

British Smaller Companies VCT plc

Interim Report

for the six months ended 30 September 2021

Registered number 03134749

bscfunds.com
Transforming small business



FINANCIAL OVERVIEW

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BRITISH SMALLER COMPANIES VCT PLC

Registered number 03134749

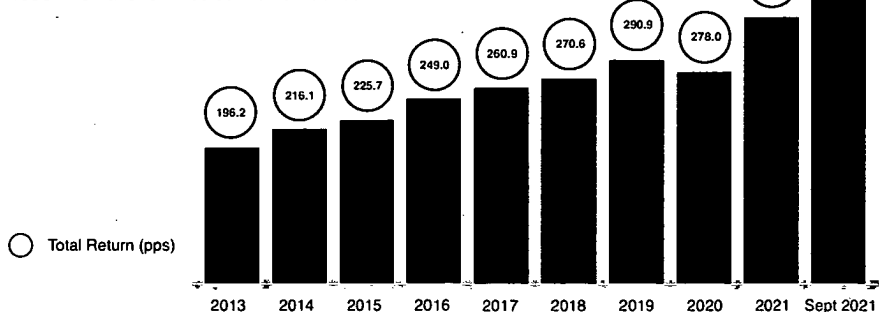
Financial Calendar

Results Announced	18 November 2021
Ex-Dividend Date	25 November 2021
Record Date	26 November 2021
DRIS Election Date	10 December 2021
Dividend Paid	5 January 2022

Total Return with DRIS

As at 31 March unless otherwise stated.

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



Financial Spotlights

TOTAL RETURN¹

250.3p

Total Return increased by 22.6 per cent over the opening net asset value. Since 31 March 2021 your Company's Total Return has increased by 17.1 pence, from 233.2 pence per ordinary share to 250.3 pence per ordinary share, which includes cumulative dividends paid of 159.4 pence per ordinary share.

INVESTMENT GROWTH²

34.4%

The underlying growth in the investment portfolio was £25.4 million, which represents an increase of 34.4 per cent over the portfolio's opening value.

INVESTED

£5.9m

Your Company completed one new investment and six further follow-on investments into the portfolio during the six months ended 30 September 2021.

REALISATION PROCEEDS

£7.5m

Realisations of investments generated total proceeds of £7.5 million, a gain of £2.5 million over the opening carrying value and £3.3 million over cost.

These are Alternative Performance Measures.

1. **Total Return** is calculated as the total of current net asset value per ordinary share plus cumulative dividends paid since inception of the Company.
2. **Investment Growth** is calculated as the gain arising from the investment portfolio during the period as a percentage of the portfolio's value at the start of the period.

Financial Summary

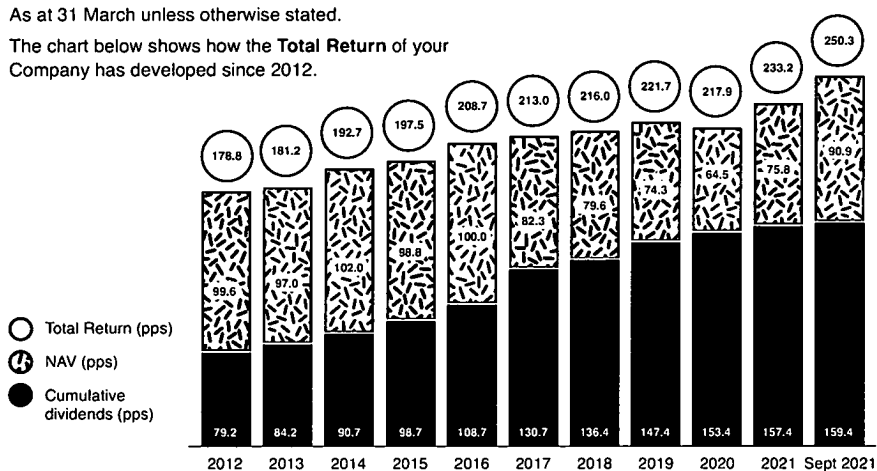
for the six months ended 30 September 2021

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

Total Return

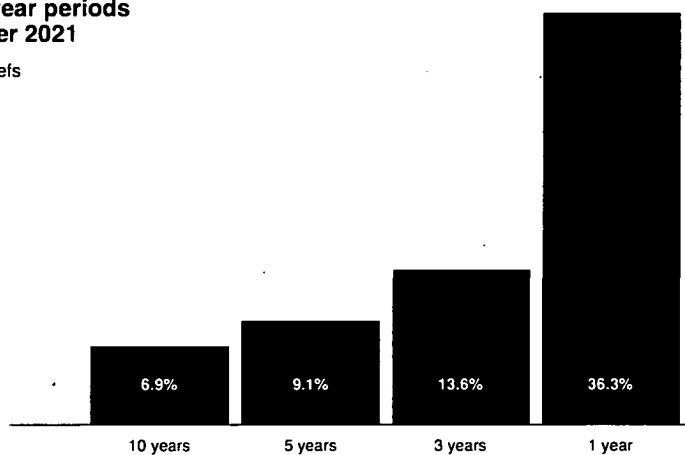
As at 31 March unless otherwise stated.

The chart below shows how the **Total Return** of your Company has developed since 2012.



Annualised return over 10, 5, 3 and 1 year periods to 30 September 2021

Excluding all tax reliefs



Chairman's Statement

I am pleased to present the Interim Report for the period ended 30 September 2021. The strong performance which saw a 24.6 per cent growth in Net Asset Value in the previous financial year has continued in the first half of this year. This has resulted in a further increase, after costs, of 17.1 pence per share in Total Return, representing a return of 22.6 per cent of the opening Net Asset Value.

A number of our investee companies have sought to extend or accelerate their growth plans which has resulted in further investment of £3.8 million into six of our portfolio businesses in the period. At the same time your Company has also completed one new investment of £2.1 million.

During the period, your Company achieved the significant divestment of its investment in Deep Secure. This exit generated capital proceeds of £6.6 million delivering a profit of £5.6 million above cost, and an uplift of £2.4 million on the carrying value at the beginning of the financial year. Including income, the total return from this investment was £7.7 million over an 11.6 year holding period, producing an internal rate of return of 23 per cent and a multiple of 7.7x cost.

In addition, in August 2021 the Company exchanged contracts for the realisation of 15 per cent of its investment in Matillion as part of its Series E funding round, which completed in early

October, just after the period end. The proceeds from this partial exit are £5.0 million which, together with previous proceeds received of £2.1 million represents a return to date of 2.7x the total cost of your Company's investment. The value of the Company's residual investment in Matillion at 30 September 2021 is £28.6 million. This is an outstanding outcome to date, in a company which is experiencing continued fast growth.

Financial Results

Your Company's portfolio delivered a strong performance over the period, generating a return of £25.6 million, of which £2.5 million was realised (principally Deep Secure) and £23.1 million unrealised, primarily Matillion at £18.0 million (of which 15 per cent is now realised) and Springboard £2.0 million.

This represents a 22.6 per cent increase in Net Asset Value ("NAV") since the start of the year.

STRATEGIC REPORT

Chairman's Statement (continued)

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

	Pence per ordinary share	£000
NAV at 31 March 2021	75.8	110,360
Increase in portfolio value	15.9	23,071
Gain on disposal of investments	1.7	2,518
Gain arising from portfolio	17.6	25,589
Net operating costs	(0.5)	(665)
Issue/buy-back of new shares	-	(643)
Total Return in the period	22.6%	17.1
NAV before the payment of dividends	92.9p	134,641
Dividends paid	(2.0)	(2,912)
NAV at 30 September 2021	90.9p	131,729
Cumulative dividends paid	159.4	
Total Return: At 30 September 2021	250.3p	
At 31 March 2021	233.2p	

Investments made since November 2015 now comprise £75.8 million (77 per cent, cost of £43.4 million) of the investment portfolio as at 30 September 2021, with £22.8 million (23 per cent, cost of £13.9 million) of investments made prior to the rule changes. In general, the more recent additions to the portfolio are re-investing their profits for growth rather than paying dividends, with those investments mainly comprising equity instruments.

Dividends

A first interim dividend of 2.0 pence per ordinary share in respect of the year ending 31 March 2022 was paid on 23 July 2021, bringing the cumulative dividends paid at 30 September 2021 to 159.4 pence per ordinary share.

A second interim dividend of 5.0 pence per ordinary share for the year ending 31 March 2022 was paid on 16 November 2021 to shareholders on the register on 15 October 2021.

Your Board has proposed a third interim dividend of 2.0 pence per ordinary share for the year ending 31 March 2022 which, when combined with the

above dividends, will bring total dividends paid in the current financial year to 9.0 pence per ordinary share (2021: 4.0 pence per ordinary share). The interim dividend will be paid on 5 January 2022 to shareholders on the register on 26 November 2021. These cumulative dividends equate to a yield of 11.9 per cent of the NAV at 31 March 2021.

Shareholder Relations

As part of the Board's continuing communication with shareholders the Company held an on-line Investor Workshop on 25 June 2021 in conjunction with British Smaller Companies VCT2 plc. The webinar, which was attended by almost 200 shareholders, included presentations from Elucidat and Force24 along with presentations by members of the Manager. A further joint on-line Investor Workshop will be held on 9 December 2021.

Documents such as the annual report are now received by a large number of shareholders (83 per cent) via the website, www.bscfunds.com, rather than by post, which helps to meet the Board's impact objectives and reduces printing costs. Your Board continues to encourage all shareholders to take up this option.

Your 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.

Regulatory Developments

Although the UK now has a new "state-aid" regime in place there have been no changes that impact your Company and the Manager continues to monitor for any changes.

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

Fundraising

The Company launched a Joint Fundraising with British Smaller Companies VCT2 plc in the 2021/22 tax year on 22 September 2021, seeking to raise in aggregate £40 million, with an over-allotment facility of £20 million (the "Offers"). The Company announced on 11 October 2021 that the over-allotment facility would be utilised in relation to the Offers, and I am pleased to report that facility has been fully utilised and that the Offers were closed to new Applications on 12 November 2021. There will be one allotment of shares which will be made on or around 7 January 2022, with share certificates dispatched within 10 working days thereafter.

Outlook

Your Company is continuing to support those businesses in the portfolio that are investing for accelerated growth. This has been an increasing trend in the current year and one that is anticipated to continue in 2022.

Whilst the pandemic and the new trading relationship with the EU have provided some uncertainty to the overall economic climate there remains strong demand from the UK's smaller companies seeking to innovate and management teams wishing to drive further growth. The plans to add additional investment capacity are intended to ensure that your Company remains well funded to take advantage of the investment opportunities as they arise. The Board remains optimistic for the prospects of continued good performance of the Company.



Helen Sinclair
Chairman

18 November 2021

STRATEGIC REPORT

Objectives and Strategy

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

Investment Policy

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

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

The Company seeks to build a 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 in this regard.

Investment Review

The Company's investment portfolio at 30 September 2021 had a value of £98.61 million. Investments made since the VCT rule changes in 2015 comprised £75.77 million (77 per cent of the total value of the portfolio). The largest single investment, Matillion, represented 25.6 per cent of the net asset value at 30 September 2021.

Your Company's investment portfolio delivered a strong performance over the period, generating a return of £25.44 million of which £2.50 million was realised, including £2.43 million which was delivered through the sale of the investment in Deep Secure. Unrealised gains totalled £22.94 million of which £18.02 million came from the investment in Matillion, as detailed below. Shortly after the period end 15 per cent of the investment in Matillion was sold crystallising £2.70 million of the gain that arose in the period and £4.75 million over the life of the investment. A further £2.01 million of the unrealised gain derived from Springboard.

There were also strong performances from Force24, Frescobol, Elucidat, Outpost and Tonkotsu, offset by more difficult trading conditions at Arcus Global and Arraco.

Realisation of Investments

As noted previously the Company realised its investment in Deep Secure at a profit of £5.55 million on its original cost, generating proceeds of £6.55 million and also received the final proceeds of £0.31 million from the realisation of four other investments. In August 2021 the Company exchanged contracts for the realisation of 15 per cent of its holding in Matillion. The sale completed in October 2021 in line with the corresponding valuation held at 30 September 2021.

Investments

During the six months ended 30 September 2021 the Company completed seven investments totalling £5.89 million. This comprised one new investment of £2.10 million and six follow-on investments of £3.79 million. The analysis of these investments is shown below:

Company	Investments made £million		
	New	Follow-on	Total
Vuealta	2.10	-	2.10
Wooshii	-	1.50	1.50
SharpCloud	-	1.22	1.22
Sipsynergy	-	0.39	0.39
Ncam	-	0.26	0.26
Biz2Mobile	-	0.24	0.24
Arraco	-	0.18	0.18
Invested in the period	2.10	3.79	5.89

STRATEGIC REPORT

Investment Review (continued)

The follow-on investments into Wooshii, Sipsynergy and Biz2Mobile are all in support of product extensions which either add to an existing product or widen the range of products offered. In the cases of SharpCloud and Ncam the funding is primarily to further accelerate sales growth. The further investment into Arraco was to support the investment with the challenges that emerged from the evolving trading relationships resulting from the UK's exit from the EU.

The new investment, Vuealta, delivers scenario planning and forecasting solutions for supply chain, finance and operations and we will support the company to continue their global expansion strategy and product development.

STRATEGIC REPORT

Investment Portfolio

The top 10 investments had a combined value of £71.8 million, 72.8 per cent of the total portfolio.

Data & Analytics	Software Applications	New Media	Business Services
Fair Value	Fair Value	Fair Value	Fair Value
£50.1m	£20.5m	£12.1m	£10.5m
Retail and Brands	Advanced Manufacturing	Other	
Fair Value	Fair Value	Fair Value	
£3.7m	£0.6m	£1.1m	

Matillion Limited Manchester

Equity held: 3.8%
www.matillion.com

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

Springboard Research Holdings Limited Milton Keynes

Equity held: 19.4%
www.spring-board.info

Springboard Research is the leading provider of performance insights for the retail industry across Europe and North America. The company has seen a significant increase in usage of its products as the industry reacts to the new retail environment created by Covid-19.

First investment	Nov 16
Current cost (£000)	2,046
Value at 30 September 2021 (£000)	33,683
Proceeds to date (£000)	2,105
Capital Return to date (£000)	35,788

First investment	Oct 14
Current cost (£000)	2,733
Value at 30 September 2021 (£000)	6,186
Proceeds to date (£000)	180
Capital Return to date (£000)	6,366

STRATEGIC REPORT

Investment Portfolio (continued)

Intelligent Office UK (IO Outsourcing Limited t/a Intelligent Office) Alloa

Equity held: 26.7%
www.intelligentofficeuk.com

Intelligent Office UK is a leading provider of support services to the legal sector. The company has more than 900 employees in over 60 sites across the UK, as well as four onshore shared service centres.

First investment	May 14
Current cost (£000)	2,934
Value at 30 September 2021 (£000)	4,600
Proceeds to date (£000)	-
Capital Return to date (£000)	4,600

Wooshii Limited London

Equity held: 19.9%
www.wooshiivideoagency.com

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

First investment	May 19
Current cost (£000)	3,660
Value at 30 September 2021 (£000)	4,399
Proceeds to date (£000)	-
Capital Return to date (£000)	4,399

Elucidat Ltd Brighton

Equity held: 12.2%
www.elucidat.com

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

First investment	May 19
Current cost (£000)	2,700
Value at 30 September 2021 (£000)	4,193
Proceeds to date (£000)	-
Capital Return to date (£000)	4,193

Unbiased EC1 Limited London

Equity held: 15.9%
www.unbiased.co.uk

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

First investment	Dec 19
Current cost (£000)	2,946
Value at 30 September 2021 (£000)	4,179
Proceeds to date (£000)	-
Capital Return to date (£000)	4,179

SharpCloud Software Limited
London

Equity held: 19.5%
www.sharpccloud.com

SharpCloud provides a leading decision empowerment platform for managers. It offers a product that provides the ability to aggregate fragmented data into easily interpretable top-down output that shortens decision-making cycles and eliminates decision waste.

First investment	Oct 19
Current cost (£000)	3,407
Value at 30 September 2021 (£000)	3,999
Proceeds to date (£000)	-
Capital Return to date (£000)	3,999

Force24 Ltd
Leeds

Equity held: 17.1%
www.force24.co.uk

Force24 provides cloud-based marketing automation technology trusted by over 300 businesses including household brands such as Michelin, Tarmac and Children in Need to deliver personalised marketing campaigns.

First investment	Nov 20
Current cost (£000)	2,400
Value at 30 September 2021 (£000)	3,853
Proceeds to date (£000)	-
Capital Return to date (£000)	3,853

ACC Aviation Group Limited
Reigate

Equity held: 27.6%
www.accaviation.com

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

First investment	Nov 14
Current cost (£000)	220
Value at 30 September 2021 (£000)	3,576
Proceeds to date (£000)*	1,848
Capital Return to date (£000)	5,424

Displayplan Holdings Limited
Stevenage

Equity held: 22.8%
www.displayplan.com

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

First investment	Jan 12
Current cost (£000)	130
Value at 30 September 2021 (£000)	3,098
Proceeds to date (£000)	1,521
Capital Return to date (£000)	4,619

STRATEGIC REPORT

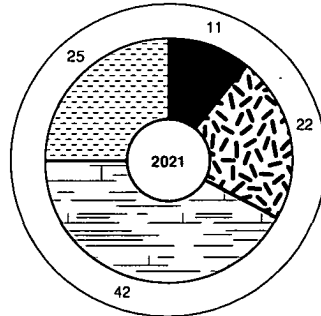
Investment Portfolio (continued)

Name of Company	Sector	First investment	Current cost £000	Value at 30 Sept 2021 £000	Proceeds to date* £000	Capital return to date £000
Total top 10 investments			23,176	71,766	5,654	77,420
Remaining portfolio						
KeTech Enterprises Limited	Data & Analytics	Nov 15	1,500	2,904	500	3,404
Ncam Technologies Limited	New Media	Mar 18	2,643	2,536	-	2,536
Arcus Global Limited	Software Applications	May 18	2,925	2,184	-	2,184
Tonkotsu Limited	Retail & Brands	Jun 19	2,388	2,099	-	2,099
Vuealta Group Limited	Software Applications	Sept 21	2,099	2,099	-	2,099
Outpost VFX Limited	New Media	Feb 21	1,500	2,052	-	2,052
Vypr Validation Technologies Limited	Data & Analytics	Jan 21	1,500	1,888	-	1,888
Sipsynergy (via Hosted Network Services Limited)	Software Applications	Jun 16	2,163	1,857	-	1,857
Frescobol Carioca Ltd	Retail & Brands	Mar 19	1,800	1,564	-	1,564
Traveltek Group Holdings Limited	Software Applications	Oct 16	1,716	1,424	-	1,424
Arraco Global Markets Limited	Business Services	Dec 20	2,430	1,385	-	1,385
Panintelligence (via Paninsight Limited)	Data & Analytics	Nov 19	1,500	1,125	-	1,125
e2E Engineering Limited	Business Services	Sept 17	900	917	-	917
£0.75 million and below			9,064	2,814	8,469	11,283
Total portfolio			57,304	98,614	14,623	113,237
Full disposals to date			60,760	-	114,262	114,262
Total portfolio			118,064	98,614	128,885	227,499

* Additional ordinary dividends of £2.90 million have also been received.

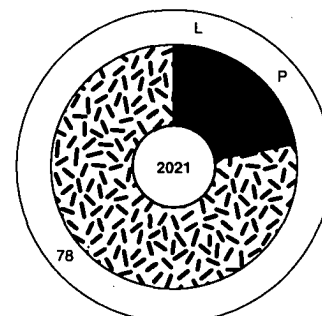
Our Portfolio at a Glance

AGE OF INVESTMENT (%)



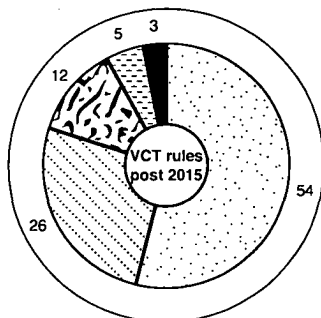
- Less than 1 year
- ◐ Between 1 and 3 years
- ◑ Between 3 and 5 years
- ◒ Greater than 5 years

INVESTMENT INSTRUMENT (%)

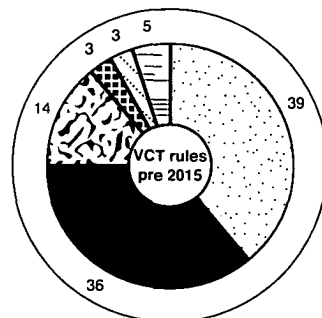


- Ⓛ Loan
- Ⓟ Preference shares
- Ⓢ Equity

INDUSTRY SECTOR (%)



- ◐ Data & Analytics
- ◑ Software Applications
- ◒ New Media
- ◓ Retail & Brands
- Business Services

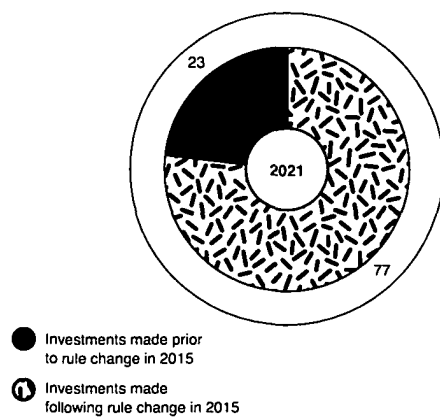


- ◐ Data & Analytics
- Business Services
- ◑ New Media
- ⊕ Advanced Manufacturing
- ◑ Software Applications
- ◓ Other

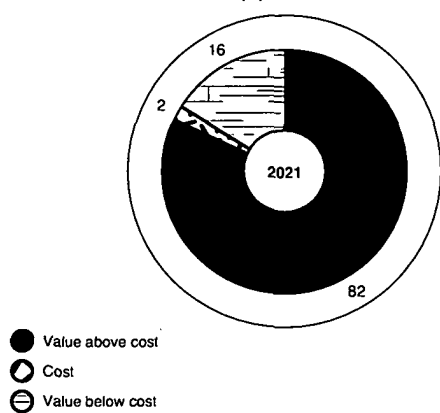
STRATEGIC REPORT

Our Portfolio at a Glance (continued)

VCT RULES (%)



VALUE COMPARED TO COST (%)



Principal Risks and Uncertainties

In accordance with DTR 4.2.7, the Board confirms that the principal risks and uncertainties facing the Company have not materially changed from those identified in the Annual Report and Accounts for the year ended 31 March 2021. The Board acknowledges that there is regulatory risk and continues to manage the Company's affairs in such a manner as to comply with section 274 of the Income Tax Act 2007.

In summary, the principal risks are:

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

Full details of the principal risks can be found in the financial statements for the year ended 31 March 2021 on pages 34 to 36, a copy of which is available at www.bscfunds.com.

Directors' Responsibilities Statement

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

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

By order of the Board



Helen Sinclair
Chairman

18 November 2021

FINANCIAL STATEMENTS

Unaudited Statement of Comprehensive Income

for the six months ended 30 September 2021

	Notes	Unaudited 6 months ended 30 September 2021			Unaudited 6 months ended 30 September 2020		
		Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Gains on investments held at fair value	6	-	23,071	23,071	-	7,105	7,105
Gains on disposal of investments	6	-	2,518	2,518	-	1,241	1,241
		-	25,589	25,589	-	8,346	8,346
Income	2	613	-	613	3,564	-	3,564
Total income		613	25,589	26,202	3,564	8,346	11,910
Administrative expenses:							
Manager's fee		(261)	(780)	(1,041)	(200)	(600)	(800)
Other expenses		(237)	-	(237)	(259)	-	(259)
		(498)	(780)	(1,278)	(459)	(600)	(1,059)
Profit before taxation		115	24,809	24,924	3,105	7,746	10,851
Taxation	3	-	-	-	-	-	-
Profit for the period		115	24,809	24,924	3,105	7,746	10,851
Total comprehensive income for the period		115	24,809	24,924	3,105	7,746	10,851
Basic and diluted earnings per ordinary share	5	0.08p	17.04p	17.12p	2.25p	5.62p	7.87p

The Total column of this statement represents the Company's Unaudited Statement of Comprehensive Income, prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The supplementary Revenue and Capital columns are prepared under the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in April 2021 – "SORP") published by the Association of Investment Companies.

Unaudited Balance Sheet

as at 30 September 2021

	Notes	Unaudited 30 September 2021 £000	Unaudited 30 September 2020 £000	Audited 31 March 2021 £000
ASSETS				
Non-current assets at fair value through profit or loss				
Investments		98,614	54,887	73,905
Listed investment funds		4,979	4,847	4,838
Financial assets	6	103,593	59,734	78,743
Accrued income and other assets		856	513	704
		104,449	60,247	79,447
Current assets				
Accrued income and other assets		204	403	971
Cash on fixed term deposit		9,471	9,471	9,471
Cash and cash equivalents		17,714	27,049	20,657
		27,389	36,923	31,099
LIABILITIES				
Current liabilities				
Trade and other payables		(109)	(139)	(186)
Net current assets		27,280	36,784	30,913
Net assets		131,729	97,031	110,360
Shareholders' equity				
Share capital		16,233	15,075	16,131
Share premium account		30,626	23,433	29,995
Capital reserve		41,990	47,218	41,106
Investment holding gains and losses reserve		41,437	7,232	18,944
Revenue reserve		1,443	4,073	4,184
Total shareholders' equity		131,729	97,031	110,360
Net asset value per ordinary share	7	90.9p	70.3p	75.8p

Signed on behalf of the Board



Helen Sinclair
Chairman

18 November 2021

FINANCIAL STATEMENTS

Unaudited Statement of Changes in Equity

for the six months ended 30 September 2021

	Share capital £000	Share premium account £000	Capital reserve £000	Investment holding gains and losses reserve £000	Revenue reserve £000	Total equity £000
At 31 March 2020	14,950	22,838	49,624	375	1,174	88,961
<i>Revenue return for the period</i>	-	-	-	-	3,105	3,105
<i>Expenses charged to capital</i>	-	-	(600)	-	-	(600)
<i>Investment holding gain on investments held at fair value</i>	-	-	-	7,105	-	7,105
<i>Realisation of investments in the period</i>	-	-	1,241	-	-	1,241
Total comprehensive income for the period	-	-	641	7,105	3,105	10,851
<i>Issue of shares - DRIS</i>	125	619	-	-	-	744
<i>Issue costs of ordinary shares*</i>	-	(24)	-	-	-	(24)
<i>Purchase of own shares</i>	-	-	(758)	-	-	(758)
<i>Dividends</i>	-	-	(2,537)	-	(206)	(2,743)
Total transactions with owners	125	595	(3,295)	-	(206)	(2,781)
Realisation of prior year investment holding gains	-	-	248	(248)	-	-
At 30 September 2020	15,075	23,433	47,218	7,232	4,073	97,031
<i>Revenue return for the period</i>	-	-	-	-	111	111
<i>Expenses charged to capital</i>	-	-	(656)	-	-	(656)
<i>Investment holding gain on investments held at fair value</i>	-	-	-	10,534	-	10,534
<i>Realisation of investments in the period</i>	-	-	499	-	-	499
Total comprehensive (expense) income for the period	-	-	(157)	10,534	111	10,488
<i>Issue of share capital</i>	929	6,121	-	-	-	7,050
<i>Issue of shares - DRIS</i>	127	638	-	-	-	765
<i>Issue costs of ordinary shares*</i>	-	(197)	(35)	-	-	(232)
<i>Purchase of own shares</i>	-	-	(1,974)	-	-	(1,974)
<i>Dividends</i>	-	-	(2,768)	-	-	(2,768)
Total transactions with owners	1,056	6,562	(4,777)	-	-	2,841
Realisation of prior year investment holding losses	-	-	(1,178)	1,178	-	-
At 31 March 2021	16,131	29,995	41,106	18,944	4,184	110,360

	Share capital £000	Share premium account £000	Capital reserve £000	Investment holding gains and losses reserve £000	Revenue reserve £000	Total equity £000
At 31 March 2021	16,131	29,995	41,106	18,944	4,184	110,360
<i>Revenue return for the period</i>	-	-	-	-	115	115
<i>Expenses charged to capital</i>	-	-	(780)	-	-	(780)
<i>Investment holding gain on investments held at fair value</i>	-	-	-	23,071	-	23,071
<i>Realisation of investments in the period</i>	-	-	2,518	-	-	2,518
Total comprehensive income for the period	-	-	1,738	23,071	115	24,924
<i>Issue of shares - DRIS</i>	102	652	-	-	-	754
<i>Issue costs of ordinary shares</i>	-	(21)	-	-	-	(21)
<i>Purchase of own shares</i>	-	-	(1,376)	-	-	(1,376)
<i>Dividends</i>	-	-	(116)	-	(2,796)	(2,912)
Total transactions with owners	102	631	(1,492)	-	(2,796)	(3,555)
<i>Realisation of prior year investment holding gains</i>	-	-	638	(578)	(60)	-
At 30 September 2021	16,233	30,626	41,990	41,437	1,443	131,729

*Issue costs include both fundraising costs (where applicable) and costs incurred from the Company's DRIS.

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 above	41,990	1,443	43,433
Less : Income not yet distributable	(15)	(1,443)	(1,458)
Reserves available for distribution*	41,975	-	41,975

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

The capital reserve and the revenue reserve are both distributable reserves. These reserves total £43,433,000, representing a decrease of £1,857,000 in the period since 31 March 2021. 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 £43,433,000 shown above, £1,458,000 relates to income not yet receivable.

FINANCIAL STATEMENTS

Unaudited Statement of Cash Flows

for the six months ended 30 September 2021

	Notes	Unaudited 6 months ended 30 September 2021 £000	Unaudited 6 months ended 30 September 2020 £000	Audited year ended 31 March 2021 £000
Profit before taxation		24,924	10,851	21,339
Decrease in trade and other payables		(77)	(66)	(19)
Decrease (increase) in accrued income and other assets		384	(94)	(848)
Gains on disposal of investments		(2,518)	(1,241)	(1,740)
Gains on investments held at fair value		(23,071)	(7,105)	(17,639)
Capitalised income		-	-	(89)
Net cash (outflow) inflow from operating activities		(358)	2,345	1,004
Cash flows from investing activities				
Purchase of financial assets at fair value through profit or loss	6	(6,516)	(130)	(8,661)
Proceeds from sale of financial assets at fair value through profit or loss	6	7,246	1,663	1,813
Deferred consideration	6	240	-	489
Net cash inflow (outflow) from investing activities		970	1,533	(6,359)
Cash flows from financing activities				
Issue of ordinary shares		-	-	7,050
Costs of ordinary share issues*		(21)	(24)	(256)
Purchase of own shares		(1,376)	(758)	(2,732)
Dividends paid	4	(2,158)	(1,999)	(4,002)
Net cash (outflow) inflow from financing activities		(3,555)	(2,781)	60
Net (decrease) increase in cash and cash equivalents		(2,943)	1,097	(5,295)
Cash and cash equivalents at the beginning of the period		23,158	28,453	28,453
Cash and cash equivalents at the end of the period		20,215	29,550	23,158
Cash and cash equivalents comprise				
Money market funds		2,501	2,501	2,501
Cash at bank		17,714	27,049	20,657
Cash and cash equivalents at the end of the period		20,215	29,550	23,158

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

Explanatory Notes to the Unaudited Condensed Financial Statements

1 General Information, Basis of Preparation and Principal Accounting Policies

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

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

The half-yearly statements are unaudited and have not been reviewed by the auditors pursuant to the International Standard on Review Engagements (UK and Ireland) 2410 guidance on Review of Interim Financial Information. They do not constitute full financial statements as defined in section 435 of the Companies Act 2006. The comparative figures for the year ended 31 March 2021 do not constitute full financial statements and have been extracted from the Company's financial statements for the year ended 31 March 2021. Those accounts were reported upon without qualification by the auditors and have been delivered to the Registrar of Companies.

The accounting policies and methods of computation followed in the half-yearly statements are the same as those adopted in the preparation of the audited financial statements for the year ended 31 March 2021. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2021 annual report.

The accounts have been prepared on a going concern basis in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The accounts have been prepared in compliance with the recommendations set out in the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies (issued in April 2021 – "SORP") to the extent that they do not conflict with International Accounting Standards in conformity with the Companies Act 2006.

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

The financial statements are prepared in accordance with IFRSs and interpretations in force at the reporting date. New standards coming into force during the year 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 STATEMENTS

Explanatory Notes to the Unaudited Condensed Financial Statements (continued)

1 General Information, Basis of Preparation and Principal Accounting Policies (continued)

Going Concern: The directors have carefully considered the issue of going concern and are satisfied that the Company has sufficient resources to meet its obligations as they fall due for a period of at least twelve months from the date these half-yearly statements were approved. As at 30 September 2021 the Company held cash balances, money market funds and fixed term deposits with a combined value of £27,185,000. Cash flow projections show the Company has sufficient funds to meet both its contracted expenditure and its discretionary cash outflows in the form of share buy-backs and the dividend policy. In the year ended 31 March 2021 the Company's costs and discretionary expenditures were:

	£'000
Administrative expenses (before fair value movements related to credit risk)	2,193
Share buybacks	2,732
Dividends (before DRIS)	5,511
Total	10,436

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

2 Income

	Unaudited 6 months ended 30 September 2021 £000	Unaudited 6 months ended 30 September 2020 £000
Income from investments		
- Dividends from unquoted companies	321	3,174
- Interest on loans to unquoted companies	204	271
Income from investment portfolio	525	3,445
Income from listed investment funds	54	64
Interest on bank deposits	34	55
	613	3,564

3 Taxation

	Unaudited 6 months ended 30 September 2021			Unaudited 6 months ended 30 September 2020		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Profit before taxation	115	24,809	24,924	3,105	7,746	10,851
Profit before taxation multiplied by the standard small company rate of corporation tax in UK of 19.0% (2020: 19.0%)	22	4,714	4,736	590	1,472	2,062
Effect of:						
UK dividends received	(65)	-	(65)	(611)	-	(611)
Non-taxable profits on investments	-	(4,862)	(4,862)	-	(1,586)	(1,586)
Deferred tax not recognised	43	148	191	21	114	135
Tax charge	-	-	-	-	-	-

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

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

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

FINANCIAL STATEMENTS

Explanatory Notes to the Unaudited Condensed Financial Statements (continued)

4 Dividends

Amounts recognised as distributions to equity holders in the period:

	Unaudited 6 months ended 30 September 2021			Unaudited 6 months ended 30 September 2020			Audited year ended 31 March 2021		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Interim dividend for the year ending 31 March 2022 of 2.0p (2021: 2.0p) per ordinary share	2,796	116	2,912	206	2,537	2,743	206	2,537	2,743
Second interim dividend for the year ended 31 March 2021 of 2.0p per ordinary share	-	-	-	-	-	-	-	2,768	2,768
	2,796	116	2,912	206	2,537	2,743	206	5,305	5,511
Shares allotted under DRIS			(754)			(744)			(1,509)
Dividends paid in the Statement of Cash Flows			2,158			1,999			4,002

The interim dividend of 2.0 pence per ordinary share was paid on 23 July 2021 to shareholders on the register as at 25 June 2021.

A second interim dividend of 5.0 pence per ordinary share, amounting to approximately £7.2 million, was paid on 16 November 2021 to those shareholders on the register as at 15 October 2021 and a third interim dividend of 2.0 pence per ordinary share, amounting to approximately £2.9 million, will be paid on 5 January 2022 to those shareholders on the register at 26 November 2021. The dividends have not been recognised in these half-yearly financial statements as the obligations did not exist at the balance sheet date.

5 Basic and Diluted Earnings per Ordinary Share

The basic and diluted earnings per ordinary share is based on the profit after tax attributable to equity shareholders of £24,924,000 (30 September 2020: £10,851,000) and 145,575,164 (30 September 2020: 137,917,483) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The basic and diluted revenue earnings per ordinary share is based on the revenue profit attributable to equity shareholders of £115,000 (30 September 2020: £3,105,000) and 145,575,164 (30 September 2020: 137,917,483) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The basic and diluted capital earnings per ordinary share is based on the capital profit attributable to equity shareholders of £24,809,000 (30 September 2020: £7,746,000) and 145,575,164 (30 September 2020: 137,917,483) ordinary shares being the weighted average number of ordinary shares in issue during the period.

During the period the Company allotted 1,022,316 new ordinary shares in respect of its DRIS.

The Company has also repurchased 1,773,755 of its own shares in the period and these shares are held in the capital reserve. The total of 17,459,936 treasury shares has been excluded in calculating the weighted average number of ordinary shares during the period.

The Company has no dilutive shares and consequently, basic and diluted earnings per ordinary share are equivalent at 30 September 2021, 31 March 2021 and 30 September 2020.

6 Financial Assets at Fair Value through Profit or Loss

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

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

Each investment is reviewed at least quarterly to ensure that it has not ceased to meet the criteria of the level in which it was included at the beginning of each accounting period. There have been no transfers between these classifications in either period.

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

Valuation of Investments

Unquoted investments are valued in accordance with IFRS 13 "Fair Value Measurement" and using the International Private Equity and Venture Capital ("IPEVC") Valuation Guidelines ("the Guidelines") issued in December 2018 and updated in March 2020.

Initial measurement

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

Subsequent measurement

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

FINANCIAL STATEMENTS

Explanatory Notes to the Unaudited Condensed Financial Statements (continued)

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

Full details of the methods used by the Company were set out on pages 69 and 70 of the financial statements for the year ended 31 March 2021, a copy of which can be found at www.bscfunds.com.

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

Unquoted Investments

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

Movements in investments at fair value through profit or loss during the six months to 30 September 2021 are summarised as follows:

IFRS 13 measurement classification	Level 3 Unquoted Investments £000	Level 1 Listed Investment Funds £000	Total Investments £000
Opening cost	54,954	4,845	59,799
Opening valuation gain (loss)	18,951	(7)	18,944
Opening fair value at 1 April 2021	73,905	4,838	78,743
Additions at cost	5,890	626	6,516
Disposal proceeds	(6,623)	(623)	(7,246)
Net profit on disposal	2,502	7	2,509
Change in fair value	22,940	131	23,071
Closing fair value at 30 September 2021	98,614	4,979	103,593
Closing cost	57,304	4,852	62,156
Closing valuation gain	41,310	127	41,437
Closing fair value at 30 September 2021	98,614	4,979	103,593

The net profit on disposal in the table above is £2,509,000 whereas that shown in the Statement of Comprehensive Income is £2,518,000. The difference comprises the change in the value of deferred proceeds in respect of assets which have been disposed of and are not included within the investment portfolio at 1 April 2021.

Level 3 valuations include assumptions based on non-observable 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 earnings multiples.

IFRS13 requires disclosure, by class of financial instruments, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to fair value measurement. Each unquoted portfolio company has been reviewed and both downside and upside alternative assumptions have been identified and applied to the valuation of each of the unquoted investments. Applying the downside alternative the value of the unquoted investments would be £4,555,000 (4.6 per cent) lower. Using the upside alternative the value would be increased by £4,418,000 (4.5 per cent).

95 per cent of the Company's investments are in unquoted companies held at fair value. The valuation methodology for these investments includes the application of externally produced revenue multiples and earnings multiples. Therefore the value of the unquoted element of the portfolio is also indirectly affected by price movements on the listed market. Those using earnings and revenue multiple methodologies include judgements regarding the level of discount applied to that multiple. A 10 per cent decrease in the discount applied would have increased the net assets attributable to the Company's shareholders and the total profit by £5,979,000 (4.5 per cent of net assets). An equal change in the opposite direction would have decreased net assets attributable to the Company's shareholders and the total profit by £6,409,000 (4.9 per cent of net assets).

5 per cent of the Company's investments are investment funds listed on the main market of the London Stock Exchange (including FCA authorised and regulated UCITS funds). A 5 per cent increase in stock prices as at 30 September 2021 would have increased the net assets attributable to the Company's shareholders and the total profit by £249,000. An equal change in the opposite direction would have decreased the net assets attributable to the Company's shareholders and the total profit by an equal amount.

There have been no individual fair value adjustments downwards during the period that exceeded 5 per cent of the total assets of the Company (31 March 2021: none).

The following disposals took place during the period:

	Net proceeds from sale £000	Cost £000	Opening carrying value as at 1 April 2021 £000	Gain over opening carrying value £000
<i>Unquoted investments</i>				
Deep-Secure Ltd	6,551	1,000	4,121	2,430
Harris Hill Holdings Limited	72	439	-	72
Friska Limited	-	2,100	-	-
Total from unquoted investments	6,623	3,539	4,121	2,502
<i>Deferred proceeds</i>				
Bagel Nash Group Limited	150	-	150	-
Ness (Holdings) Limited	90	-	81	9
Deferred proceeds received	240	-	231	9
Total from investment portfolio	6,863	3,539	4,352	2,511
Listed investment funds	623	620	616	7
Total	7,486	4,159	4,968	2,518

FINANCIAL STATEMENTS

Explanatory Notes to the Unaudited Condensed Financial Statements (continued)

7 Basic and Diluted Net Asset Value per Ordinary Share

The basic and diluted net asset value per ordinary share is calculated on attributable assets of £131,729,000 (30 September 2020 and 31 March 2021: £97,031,000 and £110,360,000 respectively) and 144,873,228 (30 September 2020 and 31 March 2021: 137,934,244 and 145,624,667 respectively) ordinary shares in issue at 30 September 2021.

The 17,459,936 (30 September 2020 and 31 March 2021: 12,819,817 and 15,686,181 respectively) treasury shares have been excluded in calculating the number of ordinary shares in issue at 30 September 2021.

The Company has no potentially dilutive shares and consequently, basic and diluted net asset values are equivalent at 30 September 2021, 31 March 2021 and 30 September 2020.

8 Total Return

Total Return per ordinary share is calculated on cumulative dividends paid of 159.4 pence per ordinary share (30 September 2020: 155.4 pence per ordinary share and 31 March 2021: 157.4 pence per ordinary share) plus the net asset value per ordinary share as calculated in note 7.

9 Post Balance Sheet Events

In August 2021 the Company exchanged contracts for the realisation of 15 per cent of its investment in Matillion as part of its Series E funding round, which completed in early October, just after the period end. The proceeds from this partial exit are £5.0 million which, together with previous proceeds received of £2.1 million represents a return to date of 2.7x the total cost of your Company's investment. The value of the Company's residual investment in Matillion at 30 September 2021 is £28.6 million.

Following the payment of the second interim dividend on 16 November 2021, the Company issued 2,306,826 ordinary shares under the DRIS, taking the number of ordinary shares in issue to 147,180,054 at that date.

10 Directors

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

11 Other Information

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

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