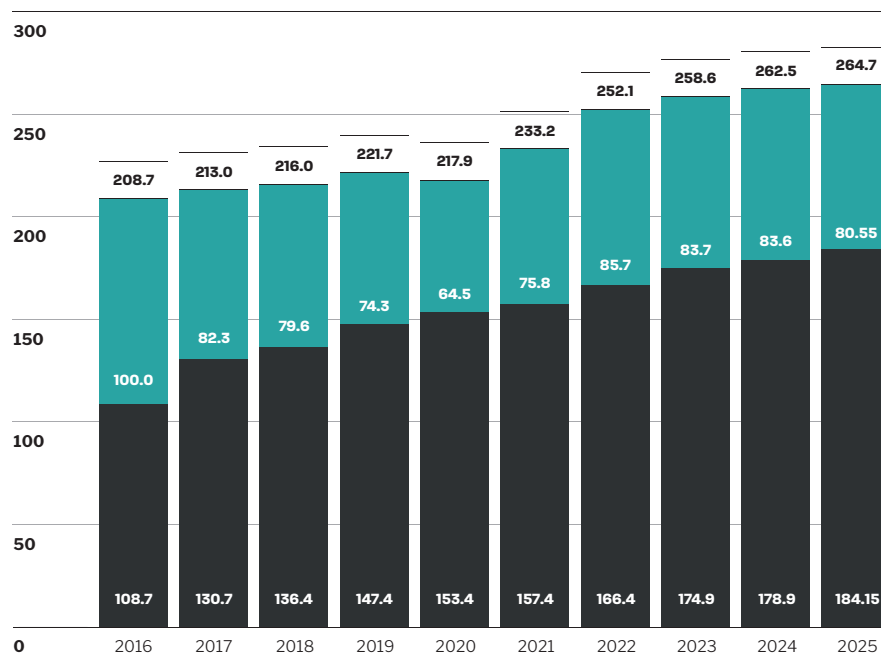
All returns are shown as pence per share (“pps”).

TOTAL RETURN (as at 31 March)

The chart below shows how the Total Return of your Company has developed over the last ten years.

The evaluation of comparative success of the Company's Total Return is by way of reference to the Share Price Total Return for an index of VCTs that are members of the AIC (based on figures provided by Morningstar). This is the Company's stated benchmark index. A comparison and explanation of the calculation of this return is shown in the Directors' Remuneration Report on page 54.

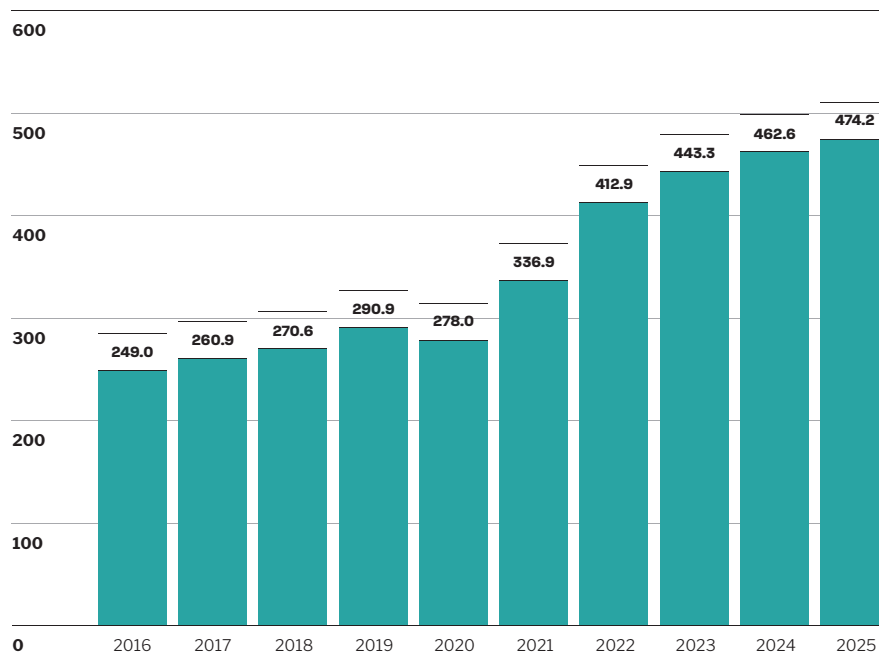
- Total Return (pps)
- NAV (pps)
- Cumulative Dividends (pps)



TOTAL RETURN WITH DIVIDEND RE-INVESTMENT SCHEME (as at 31 March)

The chart 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.

- Total Return (pps)

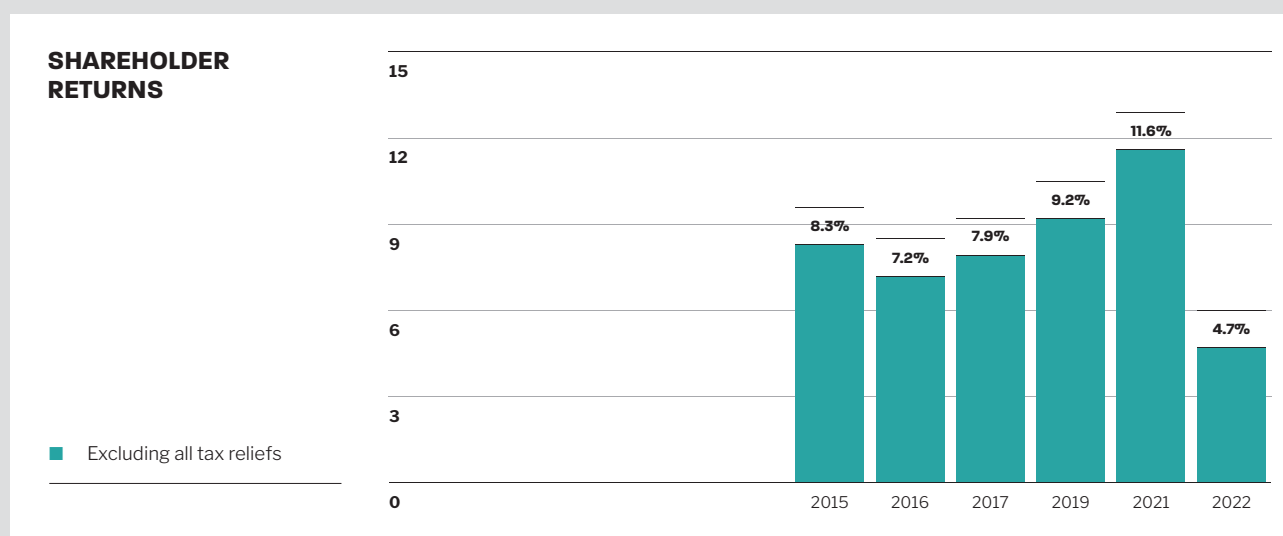


Shareholder Returns

The Board considers Total Return to be the primary measure of shareholder value. The Internal Rate of Return (the "IRR") from the offers over the last ten years are set out below. IRR, which is an Alternative Performance Measure, is a key metric used to assess the potential profitability of an investment, a higher IRR indicates a more profitable investment. More specifically, IRR is the annual rate of return that equates the cost at the date of the original investment, with the value of subsequent

dividends plus the audited 31 March 2025 Net Asset value ("NAV"). This excludes the benefit of any initial tax relief.

The IRRs shown are based on fundraisings and offer prices during the relevant calendar year whilst the second graph below shows specific financial periods to 31 March 2025. Note, as VCTs are long term investments it is too soon to give meaningful returns for the fundraisings in 2023 and 2024.



Set out below is the annualised return over 10, 5, 3 and 1 years to 31 March 2025. The annualised return is calculated with reference to the cumulative dividends paid in the period plus the audited NAV at 31 March 2025, compared to the NAV at the beginning of the relevant period.



KEY PERFORMANCE INDICATORS (CONTINUED)

Expenses

Ongoing Charges

The Ongoing Charges figure, as calculated in line with the AIC recommended methodology, is used by the Board to monitor expenses. This figure shows shareholders the costs of the Company's recurring operational expenses, expressed as a percentage of the average net asset value. Whilst based on historical information, this provides an indication of the likely level of costs that will be incurred in managing the Company in the future.

	Year to 31 March 2025 (%)	Year to 31 March 2024 (%)
Ongoing Charges figure*	1.75	1.85

* Alternative Performance Measure

Shareholders benefit from the Company's agreement with the Manager to pay a lower level of management fee of 1 per cent on surplus cash. The Company's ongoing charges ratio is one of the lowest in the VCT industry.

Expenses Cap

The total costs incurred by the Company in the year (excluding any performance related fees, trail commission payable to financial intermediaries and VAT) is capped at 2.9 per cent of the total net asset value as at the relevant year end. The treatment of costs in excess of the cap is described in note 3 on page 73. There was no breach of the expenses cap in the current or prior year.

Compliance with VCT Legislative Tests

A principal risk facing the Company is the retention of its VCT qualifying status. The Board receives regular reports on compliance with the VCT legislative tests from the Manager. In addition, the Board receives formal reports from its VCT Tax Adviser (Philip Hare & Associates LLP) twice per year. The Board can confirm that during the period, all of the VCT legislative tests have been met.

Under Chapter 3 Part 6 of the Income Tax Act 2007, in addition to the requirement for a VCT's ordinary share capital to be listed in the Official List on a European regulated market throughout the period, there are further specific tests that VCTs must meet following the initial three-year provisional period.

Income Test

The Company's income in the period must be derived wholly or mainly (70 per cent) from shares or securities.

Retained Income Test

The Company must not retain more than 15 per cent of its income from shares and securities.

Qualifying Investments Test

At least 80 per cent by value of the Company's investments must be represented throughout the period by shares or securities comprised in Qualifying Investments of investee companies.

For shares issued in accounting periods beginning on or after 6 April 2018, at least 30 per cent of those share issues must be invested in Qualifying Investments of investee companies by the anniversary of the accounting period in which those shares are issued.

Eligible Shares Test

At least 70 per cent of the Company's Qualifying Investments must be represented throughout the period by holdings of non-preferential shares.

Investments made before 6 April 2018 from funds raised before 6 April 2011 are excluded from this requirement.

At least 10 per cent of the Company's total investment in each Qualifying Investment must be in eligible shares.

In addition, monies are not permitted to be used to finance buy-outs or otherwise to acquire existing businesses or shares.

Investment Limits

There is an annual limit for each investee company which provides that they may not raise more than £5 million of state aided investment (including from VCTs) in the 12 months ending on the date of each investment (£10 million for Knowledge Intensive Companies).

There is also a lifetime limit that a business may not raise more than £12 million of state aided investment (including from VCTs); the limit for Knowledge Intensive Companies is £20 million.

Maximum Single Investment Test

The value of any one investment must not, at any time in the period, represent more than 15 per cent of the Company's total investment value. This is calculated at the time of investment and updated should there be further additions; as such, it cannot be breached passively.

The Board can confirm that during the period, all of the VCT legislative tests set out above have been met, where required.

Further restrictions placed on VCTs are:

Dividends from Cancelled Share Premium

The Finance Act 2014 introduced a restriction with respect to the use of monies in respect of VCTs. In particular, no dividends can be paid out of share capital or cancelled share premium arising from shares allotted on or after 6 April 2014 until at least three full financial years have elapsed from the date of allotment.

In October 2022 the Company cancelled the balance of its share premium account, £63.6 million, of which £62.1 million is now distributable. The remaining £1.5 million will become distributable from 1 April 2026, as set out on page 66.

The Company is recommending resolutions at the forthcoming Annual General Meeting relating to the cancellation of the Company's share premium account, and the reduction in the nominal value of the Company's issued share capital. If approved, the resolutions will create c.£169.9 million of additional distributable reserves over the next four years, as set out on page 66. There is no dilution to shareholders interest from the resolutions.

Other

No more than seven years can have elapsed since the first commercial sale achieved by the business (ten years in the case of a Knowledge Intensive Company), unless:

- a. The business has previously received an investment from a source that has received state aid; or
- b. The investment comprises more than 50 per cent of the average of the previous five years' turnover and the funds are to be used in the business to fund growth into new product markets and/or new geographies.

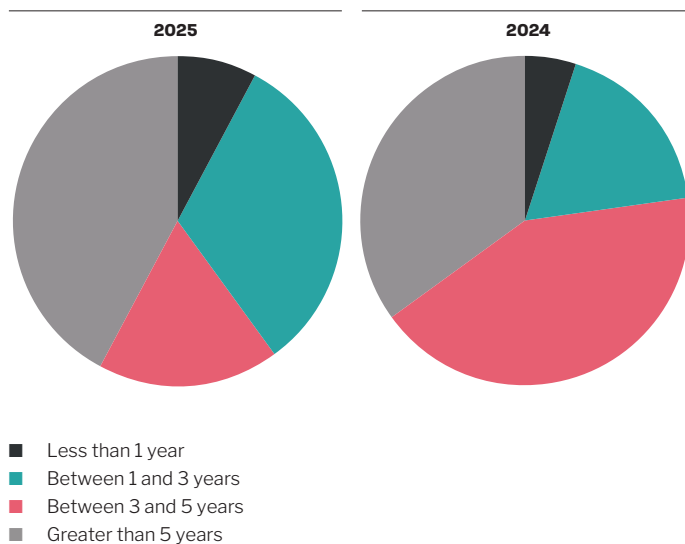
Wherever possible, the Company self-assures that an investment is a Qualifying Investment, subject to the receipt of professional advice.

PORTFOLIO STRUCTURE AND ANALYSIS

Portfolio Structure

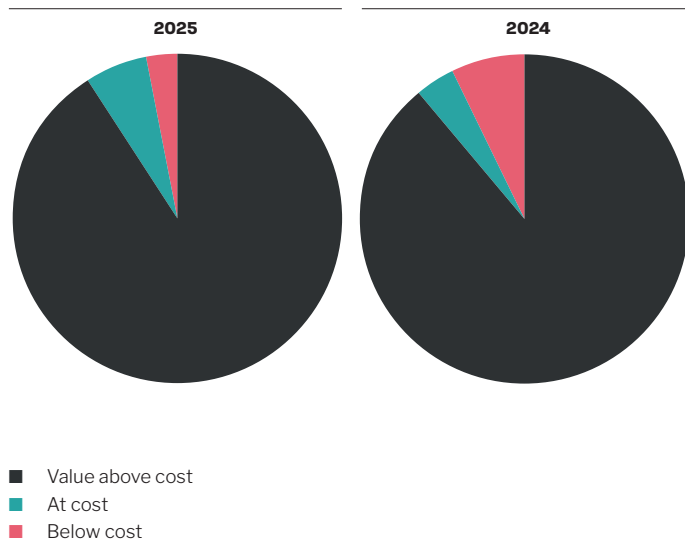
The broad range of the portfolio is illustrated below, with 42 per cent of the portfolio valuation being held for more than five years, while 97 per cent is valued at cost or above. 4 per cent of the portfolio value is held in loans and preference shares, and loans account for only 2 per cent of the value.

AGE OF INVESTMENTS (%)



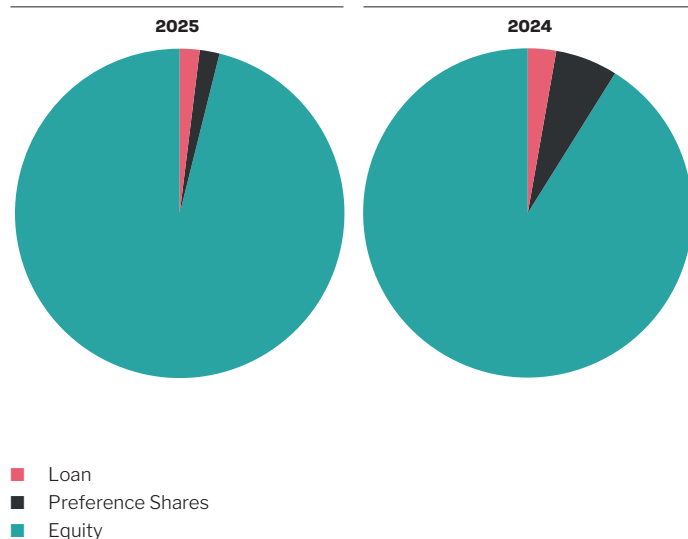
	2025	2024
Less than 1 year	8%	5%
Between 1 and 3 years	32%	18%
Between 3 and 5 years	18%	42%
Greater than 5 years	42%	35%
Total	100%	100%

VALUE COMPARED TO COST (%)



	2025	2024
Value above cost	91%	89%
At cost	6%	4%
Value below cost	3%	7%
Total	100%	100%

INVESTMENT INSTRUMENT (%)

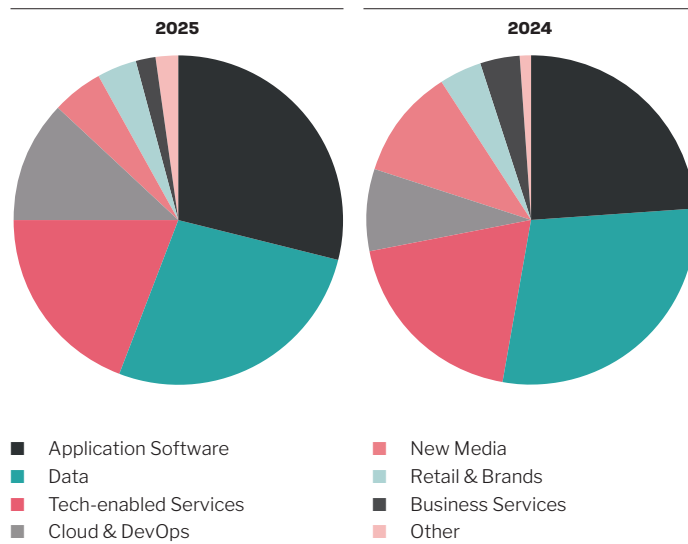


	2025	2024
Loan	2%	3%
Preference shares	2%	6%
	4%	9%
Equity	96%	91%
Total	100%	100%

Portfolio Analysis

Also included below is a profile of the portfolio by industry sector.

INDUSTRY SECTOR (%)



	2025	2024
Application Software	29%	24%
Data	27%	29%
Tech-enabled Services	19%	19%
Cloud & DevOps	12%	8%
New Media	5%	11%
Retail & Brands	4%	4%
Business Services	2%	4%
Other	2%	1%
Total	100%	100%

INVESTMENT REVIEW

THE PORTFOLIO

£153.4m

(2024: £126.6m)

Fair value of the portfolio

29

(2024: 25)

Number of portfolio companies
with a value of more than £1.0 million

£0.7m

(2024: £1.1m)

Income from the portfolio in the year

£29.3m

(2024: £9.1m)

Level of investment in the year

£7.1m

(2024: £10.6m)

Return from the portfolio in year

The portfolio showed robust performance in the year, adding £7.1 million of value on the opening fair value of £126.6 million. The composition of investments continues to show its dynamism, with £29.3 million invested in the period and proceeds of £9.1 million recognised.

The movements in the investment portfolio are set out in Table A below:

Table A
Investment Portfolio

	Total £million
Opening fair value at 1 April 2024	126.6
Additions	29.3
Disposal proceeds	(9.6)
Valuation movement	7.1
Closing fair value at 31 March 2025	153.4
Accrued income	1.1
Financial assets - investments	154.5

At 31 March 2025 the portfolio was valued at £153.4 million, representing 59.7 per cent of net assets (57.6 per cent at 31 March 2024). Cash and cash equivalents at 31 March 2025 of £100.0 million represented 38.9 per cent of net assets (40.9 per cent at 31 March 2024).

Fair Value Changes

Table B
Gain from Investment Portfolio

	£million
Gain in fair value from the portfolio	5.6
Gain on disposal over opening value from the portfolio	1.5
Gain arising from the portfolio	7.1
Deferred consideration from prior year realisations	(0.5)
Gain arising from the investment portfolio	6.6

Of the £6.6 million gain in the year, £1.0 million arose from investments which were realised, including deferred consideration recognised from investments realised in prior years. Further details can be found in the Chairman's Statement and note 7 to the financial statements.

The ongoing portfolio delivered a net value gain of £5.6 million in the year. It is pleasing to see the fair value increases arising across a range of companies, including tech-focused businesses such as Summize, Vypr, AutomatePro, SharpCloud and Xapien.

Some decreases in value have been seen, notably in Wooshii and Outpost where the Manager continues to work closely with each company's management to navigate their current challenges. In addition, the value of Matillion was reduced due to currency movements and the effect on revenues of migrating the customer base across to the new version of its product.

Other Significant Investment Movements

Investments

During the year ended 31 March 2025, the Company invested £29.3 million across 17 companies.

Five new companies were added to the portfolio, receiving aggregate investment of £10.7 million; while a further £18.6 million was invested across 12 existing portfolio companies. The analysis of these investments is shown in Table C. The case studies on pages 24 and 25 give more information on the investments in Summize and Vypr.

Table C
Investments

Company	Investments made		Total £million
	New £million	Follow-on £million	
Xapien	-	4.4	4.4
Fuuse	3.0	-	3.0
Vypr	-	2.4	2.4
Spotless Water	2.2	-	2.2
Workbuzz	-	2.1	2.1
Stormharvester	2.1	-	2.1
Quality Clouds	-	1.9	1.9
AutomatePro	-	1.8	1.8
DrDoctor	-	1.8	1.8
Integrum	1.7	-	1.7
Ohalo	1.7	-	1.7
Plandek	-	1.5	1.5
SharpCloud	-	0.8	0.8
Biorelate	-	0.7	0.7
Summize	-	0.7	0.7
Wooshii	-	0.3	0.3
Relative Insight	-	0.2	0.2
Portfolio	10.7	18.6	29.3

INVESTMENT REVIEW (CONTINUED)

Disposal of Investments

As set out in Table D below, during the year to 31 March 2025 the Company recognised proceeds from disposals of £9.1 million, a net gain of £1.0 million over the opening carrying value at the beginning of the year, and an overall net gain of £7.2 million over cost. This included the successful realisations of ACC Aviation and Traveltek. Further details are given in the Chairman's Statement on pages 6 and 7.

Table D
Disposal of Investments

	Net proceeds from sale of investments £million	Opening value 31 March 2024 £million	Gain/ (loss) on opening value £million
Portfolio	9.6	8.1	1.5
Deferred consideration	(0.5)	-	(0.5)
Total investment disposals	9.1	8.1	1.0

Further analysis of all investments sold in the year can be found in note 7 to the financial statements on page 78.

Investment Portfolio Composition

As at 31 March 2025, the portfolio was valued at £153.4 million, comprising wholly of unquoted investments. An analysis of the movements in the year is shown on page 78.

The portfolio has 29 investments valued above £1.0 million, with the single largest investment, Matillion, representing 9.0 per cent of the NAV.

The charts on pages 16 and 17 show the diversity of the portfolio, split by industry sector, investment instrument, age of investment and the valuation compared to cost.

Under VCT legislation, it is not possible to deposit funds for longer than seven days, which means that cash deposits must be available on very short notice. The Company takes an active approach to cash management, whilst pursuing its primary aim of capital preservation. This is effected through (i) the use of a pool of money market funds, which can be converted back to cash with immediate notice; and (ii) cash deposits held with Tier 1 banking institutions. £4.8 million of income was earned from money market funds

and bank deposits during the year. At 31 March 2025, the Company was achieving a weighted average return on liquid assets of 4.2 per cent. This rate had reduced to 4.0 per cent at 31 May 2025, moving commensurately with UK base rates.

Valuation Policy

Unquoted investments are valued in accordance with both IFRS 13 'Fair Value Measurement' and International Private Equity and Venture Capital Guidelines (IPEV Guidelines).

Initially, at the first quarter-end following investment, investments are valued at the price of the funding round; following this, the valuation switches to a new primary basis for all subsequent periods.

The valuation methodology applied depends upon the facts and circumstances of each individual investment. This may be with reference to revenue multiples, earnings multiples, net assets, discounted cash flows or calibrated from the price of the most recent investment.

The full valuation policy is set out in note 1 on pages 69 and 70.

Table E below shows the value of investments within each valuation category as at 31 March 2025; no investments are valued using discounted cash flow methodologies.

With continued investment in earlier stage businesses that are investing for growth, the majority of valuations continue to be based on revenue multiples.

Table E
Valuation Policy

	Valuation £million	2025 % of portfolio by value	2024 % of portfolio by value
Revenue multiple	140.0	91	91
Earnings multiple	7.7	5	7
Cost or price of recent investment, reviewed for change in fair value	3.1	2	-
Net assets, reviewed for change in fair value	2.4	2	2
Sale proceeds	0.2	-	-
Total	153.4	100	100

Responsible Investment and Environmental, Social and Governance (“ESG”) Management

The Company seeks to build a broad portfolio of investments in early-stage companies focused on growth, with the additional aim of building better businesses that are ultimately more sustainable.

In order to deliver more sustainable businesses, and to meet its commitments under the Principles for Responsible Investment (the “PRI”), the Manager has continued to develop its processes in this area.

The Manager’s approach is based on the belief that good businesses:



These aims are consistent with the Company’s financial aims because businesses which improve in these areas also strengthen their resilience and value creation potential through their increased attractiveness to customers, employees, suppliers and eventual future owners and investors.

Responsible Investment Principles

This set of principles guides the Manager’s investment process:

- > To seek to understand the ESG related impacts and risk factors of the businesses the Company invests in, aiming to enhance positive impacts and to avoid, reduce or minimise any negative impacts where possible, over an investment’s lifetime, leaving them overall better businesses;

- > To play a positive role in the investor, business and wider communities by promoting good practice in ESG management, and by being transparent in the way that investments are made and how the Manager behaves;
- > To increase focus on the challenge of climate change both as it may be affected by our investments, and as it may impact on the Manager’s portfolio companies and their resilience to possible climate change scenarios;
- > To show leadership by managing the Manager’s own business’ ESG impacts to the best of its ability; and
- > To be a proactive signatory to the PRI and to integrate its principles into the Manager’s business practices.

In line with the PRI the Manager has developed processes to help portfolio companies to improve in each of these spheres, by assessing them in terms of creating positive impacts and outcomes and preventing or minimising negative ones.

The Manager has developed and integrated the following ESG management processes:

> Pre-investment Phase:

Structured processes at the pre-investment stage to identify areas of potential ESG improvement and risk as part of the due diligence and pre-investment deliberations. Appropriate data is collected and assessed on each business against ESG criteria at the point of investment as a benchmark against which to evaluate future progress.

> Portfolio Phase:

Based on the data collected at the point of investment, at the start of the portfolio phase bespoke areas for improvement are agreed with each management team, together with consequent objectives and targets. Improvements are then monitored, measured and recorded against a set of ESG criteria using the Manager’s bespoke ESG framework. During the portfolio phase, targets are refreshed and increased focus is placed on any new issues as they become more material in the management of the company and in meeting the expectations of its stakeholders.

INVESTMENT REVIEW (CONTINUED)

ESG PERFORMANCE DATA AND REPORTING

ESG KPI data analysis

The Manager has developed its own ESG KPI data collation process, allowing it to monitor year-on-year performance and benchmark across its portfolio. This includes providing its portfolio companies with a bespoke annual Healthcheck report showing their performance across a range of ESG areas.

2024 ESG KPI Report for Investments held in the British Smaller Companies VCT funds



GROW OUR ECONOMY

- > £56 million of R&D investment during 2024
- > £108 million of export sales achieved in 2024
- > c.600 new jobs were created from date of investment to 2024, representing a 41 per cent increase



VALUING OUR PEOPLE

- > 53 per cent of portfolio companies had mental well-being programmes in place and 66 per cent held regular employee engagement surveys
- > 44 per cent of the portfolio are measuring DE&I metrics and have a policy in place
- > 44 per cent of companies had female representation at board-level, with 13 per cent having a female CEO/MD
- > 53 per cent of businesses had a designated board member with responsibility for improving ESG issues
- > 34,000 hours of non-statutory training was given to employees across the portfolio



IMPROVE OUR SOCIETY

- > 84 per cent of the portfolio provided employees with cyber-security training
- > 66 per cent of portfolio companies had a cyber accreditation or management system in place
- > on average 75 per cent of our portfolio companies rate their employees good or above
- > 84 per cent of companies were independently chaired in 2024



PROTECTING OUR ENVIRONMENT

- > 44 per cent had environmental policies in place
- > 16 per cent formally measure their carbon footprint with 13 per cent formally setting a target and strategy for achieving net zero carbon emissions
- > 9 per cent offset all or a defined portion of their carbon emissions

> Reporting:

Annual reports are produced using the Manager's ESG framework, recording the ESG KPI performance of each company and providing an overview of progress across the Manager's portfolios.

Investment Companies, such as the Company, are not within scope for reporting under the Task Force on Climate-Related Financial Disclosures (TCFD); and the Company does not use more than 40,000kWh of energy and therefore is not required to report on its energy usage within Streamlined Energy and Carbon Reporting regulations.

> Oversight and Support:

To ensure effective oversight and support, the Manager has established an ESG Committee that meets quarterly to oversee its responsible investment strategy ESG approach. Additionally, in 2024 the Manager has recruited an ESG & Sustainability Manager who works across its portfolio companies to implement ESG initiatives and encourage and share ESG best practice. The support offered includes operating a programme of events and webinars and providing ESG resources to the portfolio focused on key ESG themes, such as environmental management, diversity and inclusion, company culture, and cyber security.

Summary and Outlook

Despite increased geopolitical uncertainty and tariff threats from a change in government in the US, and subdued business confidence in the UK, there has been promising growth from portfolio companies in the year, driven by increases in underlying revenue and market multiples.

Navigating the macroeconomic headwinds, we have been encouraged by the progress made by the portfolio, with strong rates of revenue growth seen from many companies this year. Where companies are performing strongly, we have taken the opportunity to provide further funding to allow them to continue their positive progress.

Thanks to the support of shareholders the Company remains well funded to both continue to support the portfolio in this way, as well as to invest in exciting fast growing UK businesses.



Jamie Roberts

YFM Private Equity Limited

13 June 2025

CASE STUDIES



Summize

AMOUNT INVESTED

£2.6 million

THE BUSINESS AT INVESTMENT

A Manchester based SaaS contract lifecycle management ('CLM') platform streamlining contract processes for corporates.

THE INVESTMENT

Initial growth capital funding to enhance the platform and broaden the service offering while at the same time establishing a US office.

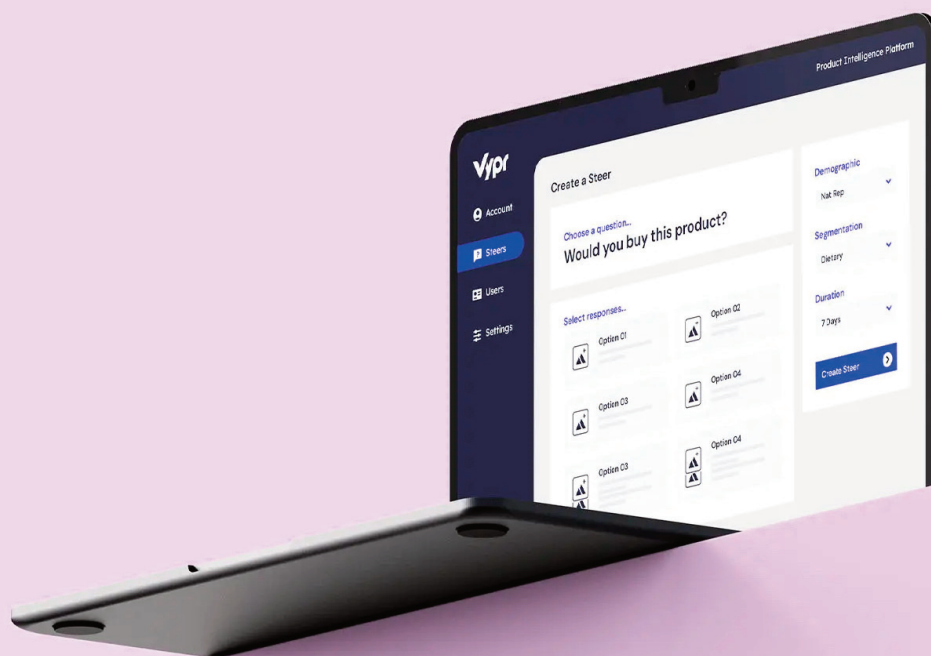
Second funding round in 2024 to further accelerate sales and marketing capabilities in the US.

RATIONALE FOR THE DEAL

A market leader in AI contract review, Summize serves over 100 businesses worldwide, including Fujifilm, Everton FC, NCC Group, Moonpig, and The Modern Milkman. The investment is aimed to support Summize's expansion into the US market and further develop its Contract Lifecycle Management (CLM) technology, capitalising on the global CLM software market's projected growth to \$3.30 billion by 2027.

SINCE INVESTMENT

Summize has established an office in Boston and is now winning over 60 per cent of new business from the US. The product has evolved from a contract review tool into a full CLM platform with integrated AI, capable of regularly winning enterprise customers and demonstrating a strong ROI.



AMOUNT INVESTED

£5.7 million

THE BUSINESS AT INVESTMENT

A Manchester based consumer insights platform providing predictable product intelligence for B2C businesses. At investment it primarily operated within New Product Development in the Food & Beverage sector but is now moving into new sectors.

THE INVESTMENT

Initial growth capital funding in 2021 sought to support the expansion of the sales & marketing function and product development.

A second funding round in 2022 sought to invest further in product development and sales capabilities.

The recent funding round in 2025 will support Vypr's international expansion as well as further product development within the new platform, Vypr Predict.

RATIONALE FOR THE DEAL

Vypr has built solid foundations in the UK Restech market, with over 250 customers including brands like Starbucks and M&S regularly using the platform to gather quick reliable consumer insights to aid their new product development. The increased demand being seen for consumer insights globally supports the rationale for scaling internationally, with the US market spend on Innovation and New Product Development being 4x larger than the UK.

SINCE INVESTMENT

Vypr has launched its new platform, Vypr Predict, in the UK and Australia and appointed a CRO International to drive sales momentum in new markets. In the past year over 20 per cent of its new business was derived from new sectors such as household and health & beauty. Recent case studies with brands like Brewdog, Yeo Valley and Wildfarmed show the pivot role Vypr is playing in shaping their product development decisions.

PORTFOLIO SUMMARY

at 31 March 2025

Page No	Name of company	Date of initial investment	Location	Industry sector	Amount invested £000	Valuation at 31 March 2025 £000	Recognised income/proceeds to date £000	Realised & unrealised value to date* £000
29	Matillion Limited	Nov-16	Manchester	Data	2,666	23,238	7,071	30,309
29	Unbiased EC1 Limited	Dec-19	London	Tech-enabled Services	5,596	13,253	-	13,253
30	Vypr Validation Technologies Limited	Jan-21	Manchester	Tech-enabled Services	5,698	10,638	-	10,638
30	Xapien (via Digital Insight Technologies Ltd)	Mar-23	London	Application Software	6,095	7,964	-	7,964
30	SharpCloud Software Limited	Oct-19	London	Data	4,380	7,952	-	7,952
30	AutomatePro Limited	Dec-22	London	Cloud & DevOps	4,025	7,222	-	7,222
31	Outpost VFX Limited	Feb-21	Bournemouth	New Media	5,750	7,123	148	7,271
31	Summize Limited	Oct-22	Manchester	Application Software	2,550	6,366	-	6,366
31	DrDoctor (via ICNH Ltd)	Feb-23	London	Application Software	5,355	6,345	-	6,345
31	Workbuzz Analytics Limited	Jun-23	Milton Keynes	Application Software	4,703	6,119	-	6,119
	Force24 Ltd	Nov-20	Leeds	Application Software	3,900	5,934	136	6,070
	Elucidat Ltd	May-19	Brighton	Application Software	4,260	5,869	647	6,516
	Quality Clouds Limited	May-22	London	Cloud & DevOps	5,821	5,867	-	5,867
	Plandek Limited	Oct-22	London	Cloud & DevOps	3,540	4,218	-	4,218
	Tonkotsu Limited	Jun-19	London	Retail & Brands	2,388	3,812	-	3,812
	Other investments £1.0 million and below				15,271	3,294	7,522	10,816
	Fuuse Limited	May-24	Lancaster	Application Software	3,000	3,000		3,000
	GEEIQ (via Checkpoint GG Limited)	Sep-23	London	Data	2,358	2,965	-	2,965
	Spotless Water Limited	Jun-24	Frimley	Business Services	2,183	2,588	-	2,588
	Biorelate Limited	Nov-22	Manchester	Application Software	2,310	2,351	-	2,351
	Stormharvester Holdings Limited	Jan-25	Belfast	Data	2,100	2,100	-	2,100
	Relative Insight Limited	Mar-22	Lancaster	Tech-enabled Services	4,380	2,065	13	2,078
	Vuealta Holdings Limited	Sep-21	London	Tech-enabled Services	3,580	2,045	4,672	6,717
	Ohalo Limited	Jun-24	London	Data	1,665	2,040	-	2,040
	Frescobol Carioca Ltd	Mar-19	London	Retail & Brands	1,800	2,033	-	2,033
	Integrum ESG Limited	Sep-24	London	Data	1,740	1,740	-	1,740
	Panintelligence (via Paninsight Limited)	Nov-19	Leeds	Data	1,500	1,500	-	1,500
	Arcus Global Limited	May-18	Cambridge	Application Software	3,075	1,410	346	1,756
	KeTech Technology Holdings Limited	Nov-15	Nottingham	Tech-enabled Services	2,000	1,315	4,059	5,374
	Teraview Limited	Apr-17	Cambridge	Advanced Manufacturing	377	1,044	-	1,044
Total unquoted investments					114,066	153,410	24,614	178,024
Full disposals to date					83,919	-	173,936	173,936
Total portfolio					197,985	153,410	198,550	351,960

* represents recognised income and proceeds received to date plus the unrealised valuation at 31 March 2025.

SUMMARY OF PORTFOLIO MOVEMENT

Name of company	Investment valuation at 31 March 2024 £000	Disposal proceeds £000	Additions £000	Valuation gains/(losses) including profits/(losses) on disposal £000	Investment valuation at 31 March 2025 £000
Summize Limited	2,421	-	750	3,195	6,366
Vypr Validation Technologies Limited	5,317	-	2,398	2,923	10,638
AutomatePro Limited	3,229	-	1,800	2,193	7,222
SharpCloud Software Limited	5,375	-	803	1,774	7,952
ACC Aviation Group Limited	4,725	(6,421)	-	1,696	-
Xapien (via Digital Insight Technologies Ltd)	2,014	-	4,356	1,594	7,964
DrDoctor (via ICNH Ltd)	3,565	-	1,790	990	6,345
Tonkotsu Limited	3,090	-	-	722	3,812
Teraview Limited	338	-	-	706	1,044
Plandek Limited	2,070	-	1,470	678	4,218
Workbuzz Analytics Limited	3,447	-	2,126	546	6,119
Arcus Global Limited	952	-	-	458	1,410
Unbiased EC1 Limited	12,829	-	-	424	13,253
Spotless Water Limited	-	-	2,183	405	2,588
Ohalo Limited	-	-	1,665	375	2,040
Relative Insight Limited	1,598	-	180	287	2,065
GEEIQ (via Checkpoint GG Limited)	2,827	-	-	138	2,965
KeTech Technology Holdings Limited	1,176	-	-	139	1,315
Force24 Ltd	5,835	-	-	99	5,934
Integrum ESG Limited	-	-	1,740	-	1,740
Fuuse Limited	-	-	3,000	-	3,000
Stormharvester Holdings Limited	-	-	2,100	-	2,100
Frescobol Carioca Ltd	2,072	-	-	(39)	2,033
Quality Clouds Limited	4,019	-	1,905	(57)	5,867
Elucidat Ltd	5,933	-	-	(64)	5,869
Biorelate Limited	1,691	-	750	(90)	2,351
Panintelligence (via Paninsight Limited)	1,606	-	-	(106)	1,500
Traveltek Group Holdings Limited	3,401	(3,222)	-	(179)	-
Other investments £1.0 million and below	3,519	-	-	(361)	3,158
Vuealta Holdings Limited	2,459	-	-	(414)	2,045
Outpost VFX Limited	9,518	-	-	(2,395)	7,123
Matillion Limited	27,415	-	-	(4,177)	23,238
Wooshii Limited	4,151	-	272	(4,287)	136
Total portfolio	126,592	(9,643)	29,288	7,173	153,410
Deferred consideration	-	552	-	(552)	-
Total	126,592	(9,091)	29,288	6,621	153,410

INVESTEES COMPANY INFORMATION

APPLICATION SOFTWARE

£45.4m

NUMBER OF COMPANIES: 10

RETAIL & BRANDS

£6.0m

NUMBER OF COMPANIES: 2

DATA

£41.5m

NUMBER OF COMPANIES: 7

BUSINESS SERVICES

£2.6m

NUMBER OF COMPANIES: 2

TECH-ENABLED SOFTWARE

£29.3m

NUMBER OF COMPANIES: 5

ADVANCED MANUFACTURING

£1.0m

NUMBER OF COMPANIES: 1

CLOUD & DEVOPS

£18.4m

NUMBER OF COMPANIES: 4

OTHER

£1.8m

NUMBER OF COMPANIES: 7

NEW MEDIA

£7.4m

NUMBER OF COMPANIES: 3

PORTFOLIO

THE TOP 10 INVESTMENTS HAD A COMBINED VALUE OF

£96.2m

62.7 PER CENT OF THE
TOTAL PORTFOLIO

1. Return to date

Represents recognised income and proceeds received to date, plus the unrealised valuation at 31 March 2025.

Matillion Limited

Manchester

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.

Date of initial investment:	November 2016
Amount invested:	£2,666,000
Valuation at 31 March 2025:	£23,238,000
Recognised income/proceeds to date:	£7,071,000
Return to date ¹ :	£30,309,000
Equity held:	3.4%
Valuation basis:	Revenue multiple

Year ended 31 January	2024 \$million	2023 \$million
Revenue	92.64	81.63
LBITA	(47.74)	(72.03)
Loss before tax	(44.42)	(70.38)
Retained losses	(190.00)	(146.39)
Net assets	133.41	170.56

Unbiased EC1 Limited

London

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.

Date of initial investment:	December 2019
Amount invested:	£5,596,000
Valuation at 31 March 2025:	£13,253,000
Recognised income/proceeds to date:	£nil
Return to date ¹ :	£13,253,000
Equity held:	17.2%
Valuation basis:	Revenue multiple

Year ended 30 September	2023 £million	2022 £million
Revenue	10.25	8.00
(LBITA) EBITA	(1.84)	0.29
Loss before tax	(2.74)	(0.42)
Retained losses	(4.75)	(2.07)
Net assets	4.20	2.52

PORTFOLIO (CONTINUED)

Vypr Validation Technologies Limited

Manchester

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.

Date of initial investment:	January 2021
Amount invested:	£5,698,000
Valuation at 31 March 2025:	£10,638,000
Recognised income/proceeds to date:	£nil
Return to date ¹ :	£10,638,000
Equity held:	22.3%
Valuation basis:	Revenue multiple

Year ended 31 March	2024 £million	2023 £million
Revenue	4.04	2.77
LBITA	(0.78)	(1.68)
Loss before tax	(1.10)	(1.97)
Retained losses	(4.40)	(3.42)
Net assets	1.51	2.49

Xapien (via Digital Insight Technologies Limited)

London

www.xapien.com

Xapien is an online software platform that automates detailed background research on individuals and companies, using proprietary AI and NLP models to screen large volumes of structured and unstructured data. It significantly speeds up the time it takes to conduct enhanced due diligence, for customers that include universities, charities, law firms and banks.

Date of initial investment:	March 2023
Amount invested:	£6,095,000
Valuation at 31 March 2025:	£7,964,000
Recognised income/proceeds to date:	£nil
Return to date ¹ :	£7,964,000
Equity held:	16.6%
Valuation basis:	Revenue Multiple

Year ended 31 December	2023* £million	2022* £million
Revenue	1.12	0.51
LBITA	(3.14)	(1.87)
Loss before tax	(3.10)	(1.87)
Retained losses	(6.42)	(3.63)
Net assets	1.48	0.95

* unaudited

SharpCloud Software Limited

London

www.sharpccloud.com

SharpCloud offers strategic planning software for capital intensive industries such as aviation, construction and manufacturing, providing leaders with the agility required to navigate dynamic environments, fostering transformation, innovation, and efficiency. SharpCloud's software is trusted by global organizations, including Rolls-Royce, Siemens, and Volvo Group.

Date of initial investment:	October 2019
Amount invested:	£4,380,000
Valuation at 31 March 2025:	£7,952,000
Recognised income/proceeds to date:	£nil
Return to date ¹ :	£7,952,000
Equity held:	19.0%
Valuation basis:	Revenue multiple

Year ended 31 December	2023 £million	2022 £million
Revenue	3.09	2.87
EBITA	0.84	0.44
Profit before tax	0.19	0.06
Retained losses	(3.11)	(3.27)
Net assets	3.38	3.22

AutomatePro Limited

London

www.automatepro.com

AutomatePro is a provider of automated testing and documentation tools for enterprise users of ServiceNow workflow automation, enabling new application and upgrades to be installed efficiently and safely. The company has sales teams in the UK and US, but also sells via a growing number of partners.

Date of initial investment:	December 2022
Amount invested:	£4,025,000
Valuation at 31 March 2025:	£7,222,000
Recognised income/proceeds to date:	£nil
Return to date ¹ :	£7,222,000
Equity held:	15.1%
Valuation basis:	Revenue multiple

Year ended 30 June	2024 £million	2023 £million
Revenue	2.03	1.52
LBITA	(2.46)	(1.88)
Loss before tax	(2.64)	(2.06)
Retained losses	(6.84)	(4.26)
Net assets	0.01	2.38

Outpost VFX Limited

Bournemouth

www.outpost-vfx.com

Outpost VFX is a visual effects firm with studios in Bournemouth, Montreal, London and Mumbai, working with world leading studios including Paramount, Amazon and Netflix to bring memorable stories to life for film and episodic audiences. Wicked (Universal), Captain America (Marvel) and Reacher Series 3 (Amazon Prime) are among recent releases showcasing Outpost's work.

Date of initial investment:	February 2021
Amount invested:	£5,750,000
Valuation at 31 March 2025:	£7,123,000
Recognised income/proceeds to date:	£75,000
Return to date ¹ :	£7,198,000
Equity held:	18.1%
Valuation basis:	Revenue multiple
Interest:	£95,096 (2024 £30,082)

Year ended 31 March	2024 £million	2023 £million
Revenue	39.39	40.25
EBITA (LBITA)	0.72	(4.04)
Profit (loss) before tax	0.48	(4.46)
Retained losses	(9.49)	(8.96)
Net assets (liabilities)	1.19	(0.69)

Summize Limited

Manchester

www.summize.com

Summize is a provider of contract lifecycle management (CLM) software for enterprise and mid-market customers including Revolut, Fujifilm, Miami Heat and Matillion. The cloud-based product integrates through Microsoft Word, Teams, Slack and DocuSign to automate the creation, negotiation and project management of high volume, low value commercial contracts, which improves efficiency and contract portfolio risk management for corporate in-house legal teams.

Date of initial investment:	December 2022
Amount invested:	£2,550,000
Valuation at 31 March 2025:	£6,366,000
Recognised income/proceeds to date:	£nil
Return to date ¹ :	£6,366,000
Equity held:	12.0%
Valuation basis:	Revenue multiple

Year ended 30 June	2024 £million	2023 £million
Revenue	2.49	1.08
LBITA	(2.32)	(2.35)
Loss before tax	(2.44)	(2.38)
Retained losses	(7.61)	(5.32)
Net assets	3.55	3.19

DrDoctor (via ICNH Ltd)

London

www.drdoctor.co.uk

DrDoctor is a digital patient engagement solution that links patients and clinicians in NHS secondary care trusts (hospitals). DrDoctor's platform gives patients better access to care through patient-led bookings, waitlist management to fill cancelled slots, and digital access to clinicians outside of appointments.

Date of initial investment:	February 2023
Amount invested:	£5,355,000
Valuation at 31 March 2025:	£6,345,000
Recognised income/proceeds to date:	£nil
Return to date ¹ :	£6,345,000
Equity held:	6.7%
Valuation basis:	Revenue multiple

Year ended 31 December	2023 £million	2022 £million
Revenue	10.05	9.79
LBITA	(8.68)	(3.16)
Loss before tax	(8.43)	(3.17)
Retained losses	(11.40)	(3.76)
Net assets (liabilities)	1.64	(0.89)

Workbuzz Analytics Limited

Milton Keynes

www.workbuzz.com

Workbuzz is a SaaS-based employee engagement and insights platform that is targeted at deskless and frontline workers. It enables businesses to gather real time employee feedback, track employee wellbeing and make more informed data driven people decisions. The business is UK focused and expanding internationally.

Date of initial investment:	June 2023
Amount invested:	£4,703,000
Valuation at 31 March 2025:	£6,119,000
Recognised income/proceeds to date:	£nil
Return to date ¹ :	£6,119,000
Equity held:	13.6%
Valuation basis:	Revenue multiple

Year ended 31 March	2024 £million	2023 £million
Revenue	3.24	2.13
LBITA	(3.35)	(1.89)
Loss before tax	(3.36)	(1.89)
Retained losses	(6.33)	(3.11)
Net assets (liabilities)	2.57	(0.43)

RISK FACTORS

The Board carries out a regular review of the risk environment in which the Company operates. The emerging and principal risks and uncertainties identified by the Board and techniques used to mitigate these risks are set out in this section.

The Board seeks to mitigate its emerging and principal risks by setting policy, regularly reviewing performance and monitoring progress and compliance. In the mitigation and management of these risks, the Board rigorously applies the principles detailed in section 8: “Audit, Risk and Internal Control” of the AIC Code. Details of the Company’s internal controls are contained in the Corporate Governance Internal Control section on pages 49 and 50 of the annual report and further

information on exposure to risks, including those associated with financial instruments, can be found in note 16 of the financial statements.

The Board carries out a regular review of the risk environment in which the Company operates, together with changes to the operational environment. The Board also seeks to identify emerging risks which might impact on the Company.

The principal and emerging risks identified by the Board, and how the Board manages the risks are set out below.

Risk	Commentary	Mitigation
Macroeconomic: Macroeconomic risk refers to the potential for losses or adverse effects on an investment or business due to broad economic factors such as inflation, interest rates, economic growth, and political stability.	<p>Up.</p> <p>Events such as the conflicts in the Middle East and Ukraine, elections and the uncertainty of US trade tariffs continue to present risks to trading conditions. These risks can impact entire markets and economies, influencing the performance of investments and the overall business environment.</p> <p>The crystallisation of these risks could adversely affect smaller companies’ valuations, as they may be more vulnerable to changes in trading conditions or the sectors in which they operate. This could lead to a reduction in the Company’s share price, resulting in capital losses for Shareholders.</p>	<p>The Board, in conjunction with the Manager, regularly assesses the resilience of the portfolio. The Company has a clear Investment Policy (summarised on page 10) and invests in a diverse portfolio of companies across a range of sectors, which helps to mitigate against the impact on any one sector. The Manager also seeks to maintain adequate liquidity to ensure it can provide follow-on investment to those portfolio companies which require funding when supported by the individual investment case.</p>

Risk	Commentary	Mitigation
<p>Portfolio:</p> <p>Portfolio risk refers to the potential for losses within an investment portfolio due to various factors, including market volatility, economic changes, and specific risks associated with individual assets. It encompasses both systematic risk, which affects the entire market, and idiosyncratic risk, which is unique to specific investments.</p>	<p>Unchanged.</p> <p>The Company invests in small and medium-sized VCT qualifying companies, which, by their nature, entail a higher level of risk and shorter cash runway than investments in larger quoted companies. Poor performance could reduce returns for shareholders through downward valuations.</p> <p>A current emerging risk that we are actively monitoring is the impact of the rapid advancement of AI and machine learning technology and its potential to disrupt a range of industries and sectors.</p> <p>A failure to implement effective portfolio risk management such as diversification, regular monitoring, and strategic adjustments to mitigate these risks could result in poor investment outcomes.</p>	<p>The Board comprises individuals experienced in assessing suitable investment opportunities. The Manager has significant experience, expertise and a strong track record of investing in early-stage unquoted companies. The Manager has a rigorous and robust formal process in selecting new companies which includes appropriate due diligence and approval by an Investment Committee made up of senior members of the Manager's investment team.</p>
<p>ESG:</p> <p>ESG risk refers to ESG factors that can affect portfolio companies and the Manager. These risks include exposure to regulatory non-compliance, reputational damage, climate related vulnerabilities, and workforce or supply chain issues.</p>	<p>Unchanged.</p> <p>Investors are increasingly focusing on ESG-related challenges such as climate transition, biodiversity, and regulatory changes. Should the Company fail to properly manage the risk of regulatory non-compliance it could suffer financial penalties, reputational damage or erode investor trust.</p>	<p>The Manager has implemented a robust governance framework designed to ensure compliance with regulatory initiatives. This framework also aims to support and educate portfolio companies. Additionally, the Manager actively conducts horizon scanning to anticipate and respond to emerging ESG trends.</p>

RISK FACTORS (CONTINUED)

Risk	Commentary	Mitigation
<p>Strategic:</p> <p>Strategic risk involves the potential for losses due to poor strategic decisions, such as market positioning, misjudging market trends, or failing to adapt to regulatory changes. This risk can impact our ability to achieve the investment objectives and deliver returns to investors.</p>	<p>Unchanged.</p> <p>The Board sets appropriate strategic objectives and monitors the Company's implementation of the strategy.</p> <p>The key strategy is to maintain VCT qualifying status. A loss of this status could lead to investors losing the various tax benefits associated with VCT investments.</p>	<p>The Board reviews strategy annually. At each of the Board meetings, the directors review the appropriateness of the Company's objectives and stated strategy in response to changes in the operating environment and peer group activity. It also reviews compliance of the Manager with the stated investment strategy.</p> <p>The Manager also tracks the Company's VCT qualifying status on an ongoing and continual basis. Furthermore, external independent experts have been retained and report on the VCT qualifying status twice per year.</p> <p>The Manager reports to the Board on a quarterly basis.</p> <p>Further information on these requirements can be found under the heading "Compliance with VCT Legislative Tests" on pages 14 and 15.</p>
<p>Legislative & Regulatory:</p> <p>Legislative and regulatory risk refers to the potential for losses or adverse outcomes due to changes in laws, regulations, or non-compliance with existing rules. This risk can impact an organisation's operations, financial performance, and reputation.</p>	<p>Unchanged.</p> <p>Should the Company fail to comply with applicable laws and regulations, or adapt to new legal requirements, it could suffer financial loss, reputational damage or regulatory intervention, including the loss of VCT status.</p> <p>Key relevant legislation and regulation includes VCT rules, UK Listing Authority Rules, AIC Code on Corporate Governance, Stewardship Code, Companies Act, Bribery Act, Market Abuse Regulations, data protection rules, Criminal Finances Act and relevant Taxes Acts.</p> <p>Changes to the UK legislation, in particular relating to the VCT rules, could have an adverse effect on the Company's ability to achieve investment returns.</p> <p>Failure to adapt to new legal requirements, maintain compliance with current regulations, and manage the consequences of any legal or regulatory breaches could result in regulatory action.</p>	<p>The Manager ensures that it has suitably qualified members of staff who are experienced with regulatory requirements and relevant accounting standards. The Manager and the Company Secretary have procedures in place to ensure recurring Listing Rules requirements are met.</p> <p>The Board and Manager review corporate governance, regulatory legislative change and political developments on a continual basis and seek additional advice as and when required.</p> <p>The Manager is a member of the Venture Capital Trust Association which engages with the Government to help shape future legislation.</p>

Risk	Commentary	Mitigation
<p>Operational:</p> <p>Operational risk refers to the potential for losses resulting from inadequate or failed internal processes, systems, human errors, or external events. This includes risks such as fraud, system failures, data breaches, and natural disasters.</p>	<p>Unchanged.</p> <p>Effective management of operational risk involves implementing robust internal controls, regular monitoring, and contingency planning to minimise the impact of these risks on the operations and financial stability of the Company.</p> <p>Failure of key service providers, such as the Manager, to have adequate procedures for the identification, evaluation and management of risks could put the Company's assets and data at risk.</p>	<p>The Board regularly reviews the system of internal controls, both financial and non-financial, operated by the Company and the Manager. These include controls designed to ensure that the Company's assets are safeguarded and proper accounting records are maintained.</p>
<p>Liquidity:</p> <p>Liquidity risk refers to the potential difficulty a fund may face in meeting its short-term financial obligations due to an inability to quickly convert assets into cash without significant loss in value.</p>	<p>Unchanged.</p> <p>Should the Company fail to manage its liquidity risk it may result in financial losses owing to discounted sales, reputational damage and potential regulatory action.</p>	<p>The Company's overall liquidity risks and cashflow forecasts are monitored on an ongoing basis by the Manager and on a quarterly basis by the Board.</p> <p>The Company's valuation methodology takes account of potential liquidity restrictions in the markets in which it invests.</p> <p>The Manager regularly reviews its exit plans for portfolio companies to aim to identify what it believes to be the optimal point at which to seek a sale. As part of a planned exit, the assistance of a third party adviser will normally be sought, with a view to identifying the most appropriate number of possible purchasers.</p>
<p>Emerging Risk – Cyber Security & Information Technology:</p> <p>Cybersecurity & information technology risk refers to the potential for financial loss, operational disruption, or reputational damage due to cyber threats and IT system failures.</p> <p>This includes risks such as data breaches, hacking, malware attacks, and system outages.</p>	<p>Up.</p> <p>A failure to implement effective management involving robust security measures, regular system updates, employee training, and incident response plans to protect sensitive information and ensure the resilience of IT infrastructure could result in data loss, operational disruptions, financial losses, reputational damage and regulatory fines.</p>	<p>The Manager has in place significant cybersecurity controls, including multifactor authentication, email protection software, monitored firewalls and regularly updated electronic devices. Staff at the Manager regularly receive training in relation to their cybersecurity obligations. The Manager is Cyber Essentials Plus certified.</p> <p>Due diligence is conducted on other service providers, including a review on their controls for information security.</p>

OTHER MATTERS

Section 172 Statement

This Section 172 Statement should be read in conjunction with the other contents of the Strategic Report, on pages 6 to 37.

Section 172 of the Companies Act 2006 requires that a director must act in a way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- > The likely consequences of any decision in the long term;
- > The interests of the company's employees;
- > The need to foster the company's business relationships with suppliers, customers and others;
- > The impact of the company's operations on the community and the environment;
- > The desirability of the company maintaining a reputation for high standards of business conduct; and
- > The need to act fairly as between members of the company.

The Company takes a number of steps to understand the views of investors and other key stakeholders and considers these, along with the matters set out above, in Board discussions and decision making.

Key Stakeholders

As an investment company with no employees, the Company's key stakeholders are its investors, its service providers and its portfolio companies.

Investors

The Board engages and communicates with shareholders in a variety of ways.

The Company encourages shareholders to attend its Annual General Meeting.

Along with British Smaller Companies VCT plc, the Company held an Investor Workshop on 24 June 2024 which was well attended. A further event is scheduled for June 2025.

Maintaining the Company's status as a VCT is critical to meeting the Company's objective to maximise Total Return and provide investors with an attractive long-term tax-free dividend yield. The Company receives regular reports on this issue from the Manager and has taken various steps in the year to ensure that the relevant tests are met.

The Board also aims for investors to continue to have tax efficient opportunities to invest in the Company, and to generate tax-free returns from both capital appreciation and ongoing dividends.

After carefully considering its funding needs, on 17 October 2024 the Company issued a prospectus, alongside British Smaller Companies VCT2 plc, to raise up to £75 million in aggregate for the 2024/25 tax year.

During the year the Board kept its arrangements for dividends, share buy-backs and the dividend re-investment scheme under constant review. Along with normal dividends totalling 4.00 pence per ordinary share in the year ended 31 March 2025, a special dividend of 1.25 pence per ordinary share was paid in January 2025, following the realisation of the Company's investment in Traveltek.

To ensure the Company has sufficient distributable reserves to facilitate the above arrangements, the Company is recommending resolutions at the forthcoming Annual General Meeting relating to the cancellation of the Company's share premium account, and the reduction in the nominal value of the Company's issued share capital. If approved, the cancellation and reduction will create c.£169.9 million of additional distributable reserves over the next four years, as set out on page 66. There is no dilution to shareholders interest from the resolutions.

Manager

The Company's most important service provider is its Manager. There is regular contact with the Manager, and members of the Manager's board attend all of the Company's Board meetings. There is also an annual strategy meeting with the Manager, alongside the board of British Smaller Companies VCT2 plc.

The Manager maintains strong relationships with relevant media publications and a wide range of distributors for the Company's shares, including wealth managers, independent financial advisers and execution-only brokers. RAM Capital acts as a promoter of the Company's shares to smaller distributors.

The Company is a member of the Association of Investment Companies which promotes the interests of investment companies, including VCTs. The Manager is a founder member of the Venture Capital Trust Association, which promotes the interests of VCTs in a variety of ways.

Portfolio Companies

The Company holds minority investments in its portfolio companies and has delegated the management of the portfolio to the Manager. The Manager provides the Board with regular updates on the performance of each portfolio company at least quarterly and the Board is made aware of all major issues.

The Manager has a dedicated Portfolio team to assist the portfolio companies with the challenges that they face as fast-growing companies. The Manager promotes ongoing sustainable growth within the businesses; this often involves improving systems and processes, as well as significant job creation.

Employees

The Company has no employees. The Board is composed of four non-executive directors. For a review of the policies used when appointing directors to the Board of the Company, please refer to the Directors' Remuneration Report on pages 52 to 54.

Environment and Community

The Company seeks to ensure that its business is conducted in a manner that is responsible to the environment. The management and administration of the Company is undertaken by the Manager, YFM Private Equity Limited, which recognises the importance of its environmental responsibilities and is a signatory of the United Nations' Principles for Responsible Investment.

More details of the work that the Manager has achieved in this area are set out on pages 21 to 23. Its Responsible Investment Policy can be found at www.yfmep.com/who-we-are/our_impact/.

Business Conduct

The Company has a zero tolerance approach to bribery and corruption. The following is a summary of the controls in place:

- > The Company conducts all its business in an honest and ethical manner. The Company is committed to acting professionally, fairly and with integrity in all its business dealings and relationships;
- > The Company prohibits the offering, the giving, the solicitation or the acceptance of any bribe;
- > The Company has communicated its Anti-Bribery & Corruption Policy to the Manager and its other service providers; and
- > The Manager has its own Anti-Bribery & Corruption Policy and monitors portfolio companies' compliance with their legal obligations.

Statement on Long-term Viability

The statement on long-term viability on page 40 is included in the Strategic Report by reference.

The Strategic Report on pages 6 to 37 is approved by order of the Board.



Rupert Cook
Chairman

13 June 2025

DIRECTORS

Rupert Cook

Chairman – independent Non-Executive Director

(appointed to the Board 1 August 2017, took over the role of Chairman on 16 September 2022) specialises in strategy and corporate development, with 30 years' experience of technology companies, including 20 years in corporate finance and investment. He has led multiple fundraisings, acquisitions and sales of technology businesses as well as having co-founded and built up his own consultancy and training business through to sale to a UK plc. Earlier in his career, he was a senior manager at Cap Gemini plc, Director of Advisory Services at Interregnum plc, Head of Technology M&A at goetzpartners corporate finance and Chief Strategy Officer at Immersive Labs. As well as being an active angel investor, both in the UK and the US, Rupert is currently Chairman of Overe and Red Penguin Ventures.

Adam Bastin

Chairman of the Investment Committee – independent Non-Executive Director

(appointed 11 September 2019) is currently EVP, Strategy & Corporate Development of Francisco Partners backed Keyloop, an automotive technology company, where he is responsible for strategic direction as well as the acquisition and integration of complementary businesses. Prior to that, Adam held the equivalent role at TA Associates-backed Unit4, an ERP software vendor and before that spent eight years leading acquisition and investments at Arm Limited, the world's largest semiconductor IP company. Previously Adam worked at BT Group and spent ten years in investment banking. Adam therefore brings a well-developed network in the technology sector in the UK and internationally, and brings a wealth of experience of investing in, acquiring and selling smaller companies. Adam is an experienced M&A, corporate finance and investment professional, a qualified management accountant (CIMA), and has served on the boards of various early-stage technology companies.

Jonathan Cartwright

Chairman of the Audit & Risk Committee and the Nominations and Remuneration Committee – independent Non-Executive Director

(appointed 1 October 2019) is a chartered accountant with significant experience of the VCT and investment trust sectors. He is a former Chair of Mobeus Income & Growth 4 VCT plc and of CT UK Capital and Income Investment Trust plc.

Purvi Sapre

Independent Non-Executive Director

(appointed 6 June 2022) is currently Chief Investment Officer of Sustainable Development Capital LLP, the Investment Manager of SDCL Energy Efficiency Income Trust plc "SEEIT". She is also the fund manager for SEEIT and is a member of the Investment Committees across SDCL's funds. Purvi has over 20 years' investment experience in the UK and international capital markets, investing on behalf of debt, equity and impact investment funds, including in energy efficiency and renewable energy projects, across a range of financing structures.

Secretary

The City Partnership (UK) Limited
The Mending Rooms
Park Valley Mills
Meltham Road
Huddersfield HD4 7BH
Registered No: SC269164

Registered Office of the Company

4th Floor
2 Bond Court
Leeds LS1 2JZ

Registered No:

03134749

DIRECTORS' REPORT

For the year ended 31 March 2025

The directors present their report and audited financial statements of British Smaller Companies VCT plc ("the Company") for the year ended 31 March 2025.

Principal Activity

The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of the registered office and principal place of business is 4th Floor, 2 Bond Court, Leeds, LS1 2JZ.

The Company has its primary, and sole, listing on the London Stock Exchange.

The principal activity of the Company is the making of long-term equity and loan investments, mainly in unquoted businesses.

The Company operates as a venture capital trust ("VCT") and has been approved by HM Revenue & Customs as an authorised venture capital trust under Chapter 3 Part 6 of the Income Tax Act 2007. It is the directors' intention to continue to manage the Company's affairs in such a manner as to comply with Chapter 3 Part 6 of the Income Tax Act 2007.

Business Performance and Future Prospects

A detailed and fair review of the Company's business, its development, its financial performance during and at the end of the financial year, and its future prospects is set out in the Strategic Report on pages 6 to 37. The principal risks and uncertainties the Company faces are detailed on pages 32 to 35.

The Board believes that the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Results and Dividends

The Statement of Comprehensive Income is set out on page 63. The profit before and after taxation for the year amounted to £6,769,000 (2024: £10,618,000).

During the year the Company paid a total of £15,849,000 (2024: £9,635,000) in dividends totalling 5.25 pence per ordinary share (2024: 4.0 pence). A detailed review can be found in note 5 on page 76.

The directors have announced an interim dividend of 2.0 pence per ordinary share for the year ending 31 March 2026. The dividend will be paid on 25 July 2025 to shareholders on the register on 27 June 2025.

The net asset value per ordinary share at 31 March 2025 was 80.55 pence (2024: 83.6 pence). The transfer to and from reserves is given in the Statement of Changes in Equity on page 65.

Going Concern

The directors have carefully considered the issue of going concern in view of the Company's activities and associated risks. The Company has a well-diversified portfolio with businesses in a variety of sectors, many of which are well funded. Some portfolio companies may require additional funding in the near- to medium-term; the Company is well placed to provide this, where appropriate.

The Company has a significant level of liquidity, which was enhanced by the final allotment of the 2024/25 fundraising post-year-end, in April 2025. In addition, the Board has control over, and can flex as appropriate, the Company's major outgoings, which predominantly comprise investments, dividends and share buy-backs.

The directors have also assessed whether material uncertainties exist and their potential impact on the Company's ability to continue as a going concern; they have concluded that no such material uncertainties exist.

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 of this report. As at 31 March 2025, the Company held cash balances and money market funds with a combined value of £100.0 million; this excludes £29.5 million received from the final allotment of the 2024/25 fundraising on 1 April 2025. 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 dividends. In the year ended 31 March 2025, the Company's costs and discretionary expenditures were:

	£'000
Administrative expenses (before fair value movement related to credit risk)	4,632
Share buy-backs	6,710
Dividends (before DRIS)	15,849
Total	27,191

DIRECTORS' REPORT (CONTINUED)

Taking all of the above into consideration, the directors are satisfied that the Company has sufficient resources to meet its obligations for at least 12 months from the date of this report and therefore believe that it is appropriate to continue to apply the going concern basis of accounting in preparing the financial statements.

Statement on Long-term Viability

The AIC Code requires the Board to assess the Company's viability over an appropriate period. The directors believe that a period of three years is appropriate to assess the Company's viability because the Company is required to invest funds raised within this timeframe in order to retain its status as a VCT.

In making their assessment, the directors have reviewed the types of investment that the Company will be able to make under current VCT legislation and they believe that the existing portfolio and future investments will be able to deliver the Company's objective "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 directors have also taken into account the emerging and principal risks and their mitigation identified in the Strategic Report on pages 32 to 35, the nature of the Company's business, including its reserves of cash (including proceeds of £29.5 million following the final allotment of the 2024/25 fundraising on 1 April 2025), the potential of its venture capital portfolio to generate returns in the future and, as noted above, the ability of the directors to minimise the level of cash outflows, should this be necessary.

Taking into account the Company's current position and principal risks, the directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over that period.

Corporate Governance

The statement on corporate governance set out on pages 43 to 51 is included in the Directors' Report by reference.

Directors' and Officers' Liability Insurance

The Company has, as permitted by the Companies Act 2006, maintained insurance cover on behalf of the directors, indemnifying them against certain liabilities which may be incurred by any of them in relation to the Company.

Provision of Information to the External Auditor

The directors confirm that so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and that each of the directors has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Share Capital

As shown in note 11 of the financial statements, the Company has only one class of share, being ordinary shares of 10 pence each.

Buy-back and Issue of Ordinary Shares

Under the existing authority, which expires on the conclusion of the Company's Annual General Meeting in 2026 or on 14 September 2026, whichever is the later, the Company has the power to purchase shares up to 14.99 per cent of the Company's ordinary share capital as at 16 June 2023, being 36,161,754 ordinary shares.

During the year, the Company purchased 8,560,575 ordinary shares of 10 pence each in the market (as disclosed in the table on page 41), for aggregate consideration, including costs, of 6,710,000. These shares are held in treasury. The buy-back was in accordance with the Company's buy-back policy, and under the authorities granted by the shareholders at the general meeting held on 14 September 2023. At 31 March 2025 34,198,996 shares were held in treasury, representing 9.7 per cent of the total issued share capital (including treasury shares) at that date.

The directors have unconditional authority to allot shares in the Company or to grant rights to subscribe for or to convert any security into ordinary shares in the Company up to an aggregate nominal amount of £9,000,000 (equivalent to 90,000,000 shares), expiring on the conclusion of the Company's Annual General Meeting in 2025 or 10 December 2025, whichever is the later.

This authority will be replaced by a new authority to issue shares up to an aggregate amount of 90,000,000 shares at this year's Annual General Meeting.

In addition, the directors have unconditional authority to allot shares and waive pre-emption rights in the Company in connection with the Company's Dividend Re-investment Scheme (DRIS), expiring on the conclusion of the Company's Annual General Meeting in 2025 or 10 December 2025, whichever is the later.

This authority will be replaced by a new authority to issue shares up to an aggregate amount 20,000,000 shares at the forthcoming Annual General Meeting.

During the year to 31 March 2025, a total of 61,470,081 shares were issued from the Company's fundraising and 3,609,790 ordinary shares were issued under the Company's DRIS.

Buy-back of Shares

Date	Number of ordinary shares of 10p bought back	Percentage of issued share capital at that date	Consideration paid per ordinary share (pence)
24 June 2024	2,972,034	0.97%	79.92
26 September 2024	1,753,525	0.58%	77.93
16 December 2024	1,953,882	0.65%	76.31
26 March 2025	1,881,134	0.59%	79.74

Capital Disclosures

The following information has been disclosed in accordance with Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended):

- > The Company's capital structure is summarised in note 11 to the financial statements. Each ordinary share carries one vote. There are no restrictions on voting rights or any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights;
- > There are no securities carrying special rights with regard to the control of the Company;
- > The Company does not have an employee share scheme;
- > The rules concerning the appointment and replacement of directors, amendments to the Articles of Association and powers to issue or buy-back the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006;
- > With the exception of the Manager's Incentive Agreement, there are no agreements to which the Company is party that take effect, alter or terminate upon a change in control following a takeover bid; and
- > There are no agreements between the Company and its directors providing for compensation for loss of office that may occur because of a takeover bid.

Environment

The Company is a low energy user and is therefore exempt from the reporting obligations under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The Company has no greenhouse gas emissions to report from the operations of the Company, nor does it have responsibility for any emissions producing sources including those within its underlying investment portfolio under part 7 of schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended.

Directors and their Interests

The directors of the Company as at 31 March 2025, their interests and contracts of significance are set out in the Directors' Remuneration Report on pages 52 to 54.

Substantial Shareholdings

The directors are not aware of any substantial shareholdings representing 3 per cent or more of the Company's issued share capital as at 31 March 2025 and the date of this report.

Independent Auditor

BDO LLP has indicated its willingness to continue in office and a resolution concerning its reappointment will be proposed at the Annual General Meeting. Further details regarding their appointment is included in the Corporate Governance section on pages 47 and 48.

There were no non-audit services provided by BDO LLP during the year.

Financial Instruments

Details of the financial instruments held by the Company and the risks associated with them are set out on pages 86 to 90 and this information is accordingly incorporated into the Directors' Report by reference.

Employment Policies

The employment policies of the Company are set out on page 52.

DIRECTORS' REPORT (CONTINUED)

Events after the Balance Sheet Date

On 1 April 2025 the Company allotted the final shares from its fully subscribed 2024/25 share offer. Gross proceeds of £30.5 million were raised, resulting in the issue of 36,799,582 ordinary shares. This increased the number of ordinary shares in issue to 355,978,239.

Subsequent to the year end, the Company has invested £2.4 million into new portfolio company S4labour, and £0.4 million into existing portfolio company Force24.

Annual General Meeting

Shareholders will find the Notice of the Annual General Meeting on pages 92 to 95 of these financial statements. The business of the meeting includes the following Resolutions.

Resolution 8 is an ordinary resolution proposed to ensure the directors retain the authority to allot shares in the Company until the later of 8 December 2026 or the date of the 2026 Annual General Meeting up to an aggregate amount of 90,000,000 (representing approximately 25.3 per cent of the issued ordinary share capital of the Company as at 13 June 2025, excluding treasury shares).

Resolution 9 is an additional ordinary resolution proposed to ensure the directors retain the authority to allot shares in the Company under the Company's DRIS until the later of 8 December 2026 or the date of the 2026 Annual General Meeting up to an aggregate amount of 20,000,000 (representing approximately 5.6 per cent of the issued ordinary share capital of the Company as at 13 June 2025, excluding treasury shares).

Also included are the following special resolutions:

Resolution 10 is proposed to empower the directors to allot shares under the authority granted by the ordinary resolution (Resolution 8) above and to sell treasury shares without regard to any rights of pre-emption on the part of the existing shareholders.

Resolution 11 is proposed to empower the directors to allot shares under the authority granted by the ordinary resolution (Resolution 9) above without regard to any rights of pre-emption on the part of the existing shareholders.

Resolution 12 relates to the cancellation of the Company's share premium account, and Resolution 13 relates to the reduction in the nominal value of the Company's issued share capital. The purpose of the resolutions is to enable the Company to create additional distributable reserves so as to provide it with greater flexibility for the purposes of:

- > buy-backs of shares, thereby improving the liquidity of its shares and minimising their discount to the Company's NAV;
- > dividend distributions; and
- > other corporate purposes capable of being undertaken by the Company from time to time.

The recommended resolutions would create c.£169.9m of additional distributable reserves over the next four years, as set out on page 66. There would be no dilution to shareholders' interests from approving the resolutions.

The Directors believe that both the ability to pay a regular dividend to shareholders, and to offer shareholders the ability to sell their shares back to the Company, are important mechanisms for Venture Capital Trusts and the Board is committed to providing these on an ongoing basis.

This report was approved by the Board on 13 June 2025 and signed on its behalf by



Rupert Cook
Chairman

British Smaller Companies VCT plc
Registered number 03134749

CORPORATE GOVERNANCE

The Board is committed to the principle and application of sound corporate governance and confirms that the Company has taken steps, appropriate to a venture capital trust and relevant to its size and operational complexity, to comply with the principles and recommendations of the Association of Investment Companies' Code of Corporate Governance issued in February 2019 (the "AIC Code") available on the AIC website www.theaic.co.uk.

The AIC Code addresses all the principles set out in the UK Corporate Governance Code issued by the Financial Reporting Council (the "FRC"), as well as setting out additional principles and recommendations on issues which are of specific relevance to the Company.

The UK Corporate Governance Code can be found on the website of the FRC at www.frc.org.uk. On 22 January 2024 the UK Corporate Governance Code (the "Code") was updated, the 2024 Code and the 2024 AIC Code will apply to financial years beginning on or after 1 January 2025, with the exception of Provision 34 which is applicable for accounting periods beginning on or after 1 January 2026. The 2018 Code and the 2019 AIC Code remain in place until this time.

The Board considers that reporting against the principles and recommendations of the AIC Code will provide better information to shareholders.

The Board considers that, due to its size, it would be unnecessarily burdensome to establish a separate management engagement committee.

The Company is committed to maintaining the highest standards of corporate governance and during the year to 31 March 2025 complied with the recommendations of the 2019 AIC Code and relevant provisions of the 2018 Code, except as set out below.

The 2019 AIC Code includes provisions relating to the appointment of a chief executive and a recognised senior independent non-executive director, the presumption concerning the Chair's independence and the need for an internal audit function. For reasons set out in the AIC Code, and in the introduction to the Code, the Board considers these provisions are not relevant to the position of British Smaller Companies VCT plc, which is an externally advised venture capital trust. The Company has therefore not reported further in respect of these provisions.

Role of the Board

An agreement between the Company and YFM Private Equity Limited sets out the matters over which the Manager has authority. This includes monitoring of the Company's assets and the provision of accounting, company secretarial, administration and some marketing services. All other matters are reserved for the approval of the Board. A formal schedule of matters reserved to the Board for decision has been approved. This includes determination and monitoring of the Company's investment objectives and policy and its future strategic direction, gearing policy, management of the capital structure, appointment and removal of third party service providers, review of key investment and financial data and the Company's corporate governance, risk control and custody arrangements.

The Board meets at least quarterly; additional meetings are arranged as necessary. Full and timely information is provided to the Board to enable it to function effectively and to allow directors to discharge their responsibilities.

There is an agreed procedure for directors to take independent professional advice, if necessary, at the Company's expense. This is in addition to the access that every director has to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that applicable rules and regulations are complied with and that Board procedures are followed. The Company indemnifies its directors and officers and has purchased insurance to cover its directors. Neither the insurance nor the indemnity provide cover if the director has acted fraudulently or dishonestly.

The Board reviews the performance of the Manager on an ongoing basis and confirms that it is satisfied with the contractual arrangement in place. The Board considers that due to its small size, it would be unnecessarily burdensome to establish a separate management engagement committee, as the Board fulfils this function.

Board Composition

The Board consists of four non-executive directors, all of whom are regarded by the Board as independent of each other and also of the Company's Manager, including the Chairman. The independence of the Chairman was assessed upon his appointment. Although the Code presumes that the chairman of a company is deemed not

CORPORATE GOVERNANCE (CONTINUED)

to be an independent director, the remaining directors, having considered the nature of the role in the Company, are satisfied that Mr R Cook fulfils the criteria for independence as a non-executive director. The directors have a breadth of investment, business and financial skills and experience relevant to the Company's business and provide a balance of power and authority including recent and relevant financial experience.

Brief biographical details of each director are set out on page 38.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board, details of which are given on page 45.

There are no executive officers of the Company.

Given the structure of the Board and the fact that the Company's administration is conducted by YFM Private Equity Limited, the Company has not appointed a chief executive officer or a senior independent non-executive director. In addition, the directors consider that the role of a senior independent non-executive director is taken on by all of the directors. Shareholders are therefore able to approach any director with any queries they may have.

Boardroom Diversity

The Board is committed to ensuring that the Company is run in the most effective manner. Consequently the Board monitors the diversity of all directors to ensure an appropriate level of experience and qualification.

The Board believes in the value and importance of diversity in the boardroom but does not consider that it is appropriate or in the best interests of the Company and its shareholders to set prescriptive targets for gender or ethnicity on the Board.

Diversity of thought, experience and approach are all important and the directors will always seek to appoint on merit against objective criteria. In the year the Company has not met the Listing Rule board diversity target of the Board comprising at least 40 per cent women; the Board's current ratio reflects the small, four person composition of the Board. The target of at least one of the chairman, CEO, CFO or senior independent director being a woman has not been met in the year. As an investment company, the Company does not have a CEO or CFO, and has not appointed a senior independent director. The target of at least one member of the Board being from an ethnically diverse background was met in the year.

	Number of Board members	Percentage of the Board
Male	2	50
Female	1	25
Prefer not to say	1	25

	Number of Board members	Percentage of the Board
White British	2	50
Asian/Asian British	1	25
Prefer not to say	1	25

Tenure

Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Association, it is required that they be elected by shareholders. Thereafter, it is the Board's policy that a director's appointment will run for a term of one year until the next Annual General Meeting. Subject to the performance evaluation carried out each year, the Board will agree whether it is appropriate for the director to seek a further term. The Board, when making a recommendation, will take into account the ongoing requirements of the Code, including the need to refresh the Board and its Committees.

The Board seeks to maintain a balance of skills and the directors are satisfied that as currently composed the balance of experience and skills of the individual directors is appropriate for the Company, in particular with regards to investment appraisal and investment risk management.

The terms and conditions of directors' appointments are set out in formal letters of appointment, copies of which are available for inspection on request at the Company's registered office and at the Annual General Meeting. All appointments are terminable by either the director or the Company on three months' notice.

The directors recommend the re-election of Mr A C N Bastin, Mr J H Cartwright, Mr R Cook and Ms P Sapre at this year's Annual General Meeting, because of their commitment, experience and contribution to the Company.

Meetings and Committees

The Board delegates certain responsibilities and functions to Committees. Directors who are not members of Committees may attend at the invitation of the Chairman.

The table below details the number and function of the meetings attended by each director.

During the year there were eight formal Board meetings, three Audit & Risk Committee meetings, three Allotment Committee Meetings, one Nominations & Remuneration Committee meeting and one General meeting. The directors met via video, telephone and electronic conferences on 38 other occasions.

Meetings Attended

Director	Mr R Cook	Mr A C N Bastin	Mr J H Cartwright	Ms P Sapre	Total
Board meetings	7	8	8	5	8
Audit & Risk Committee	3	3	3	1	3
Allotment Committee	1	1	3	2	3
Nominations & Remuneration Committee	1	1	1	1	1
Video, telephone & electronic conferences	38	37	38	37	38
General meeting	1	1	1	1	1
Total	51	51	54	47	54

In addition, there were three DRIS allotment meetings which the directors were not required to attend, but which were attended by the Company Secretary.

commitment to the role. The independent directors have similarly appraised the performance of the Chairman. They considered that the performance of Mr R Cook continues to be effective.

Training and Appraisal

On appointment, the Manager and Company Secretary provide all directors with induction training. Thereafter, regular briefings are provided on changes in regulatory requirements that affect the Company and its directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to VCTs.

The performance of the Board has been evaluated in respect of the financial year ended 31 March 2025. The Board, led by the Chairman, has conducted a performance evaluation to determine whether it and individual directors are functioning effectively.

The factors taken into account were based on the relevant provisions of the Code and included attendance and participation at Board and Committee meetings, commitment to Board activities and the effectiveness of their contribution.

The results of the overall evaluation process are communicated to the Board. Performance evaluation continues to be conducted on an annual basis.

The Chairman has confirmed that the performance of the other directors being proposed for re-election continues to be effective and that they continue to show

Audit & Risk Committee

The Board considers that due to its small size it is appropriate for all non-executive directors to be members of the Audit & Risk Committee; the Company's Chairman confirmed his independence upon appointment and thus was eligible to join the Committee. The Committee meets at least three times each year. The directors consider that it is appropriate that the Chairman of the Committee should be Mr J H Cartwright due to his experience in the role. The members of the Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee, and that the Chairman of the Committee meets the requirements of the Code as to recent and relevant financial experience.

The Audit & Risk Committee's terms of reference include the following roles and responsibilities:

- > Monitoring and making recommendations to the Board in relation to the Company's published financial statements (including in relation to the valuation of the Company's unquoted investments) and other formal announcements relating to the Company's financial performance;

CORPORATE GOVERNANCE (CONTINUED)

- > Monitoring and making recommendations to the Board in relation to the Company's internal control (including internal financial control) and risk management systems;
- > Annually considering the need for an internal audit function;
- > Making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- > Reviewing and monitoring the external auditor's independence and objectivity and effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- > Monitoring the extent to which the external auditor is engaged to supply non-audit services; and
- > Ensuring that the Manager has arrangements in place for the investigation and follow-up of any concerns raised confidentially by staff in relation to the propriety of financial reporting or other matters.

It reviews the terms of the investment management agreement and examines the effectiveness of the Company's internal control and risk management systems, receives information from the Manager's compliance department and reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditor.

The directors' statement on the Company's system of internal control is set out on pages 49 and 50.

The Audit & Risk Committee has written terms of reference which clearly define its responsibilities, copies of which are available for inspection on request at the Company's registered office and at the Annual General Meeting, and also on the Company's website at www.bscfunds.com.

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

During the year ended 31 March 2025 the Audit & Risk Committee discharged its responsibilities by:

- > Reviewing and approving the external auditor's terms of engagement, remuneration and independence;
- > Reviewing the external auditor's plan for the audit of the Company's financial statements, including identification of key risks;
- > Reviewing Company's Risk Monitoring Report, and assessing the Company's and the Manager's controls in minimising the impact of key risks;
- > Reviewing reports on the effectiveness of the Manager's compliance procedures;
- > Reviewing the appropriateness of the Company's accounting policies;
- > Reviewing the Company's draft annual financial statements, half yearly results statement and interim management statements prior to Board approval, including the proposed fair value of investments as determined by the directors;
- > Reviewing the external auditor's detailed reports to the Committee on the annual financial statements; and
- > Recommending to the Board and shareholders the re-appointment of BDO LLP as the Company's external auditor.

The key areas of risk that have been identified and considered by the Audit & Risk Committee in relation to the business activities and financial statements of the Company are as follows:

- > Valuation of unquoted investments; and
- > Compliance with HM Revenue & Customs' conditions for maintenance of approved venture capital trust status.

These issues were discussed with the Manager and the auditor at the pre-year end audit planning meeting and at the conclusion of the audit of the financial statements.

Valuation of Unquoted Investments

The Audit & Risk Committee reviewed the estimates and judgements made in the investment valuations and was satisfied that they were appropriate. The Manager confirmed to the Audit & Risk Committee that the investment valuations had been carried out consistently with prior periods and in accordance with published industry guidelines, taking account of the latest available information about investee companies; current market data; and a report from the auditor, including key audit findings in respect of the valuations.

Venture Capital Trust Status

The Manager confirmed to the Audit & Risk Committee that the conditions for maintaining the Company's status as an approved venture capital trust had been complied with throughout the year. The position was also reviewed by the Company's advisers.

Financial Statements

The Manager confirmed to the Audit & Risk Committee that it was not aware of any material unadjusted misstatements. Having reviewed the reports received from the Manager and the auditor, the Audit & Risk Committee is satisfied that the key areas of risk and judgement have been appropriately addressed in the financial statements and that the significant assumptions used in determining the value of assets and liabilities and revenue recognition have been properly appraised and are sufficiently robust.

Relationship with the Auditor

The Audit & Risk Committee is responsible for overseeing the relationship with the external auditor, assessing the effectiveness of the external audit process and making recommendations on the appointment and removal of the external auditor. It makes recommendations to the Board on the level of audit fees and the terms of engagement for the auditor. The external auditor is invited to attend committee meetings, where appropriate, and also meets with the Committee and its Chairman without the representatives of the Manager being present.

The Committee undertakes a review of the external auditor's effectiveness of the audit process. The Committee considers whether the auditor has:

- > Demonstrated strong technical knowledge and clear understanding of the business;
- > Indicated professional scepticism in key judgements and raised any significant issues in advance of the audit process commencing;
- > Allocated an audit team that is appropriately resourced;
- > Demonstrated a proactive approach to the audit planning process and engaged with the Audit & Risk Committee Chairman and other key individuals within the business;
- > Provided a clear explanation of the scope and strategy of the audit;
- > Demonstrated the ability to communicate clearly and promptly with the members of the Committee and the Manager and produce comprehensive reports on its findings;
- > Demonstrated that it has appropriate procedures and safeguards in place to maintain its independence and objectivity; and
- > Charged justifiable fees in respect of the scope of services provided.

The Board regularly reviews and monitors the external auditor's independence and objectivity. As part of this process it reviews the nature and extent of services supplied by the auditor to ensure that independence is maintained. It is the Company's policy to contract the external auditors to perform audit-related services only.

The auditor prepares an audit strategy document on an annual basis. This provides information on the audit team and timetable, audit scope and objectives, evaluation of materiality, initial assessment of key audit and accounting risks, confirmation of independence and proposed fees. This is reviewed and approved by the Audit & Risk Committee with an opportunity to consider the audit approach and to raise any queries with the auditor.

The outcome of the review together with any actions that have arisen are formally minuted and a summary is submitted to the Board for consideration.

CORPORATE GOVERNANCE (CONTINUED)

The Audit & Risk Committee assesses the effectiveness of the external audit process annually and makes a recommendation to the Board on the re-appointment of the auditor. This is considered by the Board prior to agreeing the recommendation to shareholders for the re-appointment of the auditor at each Annual General Meeting of the Company. As part of its review, the Audit & Risk Committee considers the performance of the auditor and whether it has met the agreed audit plan, the quality of its reporting in its management letter and the cost effectiveness of the services provided as well as the manner in which it has handled key audit issues and responded to the Audit & Risk Committee's questions.

As part of the review of audit effectiveness and independence, BDO LLP has confirmed that it is independent of the Company and has complied with applicable auditing standards. BDO LLP has held office for eleven years; in accordance with professional guidelines the previous engagement partner was rotated off the audit after five years; this is the fourth year of the current partner's tenure.

The Committee notes there is a requirement to tender every ten years. The Company sought to initiate a tender process during the year ended 31 March 2024 but was unable to identify a sufficient number of firms with suitable skill and experience who were prepared to participate. Therefore, the Company submitted an application to the FRC in accordance with its "Process for applications to extend the maximum duration of the audit engagement". Pursuant to section 494ZA of the Companies Act 2006, the FRC approved the Company's application for a two-year extension to the appointment of BDO LLP as the auditor of British Smaller Companies VCT plc for the financial periods ended 31 March 2024 and 31 March 2025.

In February 2025, the Company's Audit & Risk Committee conducted a competitive, formal tender for the Company's audit. Following assessment of the firms involved, the Audit & Risk Committee recommended to the Board that BDO LLP continue as Auditor of the Company, noting its experience of asset management and, more specifically, venture capital trusts. This recommendation was accepted by the Board.

Having completed its review, the Audit & Risk Committee is satisfied that BDO LLP remained effective and independent in carrying out its responsibilities up to the date of signing this report and its recommendation for reappointment is endorsed by the Board. No non-audit services were provided by BDO LLP during the year.

Nominations & Remuneration Committee

The Company has a combined Nominations & Remuneration Committee. The Board considers that due to its small size it is appropriate for all non-executive directors, who are considered by the Board to be independent of the Manager, to be members of the Nomination & Remuneration Committee. Mr J H Cartwright is Chairman of the Nominations & Remuneration Committee. The Nominations & Remuneration Committee reviews the Company's remuneration policy so as to determine and agree the remuneration to be paid to each director of the Company and is responsible for the production of the Directors' Remuneration Report which may be found on pages 52 to 54.

In considering appointments to the Board, the Nominations & Remuneration Committee takes into account the ongoing requirements of the Company and the need to have a balance of skills and experience within the Board.

Meetings are held as and when required. There was one Nominations & Remuneration committee meeting during the year.

The Board considers succession planning at least annually, especially in relation to the positions of the Chairman and the Chairman of the Audit & Risk Committee.

Investment Committee

The Investment Committee currently consists of the non-executive directors. The Chairman of the Committee is Mr A C N Bastin.

The Investment Committee is authorised to make investment decisions (including new investment, further investment, variation and realisation decisions) on behalf of the Board.

The Manager is authorised to approve follow-on investment decisions of up to £600,000 on behalf of the Company for well-performing investments.

The Investment Committee has written terms of reference which define clearly its responsibilities, copies of which are available for inspection on request at the Company's registered office and on the Company's website at www.bsccfunds.com.

Allotment Committee

The Company has an Allotment Committee, which consists of the directors, all of whom are considered by the Board to be independent of the Manager. The quorum for Committee meetings is one director, unless otherwise determined by the Board. In addition, the Company Secretary has an authority to allot shares under the DRIS.

The Committee considers and, if appropriate, authorises the allotment of shares. The Committee ensures that the total number of shares to be issued does not exceed the authority given by the shareholders. There are no written terms of reference.

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance, and reports formally to shareholders at least twice a year by way of the Annual Report and the Interim Report. This is supplemented by the daily publication of the Company's share price and the publication of the net asset value of the Company for the two quarters of the year where an Annual or Interim Report is not normally issued (30 June and 31 December), through the London Stock Exchange.

All shareholders have the opportunity, and are encouraged, to attend the Company's Annual General Meeting, at which the directors and representatives of the Manager are available in person to meet with and answer shareholders' questions. In addition, representatives of the Manager periodically hold shareholder workshops which review the Company's performance and industry developments, and which give shareholders a further opportunity to meet members of the Board and chief executives or chairs of some of the investee companies. During the year, the Company's Manager has held regular discussions with shareholders. The directors are made fully aware of shareholders' views. The Chairman and directors make themselves available, as and when required, to address shareholder queries. The directors may be contacted through the Company Secretary, whose details are shown on page 37.

The Company's Annual Report and Notice of the Annual General Meeting are published in time to give shareholders at least 21 clear days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to write to the Company Secretary at the address shown on page 37. Separate resolutions are proposed for each separate issue. Proxy votes will be counted and the results announced at the Annual General Meeting for and against each resolution.

Internal Control and Risk Management

Under an agreement dated 28 February 1996, as varied by agreements dated 1 July 2009, 16 November 2012, 17 October 2014, 24 August 2015 and 18 November 2019, certain functions of the Company have been sub-contracted to YFM Private Equity Limited. The Board receives operational and financial reports on the current state of the Company and on appropriate strategic, financial, operational and compliance issues. These matters include, but are not limited to:

- > A clearly defined investment strategy for the Manager to the Company;
- > All decisions concerning the acquisition or disposal of investments are ratified by the Board;
- > Regular reviews of the Company's investments, liquid assets and liabilities, revenue and expenditure;
- > Regular reviews of compliance with the VCT regulations to retain its status; and
- > The Board receives copies of the Company's management accounts on a regular basis showing comparisons with budget. These include a report by the Manager with a review of performance. Additional information is supplied on request.

The Board confirms the procedures to implement the guidance detailed in Principle O of the AIC Code were in place throughout the year ended 31 March 2025 and up to the date of this report. A detailed review of the risks faced by the Company and the techniques used to mitigate these risks can be found in the Strategic Report on pages 32 to 35.

CORPORATE GOVERNANCE (CONTINUED)

The Board acknowledges that it is responsible for overseeing the Company's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board arranges its meeting agenda so that risk management and internal control is considered on a regular basis and a full robust risk and control assessment takes place at least twice a year. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for longer than the year under review and up to the date of approval of the Annual Report. The process is formally reviewed bi-annually by the Board. However, due to the size and nature of the Company, the Board has concluded that it is not necessary at this stage to set up an internal audit function. This decision will be kept under review. The directors are satisfied that the systems of risk management that they have introduced are sufficient to comply with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

In particular the Board, together with the Audit & Risk Committee, is responsible for overseeing and reviewing internal controls concerning financial reporting. In addition to those controls sub-contracted as listed above, the following controls have been in place throughout the year:

- > A robust system of internal control is maintained by the Manager over the preparation and reconciliation of investment portfolio valuations;
- > Monthly reconciliation of assets held as cash and cash equivalents;
- > Independent review of the valuations of portfolio investments by the Board (quarterly);
- > The Audit & Risk Committee's review of financial reporting and compliance (as set out on pages 45 to 48);
- > The Board reviews financial information including the Annual Report, Interim Report and interim management statements prior to their external communication; and
- > The Board reviews the financial information in any prospectus or offer for subscription issued by the Company in connection with the issue of new share capital.

The Company is classified by the FCA as an Alternative Investment Fund ("AIF"), which requires an Alternative Investment Fund Manager ("AIFM") to be appointed to, at a minimum, provide portfolio management and risk management services. The Manager is appointed as the Company's AIFM.

The AIFM Directive provides two regimes, a lighter regime for AIFMs where the cumulative assets of the AIFs under its management do not exceed €100 million; or do not exceed €500 million where the AIFs are unleveraged and do not give their investors a right of redemption within five years of initial investment.

The Manager's AIFs under management exceeds €500 million, and it is therefore authorised as a full scope AIFM. A requirement of this status is that an external Depositary is responsible for the safekeeping of the assets of the Company. The Company has appointed Thompson Taraz Depositary Limited to provide this service.

The Board has reviewed the effectiveness of the Company's systems of internal control and risk management for the year and up to the date of this Report. The Board is of the opinion that the Company's systems of internal, financial, and other controls are appropriate to the nature of its business activities and methods of operation given the size of the Company, and the Board has a reasonable expectation that the Company will continue in operational existence for the foreseeable future.

Conflicts of Interest

The directors have declared any conflicts or potential conflicts of interest to the Board, which has the authority to authorise such situations if appropriate. The Company Secretary maintains the Register of Directors' Interests, which is reviewed quarterly by the Board, when changes are notified, and the directors advise the Company Secretary and the Board as soon as they become aware of any conflicts of interest. Directors who have conflicts of interest which have been approved by the Board do not take part in discussions or decisions which relate to any of their conflicts.

The Board notes Mr R Cook's position as a shareholder of Xapien, a portfolio investment of the Company. In making the investments into Xapien, the Company's conflicts of interest policy was followed, with Mr R Cook recused from all decision making.

Corporate Governance in Relation to Investee Companies

The Company delegates responsibility for monitoring its investments to its Manager whose policy, which has been noted by the Board, is as follows:

YFM Private Equity Limited is committed to introducing corporate governance standards into the companies in which its clients invest. With this in mind, the Company's investment agreements contain contractual terms specifying the required frequency of board meetings, and for representation at such meetings through YFM Private Equity Limited. In addition, provision is made for the preparation of regular and timely management information to facilitate the monitoring of an investee company performance in accordance with best practice in the private equity sector.

Co-Investment

Typically, the Company invests alongside other venture capital funds and other private equity funds managed by the Manager, such syndication spreading investment risk. Details of the amounts invested in individual companies are set out in the Strategic Report. Co-investments are detailed in note 7 to the financial statements on pages 81 to 83.

Management

The Board has delegated the monitoring of the investment portfolio to the Manager.

This report was approved by the Board on 13 June 2025 and signed on its behalf by



Rupert Cook

Chairman

British Smaller Companies VCT plc

Registered number 03134749

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report in accordance with the requirements of the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's auditor, BDO LLP, to audit certain information included in this report. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the Independent Auditor's Report on pages 56 to 62.

Directors' Remuneration Policy

This statement of the Directors' Remuneration Policy took effect following approval by shareholders at the Annual General Meeting held on 14 September 2023.

A resolution to approve the Directors' Remuneration Policy will be put to shareholders every three years.

The Board comprises four directors, all of whom are non-executive. The Company currently has an independent Nominations & Remuneration Committee, which is comprised of the full Board and of which Mr J H Cartwright is the independent Chairman.

The Board has not retained external advisors in relation to remuneration matters but has access to information about directors' fees paid by other companies of a similar size and nature and this is used as a reference when setting directors' remuneration. Shareholders' views in respect of the directors' remuneration are communicated at the Company's AGM and are taken into consideration in formulating the Directors' Remuneration Policy.

At the last Annual General Meeting, 96 per cent of shareholders who exercised their voting rights voted for the resolution approving the Directors' Remuneration Report, showing significant shareholder approval.

The Board's policy is that the remuneration of non-executive directors should reflect the experience of the Board as a whole, to be fair and comparable to that of other relevant venture capital trusts that are similar in size and have similar investment objectives and structures. Furthermore, the level of remuneration should be sufficient to attract and retain the directors needed to properly oversee the Company and to reflect the duties and responsibilities of the directors and the value and amount of time committed to the Company's affairs.

It is not considered appropriate that directors' remuneration should be performance-related, and as such the directors are not eligible for bonuses, share options, pension benefits, long-term incentive schemes or other benefits in respect of their services as non-executive directors of the Company.

It is the Board's policy that directors do not have service contracts, but new directors are provided with a letter of appointment. The terms of directors' appointments provide that directors should retire and be subject to election at the first AGM after their appointment. Thereafter, it has been agreed that all directors will offer themselves for re-election on an annual basis. All directors' appointments are terminable by each director or the Company on three months' notice. Any director who ceases to hold office is not entitled to receive any payment other than accrued fees (if any) for past services. There were no payments for loss of office made during the period.

The policy will continue to be applied in the forthcoming year.

Brief biographical notes on the directors are given on page 38.

Statement by the Chair of the Nominations & Remuneration Committee

The directors have reviewed the level of directors' fees and, in light of the current inflationary environment, agreed that they will be increased by three per cent, to £47,690 per annum for the Chairman and £29,820 for the Non-Executive Directors, effective from 1 July 2025. The Chairs of the Audit & Risk Committee and the Investment Committee will receive an additional £5,150 per annum, reflecting the increased activity required in fulfilling those roles.

In accordance with the Directors' Remuneration Policy, the directors have agreed that they should be reviewed again in June 2026. It is proposed to increase the current director fee cap from £150,000 to £175,000 per annum at the September 2025 AGM.

Directors' Remuneration for the year ended 31 March 2025 (audited)

The directors who served in the year and the previous year received the following emoluments in the form of fees, which represent the entire remuneration payable to directors (see Table A):

There are no executive directors (2024: none).

TABLE A
Total Fixed Fees Paid (audited)

	2025 £	2024 £
R Cook	45,750	43,575
A C N Bastin	32,354	27,236
J H Cartwright	32,354	27,236
P Sapre	28,604	27,236
	139,062	125,283

With effect from 1 July 2024, the annual salary of the Chairman was increased to £46,300 (previously £44,100) and the annual salary of the other directors was increased to £28,950 (previously £27,565). Further, from the same date the Chairmen of the Audit & Risk Committee and the Investment Committee each received an additional £5,000 per annum, reflecting the increased activity required in fulfilling those roles.

TABLE B
Total Fixed Fees Paid: Annual change

Director	2025 %	2024 %	2023 %	2022 %	2021 %
R Cook	5.0	5.0	0.0*	0.0	0.0
A C N Bastin	23.2**	5.0	5.0	0.0	0.0*
J H Cartwright	23.2**	5.0	5.0	0.0	0.0*
P Sapre	5.0	5.0	n/a	n/a	n/a
H Sinclair	n/a	n/a	n/a	0.0	0.0

* The annual salary of Mr A C N Bastin from the date of his appointment on 11 September 2019 was £25,000, the annual salary of Mr J H Cartwright from the date of his appointment on 1 October 2019 was £25,000 and the annual salary of Ms P Sapre from the date of her appointment on 6 September 2022 was £26,250. The annual salary of Mr R Cook from the date of his appointment as Chairman on 16 November 2023 was £42,000.

** Includes an increase of £5,000 (equivalent to 18.2%) due to their roles as Chairmen of the Audit & Risk Committee and Investment Committee respectively, as explained above.

Directors and their Interests (audited)

The directors of the Company at 31 March 2025 and their beneficial interests in the share capital of the Company (including those of immediate family members) were as shown in Table C:

TABLE C
Directors and their Interests (audited)

	Number of ordinary shares at:		Percentage of voting rights:	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
R Cook	196,540	196,540	0.06%	0.07%
A C N Bastin	20,696	13,247	0.01%	0.01%
J H Cartwright	26,494	26,494	0.01%	0.01%
P Sapre	7,028	7,028	0.00%	0.00%

None of the directors held any options to acquire additional shares at the year end. Mr R Cook was allotted 12,206 ordinary shares on 1 April 2025 as part of the 2024/25 fundraising, taking his total shareholding to 208,746 ordinary shares at that date.

The Company has not set out any formal requirement or guidelines concerning their ownership of shares in the Company.

Relative Importance of Spend on Pay

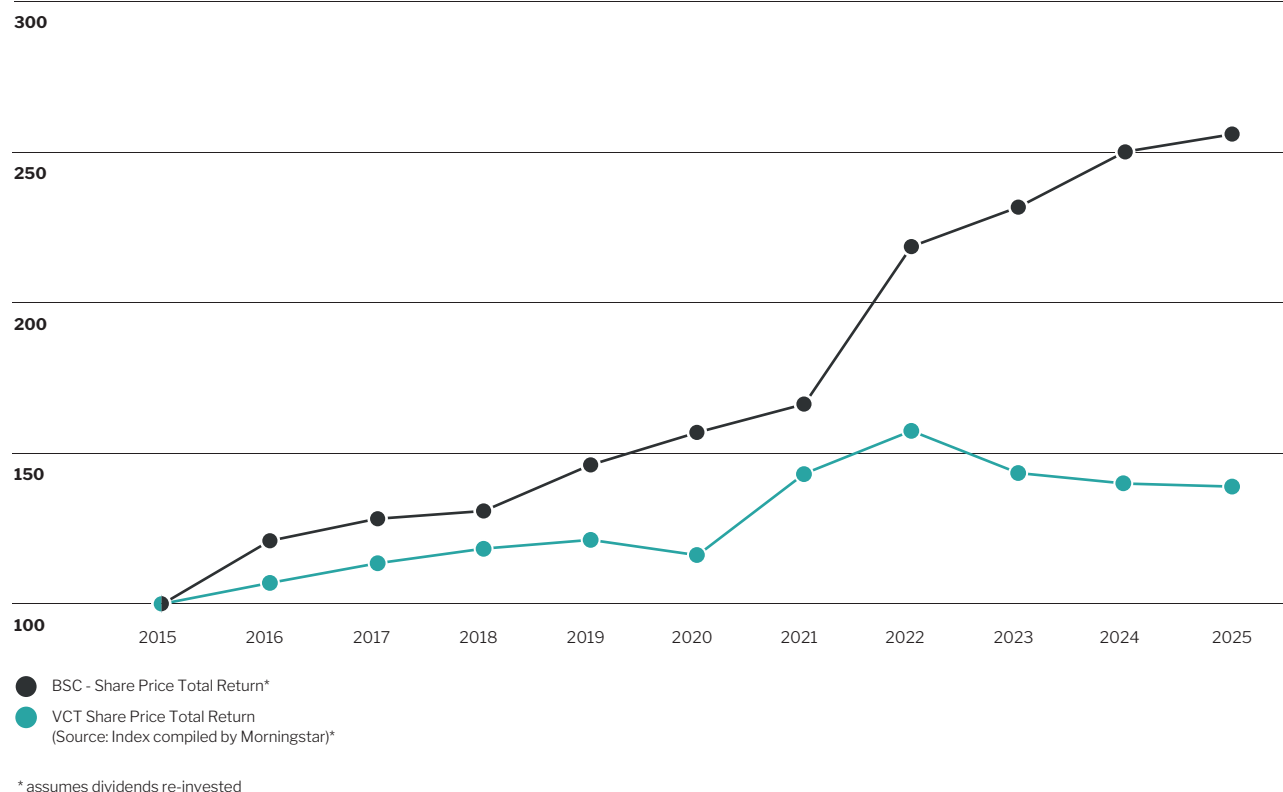
Directors' remuneration, dividend distribution and share buy-backs are shown in Table D:

The remuneration of the directors is fixed and contains no performance related variable element. As the Company has no employees, the directors do not consider it relevant to compare directors' fees against employee pay.

TABLE D
Relative Importance of Pay

	2025 £	2024 £
Dividends	15,849,000	9,635,000
Share buy-backs	6,710,000	2,869,000
Total directors' fees	139,062	125,383

DIRECTORS' REMUNERATION REPORT (CONTINUED)



Consideration of Employment Conditions of Non-director Employees

The Company does not have any employees. Accordingly, the disclosures required under paragraph 38 and 39 of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 are not required.

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Manager through the investment management agreement, as referred to in the Corporate Governance section.

Net Asset Value Total Return (calculated by reference to the net asset value and cumulative dividends paid, as set out in note 12 of these financial statements and excluding tax reliefs received by shareholders) is the primary recognised measure of performance in the VCT industry. This measure is shown on page 12.

The graph above shows a comparison over the last ten years of the movements in both the Company's Share Price Total Return and the Share Price Total Return for an index of generalist VCTs which are members of the AIC (based on figures provided by Morningstar). In line with the index all the relative performance measures have been rebased to 100 as at March 2015. The directors consider this to be the most appropriate published index on which to report on comparative performance.

This report was approved by the Board and signed on its behalf on 13 June 2025.

Rupert Cook
Chairman

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and the financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

In preparing these financial statements, the directors are required to:

- > Select suitable accounting policies and then apply them consistently;
- > Make judgements and accounting estimates that are reasonable and prudent;
- > State whether they have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- > Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- > Prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provide the information necessary for shareholders to assess the performance, business model and strategy.

Website Publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website www.bscfunds.com in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' Responsibilities Pursuant to DTR4

The directors confirm to the best of their knowledge:

- > The financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company; and
- > The annual report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.

The names and functions of all the directors are stated on page 38.

This statement was approved by the Board and signed on its behalf on 13 June 2025.



Rupert Cook
Chairman

INDEPENDENT AUDITOR'S REPORT

to the members of British Smaller Companies VCT plc

Opinion on the financial statements

In our opinion the financial statements:

- > Give a true and fair view of the state of the Company's affairs as at 31 March 2025 and of its profit for the year then ended;
- > Have been properly prepared in accordance with UK adopted international accounting standards; and
- > Have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of British Smaller Companies VCT plc (the 'Company') for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the financial statements, including a summary of material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit & Risk Committee.

Independence

Following the recommendation of the Audit & Risk Committee, we were appointed by the Board of Directors during 2014 and subsequently by the shareholders at the AGM on 22 July 2014 to audit the financial statements for the year ended 31 March 2014 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is twelve years, covering the years ended 31 March 2014 to 31 March 2025. We remain

independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- > Obtaining the VCT compliance reports prepared by management's expert during the year and as at year end and reviewing the calculations therein to check that the Company was meeting its requirements to retain VCT status;
- > Consideration of the Company's expected future compliance with VCT legislation, the absence of bank debt, contingencies and commitments and any market or reputational risks;
- > Reviewing the forecasted cash flows that support the directors' assessment of going concern, challenging assumptions and judgements made in the forecasts, and assessing them for reasonableness. In particular, we considered the available cash resources relative to the forecast expenditure which was assessed against the prior year for reasonableness; and
- > Evaluating the directors' method of assessing the going concern in light of market volatility.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company’s reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors’ statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview

	2025	2024
Key audit matters		
Valuation of unquoted investments	✓	✓

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Valuation of unquoted investments (Note 1 and Note 7)</p> <p>We consider the valuation of unquoted investments to be the most significant audit area as there is a high level of estimation uncertainty involved in determining the unquoted investment valuations.</p> <p>There is also an inherent risk of management override arising from the unquoted investment valuations being prepared by the Manager, who is remunerated based on factors including the net asset value of the Company.</p> <p>For these reasons we considered the valuation of unquoted investments to be a key audit matter.</p>	<p>We assessed the design and implementation of controls relating to the valuation of unquoted investments. This included obtaining an understanding of the sources of key inputs, judgements and significant estimates used as well as the oversight and governance structures in relation to the valuation process.</p> <p>For all investments we:</p> <ul style="list-style-type: none">> Challenged whether the valuation methodology was the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation (“IPEV”) Guidelines and the applicable accounting standards.> Assessed whether the valuation workings are based on the latest information provided by the investee companies, were reviewed and approved accordingly and the commentary in the valuation workings agrees with the fair value movement. <p>We performed a risk assessment to determine the extent of our detailed testing. This included assessing the value of individual investments, the movement in fair value; movements in multiples (where applicable); and gross enterprise value, and changes in discounts from prior year to current year; and the economic factors that impact the valuation of the portfolio companies.</p>

Materiality

Company financial statements as a whole

£5.1m (2024: £2.5m) based on 2% of net asset value (2024: 2% of total financial assets at fair value through profit or loss).

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company’s system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matter

How the scope of our audit addressed the key audit matter

For investments selected for testing that were valued using less subjective valuation techniques (price of recent investment reviewed for changes in fair value) we:

- > Verified the price of recent investment to supporting documentation;
- > Considered whether the investment was an arm's length transaction through reviewing the parties involved in the transaction and checking whether or not they were already investors of the investee company;
- > Considered whether there were any indications that the cost or price of recent investment was no longer representative of fair value considering, inter alia, the current performance of the investee company and the milestones and assumptions set out in the investment proposal; and
- > Considered whether the price of recent investment is supported by alternative valuation techniques.

For investments selected for testing that were valued using more subjective techniques (earnings multiples and revenue multiples) we:

- > Challenged and corroborated the inputs to the valuation with reference to management information of investee companies, market data and our own understanding and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements;
- > Reviewed the historical financial statements and any recent management information available to support assumptions about maintainable revenues, earnings or cash flows used in the valuations;
- > Considered the revenue or earnings multiples applied and the discounts applied by reference to observable listed company market data; and
- > Challenged the consistency and appropriateness of adjustments made to such market data in establishing the revenue, cash flow or earnings multiple applied in arriving at the valuations adopted by considering the individual performance of investee companies against plan and relative to the peer group, the market and sector in which the investee company operates and other factors as appropriate.

Where appropriate, we performed a sensitivity analysis by developing our own point estimate where we considered that alternative input assumptions could reasonably have been applied and we considered the overall impact of such sensitivities on the portfolio of investments in determining whether the valuations as a whole are reasonable and free from bias.

Key observations

Considering the level of estimation uncertainty and the procedures performed to address this risk, we consider the valuation of unquoted investments to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality,

we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	2025 £m	Company financial statements 2024 £m
Materiality	5.1	2.5
Basis for determining materiality	2% of net assets	2% of total financial assets at fair value through profit or loss
Rationale for the benchmark applied	<p>We have changed the basis of materiality in the current year from total financial assets at fair value through profit or loss to net assets, to conform with the VCT industry, whereby net assets is more commonly used to determine materiality.</p> <p>In setting materiality, we have had regard to the nature and disposition of the investment portfolio. Given that the VCT's portfolio is comprised of unquoted investments which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 2% of net assets.</p>	
Performance materiality	3.9	1.9
Basis for determining performance materiality	75% of materiality	75% of materiality
Rationale for the percentage applied for performance materiality	<p>The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and our experience of the audited entity.</p>	

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

Reporting threshold

We agreed with the Audit & Risk Committee that we would report to them all individual audit differences in excess of £257,000 (2024: £125,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The UK Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability

- > The Director's statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 39-40; and
- > The Director's explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 39-40.

Other Code provisions

- > Directors' statement on fair, balanced and understandable set out on page 39;
- > Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 32-35;
- > The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 49-50; and
- > The section describing the work of the Audit & Risk Committee set out on pages 45-48.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit:

- > The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- > The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Directors' remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- > Our understanding of the Company and the industry in which it operates;
- > Discussion with the Manager and those charged with governance; and
- > Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") and updated in 2022 with consequential amendments and the applicable financial reporting framework. We also considered the Company's qualification as a VCT under UK tax legislation.

Our procedures in respect of the above included:

- > Agreement of the financial statement disclosures to underlying supporting documentation;
- > Enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- > Obtaining the VCT compliance reports prepared by management's expert during the year and as at year end and reviewing their calculations to check that the Company was meeting its requirements to retain VCT status; and
- > Reviewing minutes of meeting of those charged with governance throughout the period for instances of non-compliance with laws and regulations.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Fraud

We assessed the susceptibility of the financial statements to material misstatement including fraud.

Our risk assessment procedures included:

- > Enquiry of the Manager and those charged with governance regarding any known or suspected instances of fraud;
- > Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- > Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- > Considering performance incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the valuation of unquoted investments and management override of controls.

Our procedures in respect of the above included:

- > In addressing the risk of valuation of unquoted investments, the procedures set out in the key audit matter section in our report were performed;
- > In addressing the risk of management override of control, we:
 - Considered the opportunity and incentive to manipulate accounting entries;
 - Reviewed the significant judgements made in the valuation of unquoted investments and considered whether the valuation methodology is the most appropriate;
 - Considered any indicators of bias in our audit as a whole;
 - Performed a review of unadjusted audit differences, if any, for indicators of bias or deliberate misstatement; and
 - Reviewed the appropriateness of adjustments made in the preparation of the financial statements.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Vanessa-Jayne Bradley
(Senior Statutory Auditor)

For and on behalf of BDO LLP,
Statutory Auditor
London, UK

13 June 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	Revenue £000	2025 Capital £000	Total £000	Revenue £000	2024 Capital £000	Total £000
Gains on investments held at fair value	7	-	5,656	5,656	-	6,045	6,045
Gain on disposal of investments	7	-	965	965	-	4,475	4,475
Gain arising from the investment portfolio		-	6,621	6,621	-	10,520	10,520
Income	2	5,463	-	5,463	4,045	-	4,045
Total income		5,463	6,621	12,084	4,045	10,520	14,565
Administrative expenses:							
Manager's fee		(943)	(2,830)	(3,773)	(795)	(2,384)	(3,179)
Other expenses		(1,542)	-	(1,542)	(768)	-	(768)
	3	(2,485)	(2,830)	(5,315)	(1,563)	(2,384)	(3,947)
Profit before taxation		2,978	3,791	6,769	2,482	8,136	10,618
Taxation	4	(517)	517	-	-	-	-
Profit for the year		2,461	4,308	6,769	2,482	8,136	10,618
Total comprehensive income for the year		2,461	4,308	6,769	2,482	8,136	10,618
Basic and diluted earnings per ordinary share	6	0.80p	1.41p	2.21p	1.01p	3.33p	4.34p

The accompanying notes on pages 68 to 91 are an integral part of these financial statements.

The Total column of this statement represents the Company's 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 AIC.

BALANCE SHEET

At 31 March 2025

	Notes	2025 £000	2024 £000
ASSETS			
Non-current assets at fair value through profit or loss			
Financial assets at fair value through profit or loss	7	154,546	128,662
Other assets	8	1,714	-
		156,260	128,662
Current assets			
Accrued income and other assets	8	1,224	1,382
Current asset investments	9	69,000	53,500
Cash at bank and other cash equivalents	9	30,971	36,304
		101,195	91,186
LIABILITIES			
Current liabilities			
Trade and other payables	10	(344)	(248)
Net current assets		100,851	90,938
Net assets		257,111	219,600
Shareholders' equity			
Share capital	11	35,338	28,830
Share premium account		105,086	58,293
Capital reserve		65,203	79,171
Investment holding gains and losses reserve	7	48,673	49,207
Revenue reserve		2,811	4,099
Total shareholders' equity		257,111	219,600
Net asset value per ordinary share	12	80.55p	83.6p

The accompanying notes on pages 68 to 91 are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 13 June 2025.



Rupert Cook
Chairman

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Share capital £000	Share premium account £000	Capital reserve £000	Investment holding gains and losses reserve £000	Revenue reserve £000	Total equity £000
Balance at 31 March 2023	20,969	1,700	82,893	49,215	2,255	157,032
Revenue return for the year	-	-	-	-	2,482	2,482
Expenses charged to capital	-	-	(2,384)	-	-	(2,384)
Investment holding gain on investments held at fair value	-	-	-	6,045	-	6,045
Realisation of investments in the year	-	-	4,475	-	-	4,475
Total comprehensive income for the year	-	-	2,091	6,045	2,482	10,618
Issue of share capital	7,612	57,237	-	-	-	64,849
Issue of shares – DRIS	249	1,769	-	-	-	2,018
Issue costs *	-	(2,413)	-	-	-	(2,413)
Purchase of own shares	-	-	(2,869)	-	-	(2,869)
Dividends	-	-	(8,997)	-	(638)	(9,635)
Total transactions with owners	7,861	56,593	(11,866)	-	(638)	51,950
Realisation of prior year investment holding gains	-	-	6,053	(6,053)	-	-
Balance at 31 March 2024	28,830	58,293	79,171	49,207	4,099	219,600
Revenue return for the year	-	-	-	-	2,978	2,978
Expenses charged to capital	-	-	(2,830)	-	-	(2,830)
Investment holding gain on investments held at fair value	-	-	-	5,656	-	5,656
Realisation of investments in the year	-	-	965	-	-	965
Taxation	-	-	517	-	(517)	-
Total comprehensive (expense) income for the year	-	-	(1,348)	5,656	2,461	6,769
Issue of share capital	6,147	45,932	-	-	-	52,079
Issue of shares – DRIS	361	2,533	-	-	-	2,894
Issue costs*	-	(1,672)	-	-	-	(1,672)
Purchase of own shares	-	-	(6,710)	-	-	(6,710)
Dividends	-	-	(12,100)	-	(3,749)	(15,849)
Total transactions with owners	6,508	46,793	(18,810)	-	(3,749)	30,742
Realisation of prior year investment holding gains	-	-	6,190	(6,190)	-	-
Balance at 31 March 2025	35,338	105,086	65,203	48,673	2,811	257,111

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

The accompanying notes on pages 68 to 91 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 March 2025

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 reserve £000	Revenue reserve £000	Total £000
Distributable reserves as shown on previous page	65,203	2,811	68,014
Income/proceeds not yet distributable	(2,384)	(1,196)	(3,580)
Cancelled share premium not yet distributable	(1,484)	-	(1,484)
Reserves available for distribution*	61,335	1,615	62,950

* Following the circulation of the Annual Report to shareholders.

The capital reserve and revenue reserve are both distributable reserves. The reserves total £68,014,000, representing a decrease of £15,256,000 during the year. The directors also take into account 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 £68,014,000 shown above, £3,580,000 relates to income and proceeds not yet distributable and £1,484,000 relates to cancelled share premium which will become distributable from 1 April 2026.

The Company is recommending resolutions at the forthcoming Annual General Meeting relating to the cancellation of the Company's share premium account, and the reduction in the nominal value of the Company's issued share capital. If approved, the resolutions will create at least £170.0 million of additional distributable reserves over the next four years, as set out below.

Available for distribution	Reserves arising from cancelled share premium £000	Reserves arising from reduction in share capital £000	Total £000
July 2026, once the 2026 annual report has been circulated	1,700	20,948	22,648
1 April 2027	56,593	7,853	64,446
1 April 2028	46,793	6,501	53,294
1 April 2029	25,867	3,676	29,543
Total	130,953	38,978	169,931

STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	Notes	2025 £000	2024 £000
Net cash inflow (outflow) from operating activities		1,003	(744)
Cash flows generated from (used in) investing activities			
Purchase of financial assets at fair value through profit or loss	7	(29,288)	(9,390)
Proceeds from sale of financial assets at fair value through profit or loss	7	7,259	19,625
Deferred consideration		451	96
Net cash (outflow) inflow from investing activities		(21,578)	10,331
Cash flows from (used in) financing activities			
Issue of ordinary shares		52,079	64,849
Costs of ordinary share issues*		(1,672)	(2,413)
Purchase of own ordinary shares		(6,710)	(2,869)
Dividends paid	5	(12,955)	(7,617)
Net cash inflow from financing activities		30,742	51,950
Net increase in cash and cash equivalents		10,167	61,537
Cash and cash equivalents at the beginning of the year		89,804	28,267
Cash and cash equivalents at the end of the year		99,971	89,804

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

Cash and cash equivalents comprise

Money market funds	9	69,000	53,500
Cash at bank and other cash equivalents	9	30,971	36,304
Cash and cash equivalents at the end of the year		99,971	89,804

Reconciliation of Profit before Taxation to Net Cash Inflow (Outflow) from Operating Activities

	2025 £000	2024 £000
Profit before taxation*	6,769	10,618
Increase (decrease) in trade and other payables	96	(110)
Decrease (increase) in accrued income and other assets	759	(732)
Gain on disposal of investments	(965)	(4,475)
Gains on investments held at fair value	(5,656)	(6,045)
Net cash inflow (outflow) from operating activities	1,003	(744)

* Includes cash inflow from dividends of £372,000 (2024: £341,000) and interest of 5,346,000 (2024: £2,899,000).

The accompanying notes on pages 68 to 91 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Principal Accounting Policies

Basis of Preparation

The accounts have been prepared on a going concern basis as set out in the Directors Report on pages 39 and 40 and in accordance with UK adopted international accounting standards.

The directors have carefully considered the issue of going concern in view of the Company's activities and associated risks. The Company has a well-diversified portfolio with businesses in a variety of sectors, many of which are well funded. Some portfolio companies may require additional funding in the near- to medium-term; the Company is well placed to provide this, where appropriate.

The Company has a significant level of liquidity, which was enhanced by the final allotment of the 2024/25 fundraising post-year-end, in April 2025. In addition, the Board has control over, and can flex as appropriate, the Company's major outgoings, which predominantly comprise investments, dividends and share buy-backs.

The directors have also assessed whether material uncertainties exist and their potential impact on the Company's ability to continue as a going concern; they have concluded that no such material uncertainties exist.

Taking all of the above into consideration, the directors are satisfied that the Company has sufficient resources to meet its obligations for at least 12 months from the date of this report and therefore believe that it is appropriate to continue to apply the going concern basis of accounting in preparing the financial statements.

The financial statements have been prepared under the historical cost basis as modified by the measurement of investments and other assets 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 (International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS")) and interpretations in force at the reporting date. New standards coming into force during the year and future standards that come into effect after the year-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.

Financial Assets held at Fair Value through Profit or Loss - Investments

Financial assets designated as at fair value through profit or loss ("FVPL") at inception are those that are managed and whose performance is evaluated on a fair value basis, in accordance with the documented investment strategy of the Company. Information about these financial assets is provided internally on a fair value basis to the Company's key management. The Company's investment strategy is to invest cash resources in venture capital investments as part of the Company's long-term capital growth strategy. Consequently, all investments are classified as held at fair value through profit or loss.

All investments are measured at fair value on the whole unit of account basis with gains and losses arising from changes in fair value being included in the Statement of Comprehensive Income as gains or losses on investments held at fair value. Accrued income on loans/preference shares that is rolled to exit and is not past due, forms part of the investment's fair value.

Transaction costs on purchases are expensed immediately through profit or loss.

Although the Company holds more than 20 per cent of the equity of certain companies, it is considered that the investments are held as part of the investment portfolio, and their value to the Company lies in their marketable value as part of that portfolio. These investments are therefore not accounted for using equity accounting, as permitted by IAS 28 'Investments in associates' and IFRS 11 'Joint arrangements' which give exemptions from equity accounting for venture capital organisations.

Under IFRS 10 "Consolidated Financial Statements", control is presumed to exist when the Company has power over an investee (whether or not used in practice); exposure or rights; to variable returns from that investee, and ability to use that power to affect the reporting entities returns from the investees. The Company does not control any of the companies held as part of the investment portfolio. It is not considered that any of the holdings represent investments in subsidiary undertakings.

Valuation of Investments

Unquoted investments are valued in accordance with IFRS 13 "Fair Value Measurement" and using the International Private Equity and Venture Capital Valuation Guidelines ("the IPEV Guidelines"). Quoted investments are valued at market bid prices. A detailed explanation of the valuation policies of the Company is included below.

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 IPEV 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.

Unquoted Investments

- > **Revenue multiples.** 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.
- > **Net assets.** The value of the business is derived by using appropriate measures to value the assets and liabilities of the investee company.
- > **Discounted cash flows of the underlying business.** The present value of the underlying business is derived by using reasonable assumptions and estimations of expected future cash flows and the terminal value, and discounted by applying the appropriate risk-adjusted rate that quantifies the risk inherent in the company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Principal Accounting Policies (continued)

- > **Discounted cash flows from the investment.** Under this method, the discounted cash flow concept is applied to the expected cash flows from the investment itself rather than the underlying business as a whole.
- > **Price of recent investment.** This may represent the most appropriate basis where a significant amount of new investment has been made by an independent third party. This is adjusted, if necessary, for factors relevant to the background of the specific investment such as preference rights and will be benchmarked against other valuation techniques. In line with the IPEV Guidelines the price of recent investment will usually only be used for the initial period following the round and after this an alternative basis will be found.

Due to the significant subjectivity involved, discounted cash flows are only likely to be reliable as the main basis of estimating fair value in limited situations. Their main use is to support valuations derived using other methodologies and for assessing reductions in fair value.

One of the valuation methods described above is used to derive the gross attributable enterprise value of the company after which adjustments are made to reflect specific circumstances. This value is then apportioned appropriately to reflect the respective debt and equity instruments in the event of a sale at that level at the reporting date.

Income

Dividends and interest are received from financial assets measured at fair value through profit and loss and are recognised on the same basis in the Statement of Comprehensive Income. This includes interest and preference dividends rolled up and/or payable at redemption. Interest income is also received on cash, cash equivalents and current asset investments. Dividend income from unquoted equity shares is recognised at the time when the right to the income is established.

Expenses

Expenses are accounted for on an accruals basis. Expenses are charged through the Revenue column of the Statement of Comprehensive Income, except for the Manager's fee and incentive fees. Of the Manager's fees 75 per cent are allocated to the Capital column of the Statement of Comprehensive Income, to the extent that these relate to an enhancement in the value of the investments and in line with the Board's expectation that over the long term 75 per cent of the Company's investment returns will be in the form of capital gains. The incentive fee payable to the Manager (as set out in note 3) is charged wholly through the Capital column.

Tax relief is allocated to the Capital Reserve using a marginal basis.

Incentive Fee

The incentive fee is accounted for on an accruals basis. As further detailed in note 3, a performance incentive fee is payable to the Manager subject to the Company achieving both a target level of Total Return (the "Total Return Hurdle") and dividends ("Dividend Hurdle"). Subject to meeting the Total Return Hurdle, the Manager will receive an amount equivalent to 20 per cent of the amount by which dividends paid per share exceeds the Dividend Hurdle, multiplied by the number of shares in issue at the year end. The incentive fee in any financial year will be subject to a cap if the excess of dividends paid over the Dividend Hurdle is greater than the sum of the excess of the Total Return over the Total Return Hurdle divided by 1.2. At the end of each reporting period, an accrual is recognised based upon the dividends paid during the financial year to date and the Total Return at the end of the reporting period. The incentive fee is charged wholly through the Capital column.

Cash, Cash Equivalents and Current Asset Investments

Cash at bank comprises cash at hand and demand deposits. Cash equivalents comprises short-term deposits and highly liquid investments that are readily convertible into known amounts of cash and subject to insignificant risk of change in value.

Current asset investments comprise money market funds.

Cash and cash equivalents (excluding money market funds) are valued at amortised cost, which equates to fair value. Money market funds are valued at fair value through profit or loss.

Cash flows classified as “operating activities” for the purposes of the Statement of Cash Flows are those arising from the Revenue column of the Statement of Comprehensive Income, together with the items in the Capital column that do not fall to be easily classified under the headings for “investing activities” given by IAS 7 ‘Statement of cash flows’, being management and incentive fees payable to the Manager. The capital cash flows relating to the acquisition and disposal of investments are presented under “investing activities” in the Statement of Cash Flows in line with both the requirements of IAS 7 and the positioning given to these headings by general practice in the industry.

Share Capital and Reserves

Share Capital

This reserve contains the nominal value of all shares allotted under offers for subscription.

Share Premium Account

This reserve contains the excess of gross proceeds less issue costs over the nominal value of shares allotted under offers for subscription, to the extent that it has not been cancelled.

Capital Reserve

The following are included within this reserve:

- > Gains and losses on realisation of investments;
- > Realised losses upon permanent diminution in value of investments;
- > Capital income from investments;
- > 75 per cent of the Manager’s fee expense, together with the related taxation effect to this reserve in accordance with the policy on expenses in note 1 of the financial statements;
- > Incentive fee payable to the Manager;
- > Capital dividends paid to shareholders;
- > Purchase and holding of the Company’s own shares; and
- > Credits arising from the cancellation of any share premium account or changes in the nominal value of the share capital.

Investment Holding Gains and Losses Reserve

Increases and decreases in the valuation of investments held at the year-end are accounted for in this reserve, except to the extent that the diminution is deemed permanent.

Revenue Reserve

This reserve includes all revenue income from investments along with any costs associated with the running of the Company – less 75 per cent of the Manager’s fee expense as detailed in the Capital Reserve above.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Principal Accounting Policies (continued)

Taxation

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, no provision for taxation is required in respect of any realised or unrealised appreciation of the Company's investments which arises. Deferred tax is recognised on all temporary differences that have originated, but not reversed, by the balance sheet date.

Deferred tax assets are only recognised to the extent that they are regarded as recoverable. Deferred tax is calculated at the tax rates that are expected to apply when the asset is realised. Deferred tax assets and liabilities are not discounted.

Dividends Payable

Dividends payable are recognised only when an obligation exists. Interim and special dividends are recognised when paid and final dividends are recognised when approved by shareholders in general meetings.

Segmental Reporting

In accordance with IFRS 8 'Operating segments' and the criteria for aggregating reportable segments, segmental reporting has been determined by the directors based upon the reports reviewed by the Board. The directors are of the opinion that the Company has engaged in a single operating segment - investing in equity and debt securities within the United Kingdom - and therefore no reportable segmental analysis is provided.

Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with generally accepted accounting practice requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are those used to determine the fair value of investments at fair value through profit or loss, as disclosed in note 7 to the financial statements.

The fair value of investments at fair value through profit or loss is determined by using valuation techniques. As explained above, the Board uses its judgement to select from a variety of methods and makes assumptions that are mainly based on market conditions at each balance sheet date.

The Board uses its judgement to select the appropriate method for determining the fair value of investments through profit or loss.

2. Income

	2025 £000	2024 £000
Dividends from unquoted companies	443	907
Interest on loans to unquoted companies	243	218
Income from unquoted portfolio	686	1,125
Income from listed investment funds	-	97
Income from investments held at fair value through profit or loss	686	1,222
Income from bank deposits/money market funds	4,777	2,823
	5,463	4,045

3. Administrative Expenses

	2025 £000	2024 £000
Manager's fee	3,773	3,179
Administration fee	89	85
Total payable	3,862	3,264
Other expenses:		
Trail commission paid to financial intermediaries	238	142
Directors' remuneration	154	138
General expenses	116	136
Listing and registrar fees	90	89
Auditor's remuneration - audit of the financial statements (excluding irrecoverable VAT)	67	66
Printing	53	60
Irrecoverable VAT	52	52
	4,632	3,947
Fair value movement related to credit risk	683	-
	5,315	3,947
Ongoing charges figure	1.75%	1.85%

Directors' remuneration comprises only short-term benefits including national insurance contributions of £14,000 (2024: £12,000).

The Company does not have employees (2024: nil).

No fees are payable to the auditor in respect of other services (2024: £nil).

YFM Private Equity Limited provides management services to the Company under an investment agreement (IA) dated 28 February 1996 as varied by agreements dated 1 July 2009, 16 November 2012, 17 October 2014, 24 August 2015 and 18 November 2019. The agreement may be terminated by not less than 12 months' notice given by either party at any time. No notice has been issued to or by YFM Private Equity Limited terminating the contract as at the date of this Report.

The key features of the IA are:

- > YFM Private Equity Limited receives a Manager's fee, calculated at half-yearly intervals as at 31 March and 30 September. The fee is allocated between capital and revenue as described in note 1. The fee is payable quarterly in advance;
- > The annual fee payable to the Manager is (i) 1.0 per cent on all surplus cash, defined as all cash above £7.5 million; and (ii) 2.0 per cent per annum of all other net assets. Based on the Company's net assets at 31 March 2025 of £257,111,000, including cash and cash equivalents of £99,971,000 at that date, this equates to approximately £4,218,000 per annum;
- > Under the IA, YFM Private Equity Limited also provides administrative and secretarial services to the Company. The original fee for these services at 28 February 1996 was £35,000 per annum. This is adjusted annually to reflect movements in the Retail Prices Index. For the year ended 31 March 2025 the fee totalled £89,000 (2024: £85,000); and
- > YFM Private Equity Limited shall bear the annual operating costs of the Company to the extent that those costs exceed 2.9 per cent of the net asset value of the Company. This includes the fees set out above but excludes any payment of the performance incentive fee (details of which are set out below), VAT and trail commissions payable to financial intermediaries. Operating costs in the year totalled 1.69 per cent of the Company's net asset value (2024: 1.71 per cent); therefore no excess expenses were payable to the Company from YFM Private Equity Limited in the year (2024: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Administrative Expenses (continued)

When the Company makes investments into its unquoted portfolio the Manager typically charges that investee an advisory fee or arrangement fee, calculated by applying a percentage to the investment amount. The Company and the Manager have agreed that, if the average of the relevant fees during the Company's financial year exceeds 3.0 per cent of the total invested into new portfolio companies and 2.0 per cent into follow-on holdings this excess will be rebated to the Company. As at 31 March 2025, the Company was due a rebate from the Manager of £34,000 (2024: £nil).

The total remuneration payable to YFM Private Equity Limited under the IA in the period was £3,862,000 (2024: £3,264,000).

Monitoring and directors' fees the Manager receives from the investee companies are limited to a maximum of £40,000 (excluding VAT) per annum per company.

Under the IA, YFM Private Equity Limited is entitled to receive fees from investee companies in respect of the provision of non-executive directors and other advisory services. YFM Private Equity Limited is responsible for paying the due diligence and other costs incurred in connection with proposed investments which for whatever reason do not proceed to completion. In the year ended 31 March 2025 the fees receivable by YFM Private Equity Limited from investee companies which were attributable to advisory and director and monitoring fees attributable to the Company amounted to £1,440,000 (2024: £932,000).

A performance incentive fee is payable to the Manager subject to the Company achieving both a target level of Total Return (the "Total Return Hurdle") and dividends ("Dividend Hurdle"). Subject to meeting the Total Return Hurdle, the Manager will receive an amount equivalent to 20 per cent of the amount by which dividends paid per share exceeds the Dividend Hurdle, multiplied by the number of shares in issue at the year end. The incentive fee in any financial year will be subject to a cap if the excess of dividends paid over the Dividend Hurdle is greater than the sum of the excess of the Total Return over the Total Return Hurdle divided by 1.2. With effect from 31 March 2019 the Total Return Hurdle was 228.6 pence per share and the annual increase is equivalent to 4.0 pence per share, as increased or decreased by the percentage increase or decrease (if any) in RPI from 1 April 2009. For the year ended 31 March 2025 the annual increase in the Total Return Hurdle was 7.25 pence per share.

The Dividend Hurdle was 4.0 pence per share (increasing in line with RPI) from 1 April 2009. For the year ended 31 March 2025 the Dividend Hurdle was 7.25 pence per share.

There were no incentive fees payable for the years ended 31 March 2025 and 31 March 2024, as calculated below:

	2025	2024
Total Return Hurdle (p)	272.75	265.50
Actual Total Return per Share before incentive fee (p)	264.70	262.50
Shortfall over Total Return Hurdle (p)	(8.05)	(3.00)
Dividend Hurdle (p)	7.25	7.00
Actual Dividends per share (p)	5.25	4.00
Shortfall over Dividend Hurdle (p)	(2.00)	(3.00)
Lower excess of the two hurdles (p)	-	-
Fee impact reduction (divide by 1.2) (p)	-	-
Performance fee per share at 20% of adjusted excess (p)	-	-
Number of shares in issue ('000)	319,179	262,659
Incentive fee payable (£'000)	-	-

The Total Return Hurdle for the year ending 31 March 2026 is 280.25 pence per share. The Dividend Hurdle is 7.50 pence per share.

If the annual incentive fee exceeds £5.0 million then the excess is deferred until following the next year's Annual General Meeting. Payment of the remainder is made five Business Days after the relevant Annual General Meeting at which the audited accounts are presented to shareholders.

The amount of the incentive payment paid to the Manager for any one year shall, when taken with all other relevant costs, ensure that the Company's total costs in a single year do not exceed 5 per cent of net assets. Any excess over the 5 per cent is carried forward to be included in the calculation of the amount that can be paid in future years. Except with shareholder approval the maximum fee payable in any 12 month period will not exceed £7.5 million.

There are also provisions for a compensatory fee in circumstances where the Company is taken over or the Incentive Agreement is terminated, which is calculated as a percentage of the fee that would otherwise be payable under the Incentive Agreement by reference to the accounting period following its termination. In this instance 80 per cent is payable in the first accounting period after such an event, 55 per cent in the second, 35 per cent in the third and nothing is payable thereafter.

Under the terms of the offer launched with British Smaller Companies VCT2 plc on 20 September 2023, YFM Private Equity Limited was entitled to 3.0 per cent of gross subscriptions, (3.5 per cent for Applications received from Applicants who did not invest their money through a financial intermediary advisor and invested directly into the Company) less commissions payable to an execution-only broker or platform. The net amount paid to YFM Private Equity Limited under this offer amounted to £1,645,000.

Under the terms of the offer launched with British Smaller Companies VCT2 plc on 17 October 2024, YFM Private Equity Limited was entitled to 3.0 per cent of gross subscriptions, (3.5 per cent for Applications received from Applicants who did not invest their money through a financial intermediary advisor and invested directly into the Company) less commissions payable to an execution-only broker or platform. The net amount paid to YFM Private Equity Limited under this offer amounted to £1,370,000.

The details of directors' remuneration are set out in the Directors' Remuneration Report on page 53 under the heading "Directors' Remuneration for the year ended 31 March 2025 (audited)".

4. Taxation

	Revenue £000	2025 Capital £000	Total £000	Revenue £000	2024 Capital £000	Total £000
Profit before taxation	2,978	3,791	6,769	2,482	8,136	10,618
Profit before taxation multiplied by standard rate of corporation tax in UK of 19% (2024: 19%)	566	720	1,286	471	1,546	2,017
Effect of:						
UK dividends received	(79)	-	(79)	(172)	-	(172)
Non-taxable profits on investments	-	(1,258)	(1,258)	-	(1,999)	(1,999)
Deferred tax not recognised	30	21	51	(299)	453	154
Tax charge (credit)	517	(517)	-	-	-	-

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

Deferred tax assets of £3.91 million (2024: £4.98 million) calculated at 19% (2024: 25%) in respect of unrelieved management expenses (£20.58 million as at 31 March 2025 and £19.93 million as at 31 March 2024) have not been recognised as the directors do not currently believe that it is probable that sufficient taxable profits will be available against which assets can be recovered.

Due to the Company's status as a venture capital trust and the continued intention to meet with the conditions required to comply with Section 274 of the Income Tax Act 2007, the Company has not provided for deferred tax on any capital gains or losses arising on the revaluation or realisation of investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Dividends

Amounts recognised as distributions to equity holders in the period to 31 March:

	Revenue £000	2025 Capital £000	Total £000	Revenue £000	2024 Capital £000	Total £000
Interim dividend for the year ended 31 March 2025 of 2.0p (2024: 2.0p) per ordinary share	1,969	4,077	6,046	638	4,178	4,816
Second interim dividend for the year ended 31 March 2025 of 2.0p (2024: 2.0p) per ordinary share	1,780	4,257	6,037	-	4,819	4,819
Special dividend for the year ended 31 March 2025 of 1.25p per ordinary share	-	3,766	3,766	-	-	-
	3,749	12,100	15,849	638	8,997	9,635
Shares allotted under DRIS			(2,894)			(2,018)
Dividends paid in Statement of Cash Flows			12,955			7,617

The first interim dividend of 2.0 pence per ordinary share was paid on 26 July 2024 to shareholders on the register as at 28 June 2024.

The second interim dividend of 2.0 pence per ordinary share was paid on 20 December 2024 to shareholders on the register as at 22 November 2024.

The special dividend of 1.25 pence per ordinary share was paid on 27 January 2025 to shareholders on the register as at 27 December 2024.

An interim dividend of 2.0 pence per ordinary share, in respect of the year ending 31 March 2026, will be paid on 25 July 2025 to shareholders on the register on 27 June 2025. This dividend was not recognised in the year ended 31 March 2025 as the obligation did not exist at the balance sheet date.

6. Basic and Diluted Earnings per Ordinary Share

The basic and diluted earnings per ordinary share is based on the profit after tax attributable to shareholders of £6,769,000 (2024: £10,618,000) and 305,699,410 (2024: 244,463,235) ordinary shares being the weighted average number of ordinary shares in issue during the year.

The basic and diluted revenue earnings per ordinary share is based on the revenue profit for the year attributable to shareholders of £2,461,000 (2024: £2,482,000) and 305,699,410 (2024: 244,463,235) ordinary shares being the weighted average number of ordinary shares in issue during the year.

The basic and diluted capital earnings per ordinary share is based on the capital profit for the year attributable to shareholders of £4,308,000 (2024: £8,136,000) and 305,699,410 (2024: 244,463,235) ordinary shares being the weighted average number of ordinary shares in issue during the year.

During the year the Company allotted 3,609,790 new ordinary shares in respect of its DRIS and 61,470,081 new ordinary shares from its fundraising.

The Company has also repurchased 8,560,575 of its own shares in the year, and these shares are held in the capital reserve. The total of 34,198,996 treasury shares has been excluded in calculating the weighted average number of ordinary shares for the period. The Company has no securities that would have a dilutive effect and hence basic and diluted earnings per ordinary share are the same.

The Company has no potentially dilutive shares and consequently, basic and diluted earnings per ordinary share are equivalent in both the year ended 31 March 2025 and 31 March 2024.

7. Financial Assets at Fair Value through Profit or Loss – Investments

	2025 £000	2024 £000
Investment portfolio	153,410	126,592
Accrued income on the investment portfolio	1,136	2,070
Financial assets at fair value through profit and loss	154,546	128,662

IFRS 13, in respect of financial instruments that are measured in the balance sheet at fair value, requires disclosure of fair value measurements by level of 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. An active 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 fixed income securities classified as held at fair value through profit or loss. The Company's current asset investments fall into this category at 31 March 2025 and 31 March 2024.

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 revenue and earnings multiples. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. All of the Company's investments classed as financial assets at fair value through profit and loss fall into this category at 31 March 2025 and 31 March 2024.

Each investment is reviewed at least quarterly to ensure that it has not ceased to meet the criteria of the level in which it is included at the beginning of each accounting period. The change in fair value for the current and previous year is recognised through profit or loss.

There have been no transfers between these classifications in either period.

All items held at fair value through profit or loss were designated as such upon initial recognition.

Valuation of Investments

Full details of the methods used by the Company are set out in note 1 of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Financial Assets at Fair Value through Profit or Loss – Investments (continued)

Movements in investments at fair value through profit or loss during the year to 31 March 2025 are summarised as follows:

IFRS 13 measurement classification	Level 3 Unquoted Investments £000
Opening cost	77,385
Opening investment holding gain	49,207
Opening fair value at 1 April 2024	126,592
Additions at cost	29,288
Disposal proceeds	(9,643)
Net profit on disposal*	1,517
Change in fair value	6,317
Foreign exchange loss	(661)
Closing fair value at 31 March 2025	153,410
Closing cost	104,737
Closing investment holding gain	48,673
Closing fair value at 31 March 2025	153,410

* The net profit on disposal in the table above is £1,517,000 whereas that shown in the Statement of Comprehensive Income is £965,000. The difference comprises the change in the value of deferred proceeds totalling a loss of £552,000 in respect of assets which have been disposed of and are not included within the investment portfolio at 1 April 2024.

There were no individual reductions in fair value during the year that exceeded 5 per cent of the total assets of the Company (2024: £nil).

Level 3 valuations include assumptions based on non-observable market data, such as discounts applied either to reflect changes in fair value of financial assets held at the price of recent investment, or to adjust revenue and earnings multiples. IFRS 13 requires an entity to disclose quantitative information about the significant unobservable inputs used. Of the Company's level 3 investments, 91 per cent are held on a revenue multiple basis and 5 per cent on an earnings multiple basis, which have significant judgement applied to the valuation inputs. The table on page 79 sets out the range of Revenue Multiple (RM), Earnings Multiple (EM), and discounts applied in arriving at investments valued on these bases. The remaining 4 per cent are valued at cost (2 per cent) or net asset value reviewed for change in fair value (2 per cent).

Revenue Multiple inputs		Application Software	Cloud & DevOps	Data	New Media	Retail & Brands	Tech-enabled Services
2025	Revenue Multiple Range	6.34-9.62	6.55-6.63	6.34-11.49	0.84	1.23	1.57-7.35
	Revenue Multiple Weighted Average	6.99	6.55	9.43	0.84	1.23	6.47
2024	Revenue Multiple Range	4.77-6.67	2.51-6.67	4.77-15.15	0.97-6.30	1.18	1.60-6.30
	Revenue Multiple Weighted Average	6.47	6.32	12.41	2.59	1.18	5.30
2025	Combined RM and/or Marketability Discount Range	20%-76%	20%-76%	5%-67%	20%	24%	28%-60%
	Combined RM and/or Marketability Discount Weighted Average	40%	32%	21%	20%	24%	33%
2024	Combined RM and/or Marketability Discount Range	20%-76%	36%-44%	20%-44%	20%-68%	24%	20%-68%
	Combined RM and/or Marketability Discount Weighted Average	47%	41%	24%	35%	24%	39%
Earnings Multiple inputs				Business Services	New Media	Retail & Brands	Tech-enabled Services
2025	Earnings Multiple			10.66	5.68	10.34	10.54
	Earnings Multiple Weighted Average			10.66	5.68	10.34	10.54
2024	Earnings Multiple			6.67	6.33	8.09	15.21
	Earnings Multiple Weighted Average			6.67	6.33	8.09	15.21
2025	Combined EM and Marketability Discount			36%	20%	36%	20%
	Combined EM and Marketability Discount Weighted Average			36%	20%	36%	20%
2024	Combined EM and Marketability Discount			28%	20%	28%	36%
	Combined EM and Marketability Discount Weighted Average			28%	20%	28%	36%

The standard also 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 the fair value measurement. Each unquoted portfolio company has been reviewed in order to identify the sensitivity of the valuation methodology to using alternative assumptions, which still fall within the IPEV Guidelines (see page 69). Where discounts have been applied (for example to revenue/earnings levels or multiple ratios) alternatives have been considered. For each unquoted investment, two scenarios have been modelled, principally a 5 per cent change to discount rates, although other factors were considered on an individual portfolio company basis: more prudent assumptions (downside case) and more optimistic assumptions (upside case). Applying the downside case, the value of the unquoted investments would be £5.9 million or 3.8 per cent lower (2024: £5.2 million or 4.1 per cent lower). Using the upside case, the value would be increased by £5.9 million or 3.8 per cent (2024: £5.5 million or 4.3 per cent).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Financial Assets at Fair Value through Profit or Loss – Investments (continued)

Movements in investments at fair value through profit or loss during the previous year to 31 March 2024 are summarised as follows:

IFRS 13 measurement classification	Level 3	Level 1	
	Unquoted Investments £000	Listed Investment Funds £000	Total Investments £000
Opening cost	73,515	4,676	78,191
Opening investment holding gain (loss)	49,846	(631)	49,215
Opening fair value at 1 April 2023	123,361	4,045	127,406
Additions at cost	9,140	250	9,390
Disposal proceeds	(16,523)	(4,105)	(20,628)
Net profit (loss) on disposal*	4,569	(190)	4,379
Change in fair value	6,561	-	6,561
Foreign exchange loss	(516)	-	(516)
Closing fair value at 31 March 2024	126,592	-	126,592
Closing cost	77,385	-	77,385
Closing investment holding gain	49,207	-	49,207
Closing fair value at 31 March 2024	126,592	-	126,592

* The net profit on disposal in the table above is £4,379,000 whereas that shown in the Statement of Comprehensive Income is £4,475,000. The difference comprises the change in the value of deferred proceeds totalling £96,000 in respect of assets which have been disposed of and are not included within the investment portfolio at 1 April 2023.

The following disposals took place in the year:

	Net proceeds from sale £000	Cost £000	Opening carrying value as at 1 April 2024 £000	Realised gain (loss) on disposal £000
Unquoted investments:				
ACC Aviation Group Limited	6,421	220	4,725	1,696
Traveltek Group Holdings Limited	3,222	1,716	3,401	(179)
Total from portfolio	9,643	1,936	8,126	1,517
Ncam Technologies Limited	131	-	-	131
Displayplan Holdings Limited	(683)	-	-	(683)
Deferred consideration	(552)	-	-	(552)
Total from investment portfolio*	9,091	1,936	8,126	965

* The total from disposals in the year in the table above is £9,643,000 whereas that shown in the Statement of Cash flows is £7,259,000. The difference comprises deferred proceeds of £2,384,000 which will be received in subsequent years.

The following disposals (including partial disposals) took place in the year to 31 March 2024:

	Net proceeds from sale £000	Cost £000	Opening carrying value as at 1 April 2023 £000	Realised gain (loss) on disposal £000
Unquoted investments:				
Displayplan Holdings Limited	9,636	130	7,901	1,735
E2E Engineering Limited	1,960	900	1,200	760
Ncam Technologies Limited	1,682	2,512	1,659	23
Macro Art Holdings Limited	1,484	481	558	926
KeTech Holdings Limited*	1,461	-	593	868
Arcus Global Limited*	300	1,245	43	257
Total from portfolio	16,523	5,268	11,954	4,569
Wakefield Acoustics (via Malvar Engineering Limited)	96	-	-	96
Deferred consideration	96	-	-	96
Listed investment funds**	4,105	4,928	4,295	(190)
Total from investment portfolio***	20,724	10,196	16,249	4,475

* Partial realisation.

** Opening value includes further investments made during the year.

*** The total from disposals in the year in the table above is £20,724,000 whereas that shown in the Statement of Cash flows is £19,721,000. The difference comprises deferred proceeds of £1,003,000 which will be received in subsequent years.

Significant Interests

YFM Private Equity Limited, the Company's Manager, also acts as manager to certain other funds that have invested in some of the companies within the current portfolio of the Company. Details of these investments are summarised in the tables below.

At 31 March 2025 the Company held a significant holding of at least 20 per cent of the issued ordinary share capital, either individually or alongside commonly managed funds, in the following companies:

Company	Principal activity	No of shares held by the Company	Percentage of class held by the Company*	Percentage of class held by commonly managed funds*
AutomatePro Limited	Cloud & DevOps	97,550	15%	33%
EL Support Services Limited**	Investment Company	3,500	50%	100%
Elucidat Ltd	Application Software	6,039	15%	25%
Force24 Ltd	Application Software	35,678	20%	39%
Fuuse Limited	Application Software	887,573	12%	20%
Integrum ESG Limited	Data	6,472	14%	23%
KeTech Technology Holdings Limited	Tech-enabled Services	128,333	12%	36%
NB Technology Services Limited**	Investment Company	3,500	50%	100%
OC Engineering Services Limited**	Investment Company	3,500	50%	100%
Outpost VFX Limited	New Media	5,993,778	18%	36%
Panintelligence (via Paninsight Limited)	Data	34,068	14%	32%
Plandek Limited	Cloud & DevOps	107,152	14%	23%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Financial Assets at Fair Value through Profit or Loss – Investments (continued)

Company	Principal activity	No of shares held by the Company	Percentage of class held by the Company*	Percentage of class held by commonly managed funds*
Quality Clouds Limited	Cloud & DevOps	585,073	16%	33%
Relative Insight Limited	Tech-enabled Services	432,650	18%	29%
SH Healthcare Services Limited**	Investment Company	3,500	50%	100%
SharpCloud Software Limited	Data	39,514	19%	39%
Sipsynergy (via Hosted Network Services Limited)**	Cloud & DevOps	7,316,668	24%	62%
SP Manufacturing Services Limited**	Investment Company	3,500	50%	100%
Summize Limited	Application Software	577,689	12%	20%
Tonkotsu Limited	Retail & Brands	50,493	18%	38%
Unbiased EC1 Limited	Tech-enabled Services	1,547,601	17%	32%
Vuealta Holdings Limited**	Tech-enabled Services	90,884	28%	52%
Vypr Validation Technologies Limited	Tech-enabled Services	25,732	22%	37%
Wooshii Limited	New Media	1,458,310	22%	42%
Workbuzz Analytics Limited	Application Software	48,899	14%	25%
Xapien (via Digital Insight Technologies Limited)	Application Software	1,017,119	17%	28%

* Fully diluted holding.

** The registered office of these significant holdings is given on the inside back cover.

The amounts shown below are the net cost of investments as at 31 March 2025 and exclude those companies which are in receivership or liquidation.

	British Smaller Companies VCT plc £000	British Smaller Companies VCT2 plc £000	Other commonly managed funds £000	Total £000
Arcus Global Limited	1,830	1,220	-	3,050
AutomatePro Limited	4,025	2,683	1,992	8,700
Biorelate Limited	2,310	1,540	-	3,850
Biz2Mobile Limited	1,898	1,265	-	3,163
DrDoctor (via ICNH Limited)	5,355	3,570	1,548	10,473
Eikon Holdco Limited	750	500	250	1,500
EL Support Services Limited	500	500	-	1,000
Elucidat Ltd	4,260	2,840	-	7,100
Force24 Ltd	3,900	2,600	1,300	7,800
Frescobol Carioca Ltd	1,800	1,200	250	3,250
Fuuse Limited	3,000	2,000	-	5,000
GEEIQ (via Checkpoint GG Limited)	2,358	1,572	-	3,930
Intamac Systems Limited	302	905	-	1,207
Integrum ESG Limited	1,740	1,160	-	2,900
KeTech Technology Holdings Limited	10	10	10	30
Matillion Limited	1,778	1,456	549	3,783
NB Technology Services Limited	500	500	-	1,000

	British Smaller Companies VCT plc £000	British Smaller Companies VCT2 plc £000	Other commonly managed funds £000	Total £000
OC Engineering Services Limited	500	500	-	1,000
Ohalo Limited	1,665	1,110	-	2,775
Outpost VFX Limited	5,750	3,833	1,917	11,500
Panintelligence (via Paninsight Limited)	1,500	1,000	1,000	3,500
Plandek Limited	3,540	2,360	-	5,900
Quality Clouds Limited	5,821	3,880	2,000	11,701
Relative Insight Limited	4,380	2,920	-	7,300
SH Healthcare Services Limited	500	500	-	1,000
SharpCloud Software Limited	4,380	2,920	1,700	9,000
Sipsynergy (via Hosted Network Services Ltd)	2,654	2,045	2,151	6,850
SP Manufacturing Services Limited	500	500	-	1,000
Spotless Water Limited	2,183	1,456	-	3,639
Stormharvester Holdings Limited	2,100	1,400	250	3,750
Summize Limited	2,550	1,700	-	4,250
TeraView Limited	377	377	-	754
Tonkotsu Limited	2,388	1,592	995	4,975
Unbiased EC1 Limited	5,596	3,731	1,223	10,550
Vuealta Holdings Limited	625	417	128	1,170
Vypr Validation Technologies Limited	5,698	3,798	-	9,496
Wooshii Limited	4,915	3,277	1,599	9,791
Workbuzz Analytics Limited	4,703	3,135	912	8,750
Xapien (via Digital Insight Technologies Ltd)	6,095	4,064	-	10,159

Financial details of significant holdings of the Company are given below:

	Profit (loss) before taxation £million	Net assets (liabilities) £million
EL Support Services Limited (year to 30 April 2024)	0.15	0.47
NB Technology Services Limited (year to 30 April 2024)	0.03	(0.11)
OC Engineering Services Limited (year to 30 April 2024)	0.44	0.06
SH Healthcare Services Limited (year to 30 April 2024)	0.14	(0.03)
Sipsynergy (via Hosted Network Services Ltd) (year to 30 June 2024)	(0.93)	(0.88)
SP Manufacturing Services Limited (year to 30 April 2024)	0.14	(0.85)
Vuealta Holdings Limited (year to 30 January 2024)	(0.07)	1.32

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Accrued Income and Other Assets

	2025 £000	2024 £000
Non-current assets		
Other assets	1,714	-
Current assets:		
Accrued income on financial assets	-	18
Accrued income on cash, cash equivalents and cash deposits	334	320
Prepayments and other debtors	890	1,044
	1,224	1,382

Non-current assets relates to contingent deferred consideration, which is subject to fair value changes and is receivable on exit from the relevant investee company, where this is expected to be more than one year from the balance sheet date.

The carrying amounts of the Company's accrued income are denominated in sterling.

9. Current Asset Investments and Cash and Cash Equivalents

	2025 £000	2024 £000
Money market funds	69,000	53,500
Current asset investments	69,000	53,500
Cash at bank	28,958	34,291
Short-term deposits	2,013	2,013
Cash and cash equivalents	99,971	89,804

10. Trade and Other Payables

	2025 £000	2024 £000
Amounts payable within one year:		
Accrued expenses	344	248
	344	248

11. Called-up Share Capital

	2025 Allotted, called-up and fully paid £000	2024 Allotted, called-up and fully paid £000
Ordinary shares of 10 pence		
Issued 353,377,653 (2024: 288,297,782) including 34,198,996 shares held in treasury (2024: 25,638,421)	35,338	28,830

The movement in the year was as follows:

		Price pence	Date	Number of shares	Share Capital £000
Total as at 1 April 2024				288,297,782	28,830
Issue of shares	Fundraising	84.63-90.25	3 April 2024	42,588,037	4,259
Issue of shares	DRIS	81.60	26 July 2024	1,369,910	137
Issue of shares	DRIS	79.80	20 December 2024	1,364,849	136
Issue of shares	DRIS	78.55	27 January 2025	875,031	88
Issue of shares	Fundraising	80.13-84.09	30 January 2025	18,882,044	1,888
As at 31 March 2025 (including treasury shares)				353,377,653	35,338
As at 31 March 2025 (excluding treasury shares)				319,178,657	

The movement in the previous year to 31 March 2024 was as follows:

		Price pence	Date	Number of shares	Share Capital £000
Total as at 1 April 2023				209,687,044	20,969
Issue of shares	Fundraising	85.14-89.53	4 April 2023	53,559,905	5,356
Issue of shares	DRIS	81.70	28 July 2023	1,270,231	127
Issue of shares	DRIS	80.40	8 December 2023	1,220,008	122
Issue of shares	Fundraising	81.62-85.96	30 January 2024	22,560,594	2,256
As at 31 March 2024 (including treasury shares)				288,297,782	28,830
As at 31 March 2024 (excluding treasury shares)				262,659,361	

During the year the Company purchased 8,560,575 (2024: 3,630,656) of its own shares. These shares are held on the balance sheet in the Capital Reserve. Full details of the share purchases are set out in the Directors' Report under the heading 'Buy-Back and Issue of Ordinary Shares'. The treasury shares have been included in calculating the number of ordinary shares in issue, and excluded in calculating the number of ordinary shares with voting rights in issue, at 31 March 2025 and 31 March 2024.

12. 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 £257,111,000 (2024: £219,600,000) and 319,178,657 (2024: 262,659,361) ordinary shares in issue at the year end.

The treasury shares have been excluded in calculating the number of ordinary shares in issue at 31 March 2025.

The Company has no potentially dilutive shares and consequently, basic and diluted net asset values per ordinary share are equivalent in both the years ended 31 March 2025 and 31 March 2024.

13. Total Return per Ordinary Share

The Total Return per ordinary share is calculated on cumulative dividends paid of 184.15 pence per ordinary share (2024: 178.9 pence per ordinary share) plus the net asset value as calculated per note 12.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Commitments

There are no financial commitments at 31 March 2025 or 31 March 2024.

15. Events after the Balance Sheet Date

On 1 April 2025 the Company allotted the final shares from its fully subscribed 2024/25 share offer. Gross proceeds of £30.5 million were raised, resulting in the issue of 36,799,582 ordinary shares. This increased the number of ordinary shares in issue to 355,978,239.

Subsequent to the year end, the Company has invested £2.4 million into new portfolio company S4labour, and £0.4 million into existing portfolio company Force24.

16. Financial Instruments

The Company has no derivative financial instruments and has no financial asset or liability for which hedge accounting has been used in either year. The Company classifies its financial assets as either fair value through profit or loss or at amortised cost, and its financial liabilities, primarily accrued expenses, at amortised cost.

It is the directors' opinion that the carrying value of financial assets and liabilities approximates their fair value. Therefore, the directors consider all assets and liabilities to be carried at a valuation which equates to fair value.

Investments are made in a combination of equity, fixed rate and variable rate financial instruments so as to comply with VCT legislation and provide potential future capital growth. Surplus funds are held in bank deposits or money market funds until suitable qualifying investment opportunities arise.

The Company has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain criteria set out in the standard. No embedded derivatives have been identified by the Company.

The accounting policies for financial instruments have been applied to the items below:

	2025		2024	
	Other assets at amortised cost £000	Assets at fair value through profit or loss £000	Other assets at amortised cost £000	Assets at fair value through profit or loss £000
Non-current assets at fair value through profit or loss				
Financial assets	-	154,546	-	128,662
Other assets	-	1,714	-	1,033
Current assets				
Cash and cash equivalents	30,971	69,000	36,304	53,500
Other assets	-	670	-	-
Accrued income on financial assets	-	-	-	18
Accrued income on cash and cash equivalents	334	-	320	-
	31,305	225,930	36,624	183,213
Other assets – not financial instruments	220	-	11	-
	31,525	225,930	36,635	183,213

Liabilities as per Balance Sheet

	2025 Other financial liabilities £000	2024 Other financial liabilities £000
Trade and other payables	(344)	(248)
	(344)	(248)

Assets classified as fair value through profit or loss were designated as such upon initial recognition.

The Company's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Company is exposed are market risk, credit risk and liquidity risk. The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Company are discussed below. There have been no changes since last year in the objectives, policies, and processes for managing and measuring risks facing the Company.

16a Market Risk

Market Price Risk

The Company invests in new and expanding businesses, the shares of which may not be traded on the stock market. Consequently, exposure to market factors, in relation to many investments, stems from market based measures that may be used to value unlisted investments.

The market also defines the value at which investments may be sold. Returns are therefore maximised when investments are bought or sold at appropriate times in the economic cycle.

Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through holding market positions in the face of market movements. In addition, the ability of the Company to purchase or sell investments is also constrained by requirements set down for VCTs.

Of the Company's financial assets through profit or loss, all 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. Investments have been valued in line with the Guidelines described within note 1. 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 in note 7 on page 79.

The largest single concentration of risk relates to the Company's investment in Matillion Limited which constitutes 9.0 per cent (2024: 12.5 per cent) of the net assets attributable to the Company's shareholders. The Board seeks to mitigate this risk by diversifying the portfolio and monitors the status of all investments on an ongoing basis. The average investment (excluding those whose value has been reduced to nil) is 1.7 per cent (2024: 1.7 per cent) of the value of net assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Financial Instruments (continued)

Comparison of Realised Proceeds to Unrealised Valuations

The table below shows a comparison of the realised proceeds to the unrealised valuations one year prior to sale, for all disposals of unquoted investments over the last ten years.

Full disposal	Date of disposal	Sale proceeds £000	Valuation £000	Increase (decrease) £000
President Engineering Group Limited	Jul-15	7,534	4,071	3,463
Insider Technologies (Holdings) Limited	Oct-15	1,159	880	279
Callstream Group Limited	Mar-16	785	773	12
Go Outdoors Topco Limited	Nov-16 & Apr-11	20,849	9,932	10,917
Cambrian Park & Leisure Homes Limited	Mar-17	-	1,876	(1,876)
Ness (Holdings) Limited	Mar-17	229	764	(535)
Selima Holding Company Ltd	May-17	2,811	923	1,888
Harvey Jones Holdings Limited	Aug-17	970	1,113	(143)
PowerOasis Limited	Sep-18	-	273	(273)
GTK (Holdco) Limited	Dec-18	3,751	2,738	1,013
Mangar Health Limited	Dec-18	5,513	3,962	1,551
Gill Marine Holdings Limited	Dec-18	3,802	2,569	1,233
Leengate Holdings Limited	Apr-19	1,936	1,769	167
Eikon Holdco Limited (partial realisation)	Oct-19	6,314	2,250	4,064
Business Collaborator Limited	Mar-20	8,085	3,662	4,423
RMS Group Holdings Limited	Jun-20	1,446	907	539
Bagel Nash Group Limited	Oct-20	150	607	(457)
Deep-Secure Ltd	Jul-21	6,560	2,956	3,604
Arraco Global Markets Limited	Sep-22	-	1,625	(1,625)
Intelligent Office UK (via IO Outsourcing Limited)	Sep-22	6,119	4,600	1,519
Springboard Research Holdings Limited	Sep-22	8,673	6,186	2,487
Vuealta Group Limited (partial realisation)	Dec-22	4,601	3,092	1,509
Wakefield Acoustics (via Malvar Engineering Limited)	Jan-23	1,068	278	790
Ncam Technologies Limited	Apr-23	1,813	2,213	(400)
E2E Engineering Limited	Nov-23	1,960	1,148	812
Macro Art Holdings Limited	Nov-23	1,484	229	1,255
Displayplan Holdings Limited	Feb-24	8,953	7,630	1,323
Traveltek Holdings Limited	Oct-24	3,222	2,797	425
ACC Aviation Group Limited	Feb-25	6,421	4,340	2,081
		116,208	76,163	40,045

Interest Rate Risk

The Company's venture capital investments include £2,435,000 (2024: £3,250,000) of loan stock in unquoted companies. The majority of this loan stock at 31 March 2025 is at fixed rates to guard against fluctuations in interest rates. As a result the Company is only exposed to cash flow interest rate risk on £750,000 (2024: £678,000) of its loan stock portfolio.

The Company has some exposure to interest rates as a result of interest earned on bank deposits and money market funds. Other financial assets (being accrued income) and other financial liabilities (being accrued expenses) attract no interest.

A sensitivity analysis has not been performed as the amounts involved are not considered to be significant and the interest earned is also dependent on the level of funds held which fluctuates significantly throughout the year.

	2025			2024		
	£000	Weighted average interest rate %	Weighted average time for which rate is fixed Months	£000	Weighted average interest rate %	Weighted average time for which rate is fixed Months
Fixed rate loan stock and preference shares	4,865	14.3	50	10,123	9.3	51

Exchange Rate Risk

Of the Company's financial assets measured at fair value through profit or loss, 15 per cent (2024: 22 per cent) are denominated in US dollars. A 5 per cent increase in the £:\$ exchange rate at 31 March 2025 would have decreased the net assets attributable to the Company's shareholders and the total profit for the year by £1,107,000 (2024: £1,305,000). An equal change in the opposite direction would have increased the net assets attributable to the Company's shareholders and the total profit for the year by £1,223,000 (2024: £1,443,000).

16b Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Manager has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. The carrying amounts of financial assets excluding equity investments total £116,830,000 (2024: £111,559,000) which best represents the maximum credit risk exposure at the balance sheet date.

The Company does not invest in floating rate instruments other than, on occasion, unquoted loan stock. Credit risk on unquoted loan stock held within unlisted investments is considered to be part of market risk as disclosed above.

The fair value of other assets is not regarded as having changed due to the changes in credit risk in either year.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved and the high credit quality of the brokers used. The Board monitors the quality of service provided by the brokers used to further mitigate this risk. Bankruptcy or insolvency of the broker may cause the Company's rights with respect to securities held by the broker to be delayed or limited. The Manager monitors the Company's risk by reviewing the broker's internal control reports on a regular basis.

The only significant assets not held at fair value are cash and cash equivalents, cash on fixed term deposit and money market funds. The funds held by the Company are held across a number of financial institutions to spread the risk. Bankruptcy or insolvency of these financial institutions may cause the Company's rights with respect to the funds held by the financial institutions to be delayed or limited. The financial institutions used by the Company are large and reputable. Should the credit quality or the financial position of the financial institutions deteriorate significantly the Manager will move the holdings to another financial institution. Any expected credit loss associated with the balances are considered to be highly immaterial.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Financial Instruments (continued)

The maturities of the loan stock portfolio are as follows:

	<1 year	2025 £000 1-2 years	2-5 years	<1 year	2024 £000 1-2 years	2-5 years
Unquoted loan investments	-	150	2,285	887	-	2,363

An aged analysis of the unquoted loan investments included above, which are past due but not individually impaired, is set out below. For this purpose these loans are considered to be past due when any payment due date under the loan's contractual terms (such as payment of interest) is received late or missed. The full value of the loan is given even though, in some cases, the only default is in respect of interest.

	2025 £000	2024 £000
Loans to investee companies past due	535	-

16c Liquidity Risk

The risk to the Company relates to liabilities which fall due within one year. These liabilities are deemed immaterial and as such the risk associated with them is minimal.

The Company needs to retain enough liquid resources to support the financing needs of its investment businesses. To meet this aim the Company places its surplus funds in a mixture of bank interest deposit accounts and money market funds. Investments in liquid funds are held for the purpose of liquidity whilst waiting for suitable qualifying investment opportunities to arise. The money market funds are closely monitored and could be realised at short notice if required, although there is some risk that redemptions could be suspended in extreme market conditions.

The Company's liquidity risk is managed on an ongoing basis by the Manager in accordance with policies and procedures in place. The cash requirements of the Company in respect of each investment are assessed at monthly portfolio meetings.

The Company's overall liquidity risks are monitored on a quarterly basis by the Board. The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. Of the Company's assets 38.9 per cent (2024: 40.9 per cent) are in the form of liquid funds. There are no undrawn committed borrowing facilities at either year end. The Company does not have a material amount of liabilities at the year end.

17. Capital Management

The Company's objectives when managing capital are:

- > To safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- > To ensure sufficient liquid resources are available to meet the funding requirements of its investments and to fund new investments where identified.

The Company has no external debt; consequently all capital is represented by the value of share capital, distributable and other reserves. Total shareholder equity at 31 March 2025 was £257,111,000 (2024: £219,600,000).

In order to maintain or adjust its capital structure the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

There have been no changes in capital management objectives or the capital structure of the business from the previous year. The Company is not subject to any externally imposed capital requirements.

18. Related Party Transactions

Fees payable during the year to the directors and their interests in the shares of the Company are disclosed within the Directors' Remuneration Report on page 53. There were no amounts outstanding and due to the directors at 31 March 2025 (2024: £nil).

NOTICE OF THE ANNUAL GENERAL MEETING

No: 03134749

BRITISH SMALLER COMPANIES VCT PLC

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Company will be held at 8-10 Hill Street, London W1J 5NG on 9 September 2025 at 12:00 pm for the following purposes:

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

Ordinary Resolutions

- (1) That the annual report and accounts for the year ended 31 March 2025 be received.
- (2) That the Directors' Remuneration Report for the year ended 31 March 2025 be approved other than the part of such report containing the Directors' Remuneration Policy.
- (3) That Mr R Cook be re-elected as a director.
- (4) That Mr A C N Bastin be re-elected as a director.
- (5) That Mr J H Cartwright be re-elected as a director.
- (6) That Ms P Sapre be re-elected as a director.
- (7) That BDO LLP be re-appointed as auditor to the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that the directors be authorised to fix the auditor's remuneration.
- (8) That the directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate amount of 90,000,000 (representing approximately 25.3 per cent of the ordinary share capital in issue as at the date of this Notice), during the period commencing on the passing of this Resolution and expiring on the later of 15 months from the passing of this Resolution or the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting), but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares in the Company to be allotted, or rights to subscribe for or to convert any security into shares to be granted, after such expiry and the directors may allot shares in the Company in pursuance of any such offer or agreement notwithstanding the expiry of such authority, and that all previous authorities given to the directors be and they are hereby revoked, provided that such revocation shall not have retrospective effect.
- (9) That, in addition to existing authorities, the directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all the powers of the Company to allot shares in the Company up to an aggregate amount of 20,000,000 in connection with the Company's Dividend Re-investment Scheme (representing approximately 5.6 per cent of the ordinary share capital in issue as at the date of this Notice) during the period commencing on the passing of this Resolution and expiring on the later of 15 months from the passing of this Resolution or the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting) but so that this authority shall allow the Company to make, before the expiry of this authority, any offers or agreements which would or might require shares in the Company to be allotted after such expiry and the directors may allot shares in the Company in pursuance of any such offer or agreement notwithstanding the expiry of such authority.

Special Resolutions

- (10) That the directors be and are hereby empowered in accordance with Section 570(1) of the Act during the period commencing on the passing of this Resolution and expiring at the conclusion of the Company's next Annual General Meeting, or on the expiry of 15 months following the passing of this Resolution, whichever is the later, (unless previously revoked, varied or extended by the Company in general meeting), to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the general authority conferred upon the directors in Resolution 8 above as if Section 561 of the Act did not apply to any such allotment provided that

this power is limited to the allotment of equity securities in connection with the allotment for cash of equity securities up to an aggregate amount of 90,000,000, but so that this authority shall allow the Company to make offers or agreements before the expiry and the directors may allot securities in pursuance of such offers or agreements as if the powers conferred hereby had not so expired. This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of Section 560(3) of the Act as if in the first sentence of this Resolution the words “pursuant to the general authority conferred upon the directors in Resolution 8 above” were omitted.

- (11) That conditional upon the passing of Resolution 9 above and in addition to existing authorities, the directors be and are hereby empowered pursuant to Section 571 of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the Act) for cash pursuant to the authority granted by Resolution 9 above, as if Section 561 of the Act did not apply to any such allotment and so that:
- (a) reference to allotment of equity securities in this Resolution shall be construed in accordance with Section 560(2) of the Act; and
 - (b) the power conferred by this Resolution shall enable the Company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding the expiry of such power.

The power provided by this Resolution shall expire on the later of 15 months from the passing of this Resolution or on the conclusion of the Company's next Annual General Meeting (unless previously revoked, varied or extended by the Company in general meeting).

- (12) That, subject to the sanction of the High Court, the amount standing to the credit of the share premium account of the Company, at the date an order is made confirming such cancellation by the Court, be and hereby is cancelled, and the amount by which the share capital is so reduced be credited to a reserve of the Company.
- (13) That, subject to the sanction of the High Court, the issued share capital of the Company be reduced by cancelling and extinguishing capital to the extent of 9.99 pence on each fully paid up ordinary share of 10 pence each in the capital of the Company in issue at the date an order is made confirming such reduction by the Court ("Share") and reducing the nominal value of each issued fully paid up Share from 10 pence per Share to 0.01 pence per Share, and the amount by which the share capital is so reduced be credited to a reserve of the Company and, conditional upon the said reduction taking place, the definition of “ordinary shares” in the Company's articles of association be amended to refer to ordinary shares of “0.01p” instead of “10p”.
- (14) That the Company's articles of association be amended to increase the limit on the aggregate remuneration of the non-executive directors from £150,000 to £175,000 by replacing the figure of £150,000 appearing in Article 124 with £175,000.

By order of the Board

The City Partnership (UK) Limited

Company Secretary

13 June 2025

Registered office:

4th Floor, 2 Bond Court, Leeds LS1 2JZ

Information regarding the Annual General Meeting, including the information required by section 311A of the Companies Act 2006, is available from www.bscfunds.com.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Notes:

- (a) Any member of the Company entitled to attend and vote at the Annual General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that member. Any such appointment can only be made using the procedures set out in these notes and the notes of the Form of Proxy. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent their appointer. A member entitled to attend and vote at the Annual General Meeting may appoint the Chairman or another person as their proxy although the Chairman will not speak for the member. A member who wishes their proxy to speak for them should appoint their own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these notes. Please read note (k) below. Under section 319A of the Companies Act 2006, the Company must answer any question a member asks relating to the business being dealt with at the Annual General Meeting unless:
- answering the question would interfere unduly with the preparation for the Annual General Meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered.
- (b) To be valid, a Form of Proxy must be completed and signed and with the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to The City Partnership (UK) Limited, The Mending Rooms, Park Valley Mills, Meltham Road, Huddersfield, HD4 7BH not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the Annual General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at (and prior to the commencement of) the meeting at which the demand is made. If no voting indication is given in the Form of Proxy, your proxy will vote (or abstain from voting) as they think fit in relation to any matter put to the Annual General Meeting.
- (c) To be valid, any Form of Proxy or other instrument appointing a proxy, must be returned by no later than 48 hours before the time the Annual General Meeting is scheduled to begin, through any one of the following methods:
- by post, courier or (during normal business hours only) hand to the Company's UK registrar at:

The City Partnership (UK) Limited
The Mending Rooms
Park Valley Mills
Meltham Road
Huddersfield
HD4 7BH;
 - electronically through the website of the Company's UK registrar at <https://bsc-agm.city-proxyvoting.uk>; or
 - in the case of shares held through CREST, via the CREST system (see note (p) below);
- (d) If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
- (e) The return of a completed Form of Proxy, electronic filing or any CREST Proxy Instruction (as described in note (p) below) will not prevent a shareholder from attending the Meeting and voting in person if they wish to do so.
- (f) In order to revoke a proxy instruction a member will need to inform the Company by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to The City Partnership (UK) Limited, The Mending Rooms, Park Valley Mills, Meltham Road, Huddersfield, HD4 7BH. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by The City Partnership before the Annual General Meeting or the holding of a poll subsequently thereto. If a member attempts to revoke their proxy appointment but the revocation is received after the time specified then, subject to note (g) directly below, the proxy appointment will remain valid.
- (g) Completion and return of a Form of Proxy will not preclude a member of the Company from attending and voting in person. If a member appoints a proxy and that member attends the Annual General Meeting in person, the proxy appointment will automatically be terminated.
- (h) Copies of the directors' Letters of Appointment, the Register of Directors' Interests in the ordinary shares of the Company, and a copy of the current articles of association of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday (weekends and public holidays excluded) from the date of this Notice, until the end of the Annual General Meeting and at the Annual General Meeting venue itself for at least 15 minutes prior to and during the meeting.

- (i) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at close of business on 6 September 2025 or, in the event that the Annual General Meeting is adjourned, on the Register of Members at close of business on the day two days before the time of any adjourned meeting, shall be entitled to attend and vote at the said Annual General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after close of business on 6 September 2025 or, in the event that the Annual General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the Annual General Meeting.
- (j) As at 13 June 2025 the Company's issued share capital comprised 355,978,239 ordinary shares of 10 pence each with a further 34,198,996 shares held in treasury. Those treasury shares represented 8.8 per cent of the total issued share capital (including treasury shares) at the aforementioned date. Each ordinary share carries one voting right at the Annual General Meeting of the Company and so the total number of voting rights in the Company as at 13 June 2025 was 355,978,239.
- (k) If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights ("Nominated Person"):
- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Annual General Meeting;
 - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights;
 - Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- (l) A company which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
- (m) In the case of joint members, any one of them may sign the Form of Proxy. The vote of the person whose name stands first in the register of members of the Company will be accepted to the exclusion of the votes of the other joint holders.
- (n) A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given on the Form of Proxy, the proxy will vote or abstain from voting at their discretion. The proxy will vote (or abstain from voting) as they think fit in relation to any other matter which is put before the Annual General Meeting.
- (o) Members may not use any electronic address provided either in this Notice of Annual General Meeting, or any related documents (including the Chairman's letter and Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.
- (p) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (8RA57) not less than 48 hours (excluding weekends and public holidays) before the time of the Annual General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

REGISTERED OFFICES OF SIGNIFICANT HOLDINGS

Investment Companies

**EL Support Services Limited,
NB Technology Services Limited,
OC Engineering Services Limited,
SH Healthcare Services Limited,
SP Manufacturing Services Limited:**

4th Floor
2 Bond Court
Leeds
LS1 2JZ

**Sipsynergy Limited
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