

# Baronsmead

**Baronsmead Second Venture Trust plc**

**Annual Report and Audited Financial  
Statements for the year ended  
30 September 2024**

Company number 04115341



**Gresham House**  
Specialist investment



Please join us for the

# 2025 Baronsmead Shareholder event & Annual General Meetings (AGM)

Wednesday 12 March 2025

Saddlers' Hall EC2V 6BR

10:30am

Welcome reception

11:00am

Shareholder presentation

12.30pm

Break for lunch and refreshments

1:15pm

Baronsmead Venture Trust AGM

1:30pm

Baronsmead Second Venture Trust AGM

The Notice of AGM will be posted to shareholders separately, and will include an explanation of the items to be considered. It will be uploaded to the Company's website in due course.

Register to attend at [www.greshamhouse.com/baronsmead-vcts-agm-2025](http://www.greshamhouse.com/baronsmead-vcts-agm-2025) / or scan the QR code below.

Please note the event will be in-person only



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## Example investments



### Ozone (unquoted)

Ozone API is the provider of a software platform enabling banks to deliver APIs to comply with and generate revenue opportunities from Open Banking and Open Finance globally.



### IntelliAM (quoted)

IntelliAM provides platform-based machine-learning solutions to blue-chip clients in the FMCG sector, increasing the operating and energy efficiency of their manufacturing sites.



### Panthera (unquoted)

Panthera is an independent site management organisation providing patient recruitment services to clinical research organisations, pharma and biotech companies.



### Skillcast (quoted)

Skillcast provides a compliance e-learning platform and subscription-based solutions to UK corporate clients across professional services.

If you have sold or otherwise transferred all of your shares in Baronsmead Second Venture Trust plc, please forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was, or is being, effected, for delivery to the purchaser or transferee.



# Investment policy and objective

## Investment policy

Baronsmead Second Venture Trust plc's ("the Company") investment policy is to invest primarily in a diverse portfolio of UK growth businesses, whether unquoted or traded on AIM, which are substantially based in the UK, although many of these investees may have some trade overseas.

Investments are made selectively across a range of sectors in companies that have the potential to grow and enhance their value and which will diversify the portfolio.

The Company will make investments in accordance with the prevailing VCT legislation which places restrictions on the type and age of investee companies as well as the maximum amount of investment that such investee companies may receive.

## Investment securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities, and permitted non-qualifying investments as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stocks or preference shares, while AIM-traded investments are primarily held in ordinary shares. No single investment may represent more than 15 per cent (by VCT value) of the Company's total investments.

## Liquidity

Pending investment in VCT qualifying investments, the Company's cash and liquid funds are held in permitted non-qualifying investments.

## Investment style

Investments are selected in the expectation that the application of private equity disciplines, including active management of the investments, will enhance value and enable profits to be realised on the sale of investments.

## Co-investment

The Company typically invests alongside Baronsmead Venture Trust plc in unquoted and quoted companies sourced by the Manager. Following the Manager's acquisition of the Mobeus VCTs in September 2022, the Company now also co-invests alongside the Mobeus VCTs in new unquoted VCT qualifying investments. All new qualifying AIM dealflow will continue to be exclusively allocated between the Company and Baronsmead Venture Trust plc.

As detailed in the Management retention section of the Strategic Report on [page 32](#), the Manager's staff and portfolio consultants are entitled to invest in unquoted investments alongside the Company. This arrangement is in line with current practice of private equity houses and its objective is to attract, recruit, retain and incentivise the Manager's team and is made on terms which align the interests of shareholders and the Manager.

## Borrowing powers

Should it be required, the Company's policy is to use borrowing for short term liquidity purposes only up to a maximum of 25 per cent of the Company's gross assets, as permitted by the Company's Articles of Association.

## Investment objective

The Company is a tax efficient listed company which aims to achieve long-term positive investment returns for private investors, including tax-free dividends.

## Dividend policy

The Board will decide the annual dividends each year and the level of the dividends will depend on investment performance, the level of realised returns and available liquidity. The dividend policy guidelines below are not binding and the Board retains the ability to pay higher or lower dividends relevant to prevailing circumstances and actual realisations. However, the Board confirms the following two guidelines that shape its dividend policy:

- The Board will, wherever possible, seek to pay two dividends to shareholders in each calendar year, typically an interim in September and a final dividend following the AGM in February/March; and
- The Board will use, as a guide, when setting the dividends for a financial year, a sum representing 7 per cent of the opening NAV of that financial year.

# About Baronsmead Second Venture Trust plc

## Key elements of the business model

### Access to an attractive, diverse portfolio

The Company gives shareholders access to a diverse portfolio of growth businesses.

The Company will make investments in growth businesses, whether unquoted or traded on AIM, which are substantially based in the UK in accordance with the prevailing VCT legislation. Investments are made selectively across a range of sectors.

### The Manager's approach to investing

The Manager endeavours to select the best opportunities and applies a distinctive selection criteria based on

- Primarily investing in parts of the economy which are experiencing long term structural growth
- Businesses that demonstrate, or have the potential for, market leadership in their niche
- Management teams that can develop and deliver profitable and sustainable growth
- Companies with the potential to become an attractive asset appealing to a range of buyers at the appropriate time to sell

In order to ensure a strong pipeline of opportunities, the Manager invests in building deep sector knowledge and networks and undertakes significant proactive marketing to interesting target companies in preferred sectors. This approach generates a network of potentially suitable businesses with which the Manager maintains a relationship ahead of possible investment opportunities.

### The Manager as an influential shareholder

The Manager is an engaged and supportive shareholder (on behalf of the Company) in both unquoted and significant quoted investments.

For unquoted investments, representatives of the Manager often join the investee board.

The role of the Manager with investees is to ensure that strategy is clear, the business plan can be implemented and that the management resources are in place to deliver profitable growth. The intention is to build on the business model and grow the company into an attractive target able to be either sold or potentially floated in the medium term.

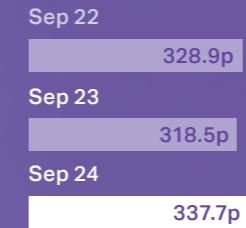
A more detailed explanation of how the business model is applied is provided in the Other Matters section of the Strategic Report on pages 30 to 33.



## Financial highlights

**Net asset value total return<sup>1</sup>**  
(as at 30 September 2024)

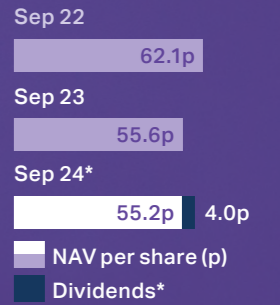
**337.7p**



Net Asset Value ("NAV") total return to shareholders for every 100.0p invested at launch (January 2001).

**Increase in net asset value per share<sup>1,2</sup>**  
(12 months to 30 September 2024)

**+6.3%**

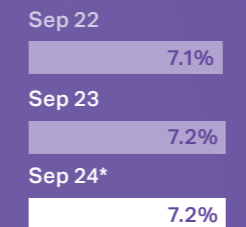


\* includes proposed final dividend of 2.25p.

NAV per share increased 6.3 per cent. to 59.2p, before the deduction of dividends, for the financial year ended 30 September 2024.

**Annual tax free dividend yield<sup>1</sup>**  
(12 months to 30 September 2024)

**7.2%**

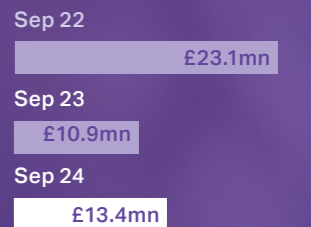


\* Includes proposed final dividend of 2.25p.

Annual tax free dividend yield based on 4.0p dividends paid (including proposed final dividend of 2.25p) and opening NAV of 55.6p

**New investments<sup>1,3</sup>**  
(12 months to 30 September 2024)

**£13.4mn**



Unquoted: £9.3mn  
Quoted: £4.1mn

Investments made into seven new and twelve follow-on opportunities during the year.

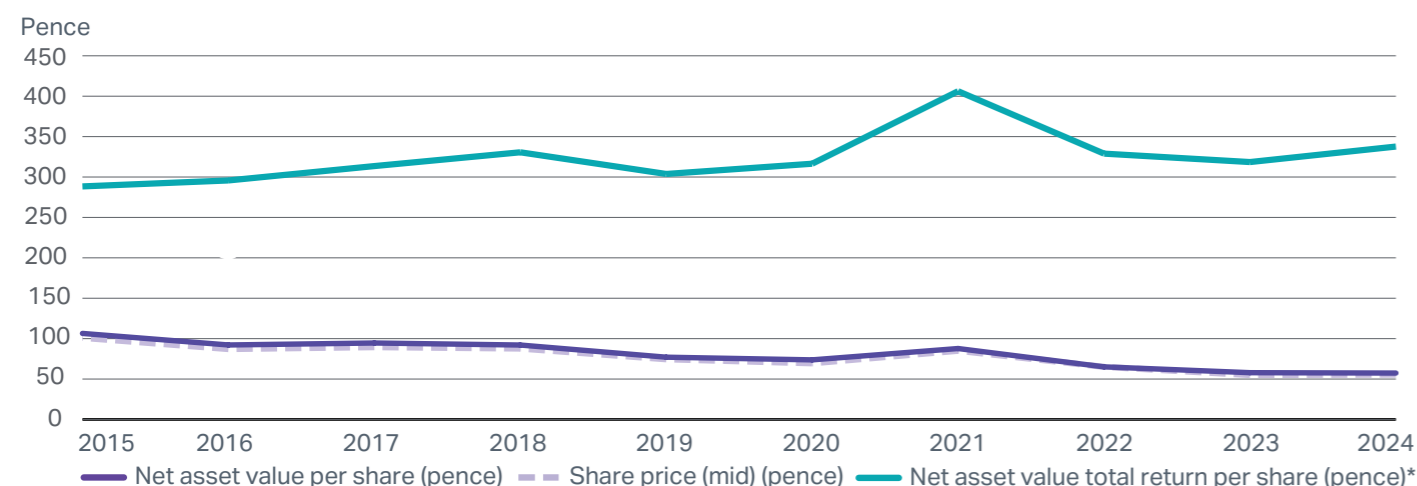
# 01 Strategic report

1. Alternative Performance Measures ("APM")/Key Performance Indicators ("KPIs") – please refer to glossary on page 99 for definitions.  
2. Please refer to table on page 7 for breakdown of NAV per share movement.  
3. Investments into unquoted and AIM investments only.



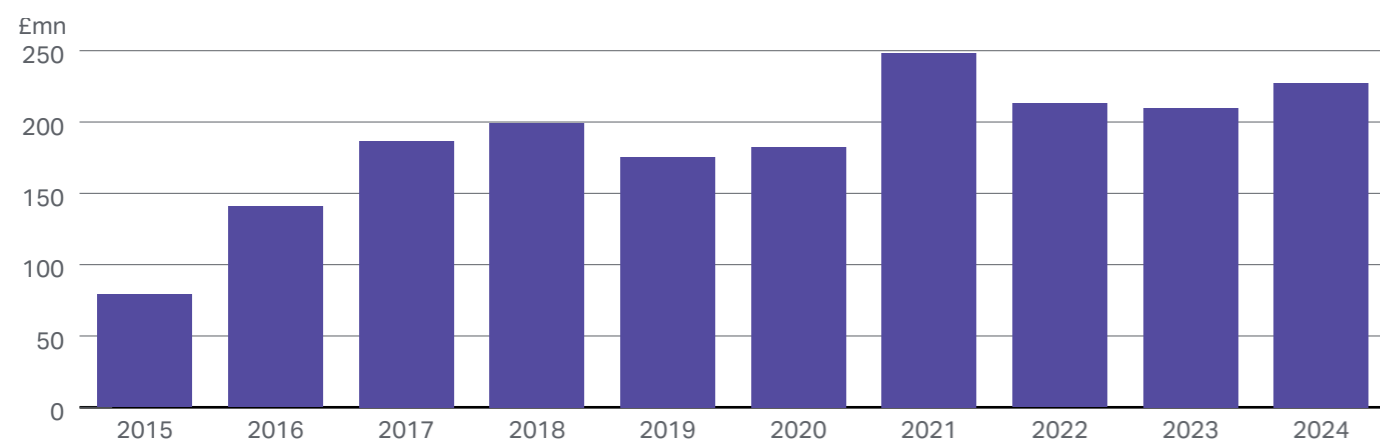
## Performance summary

### Ten-year performance record



\* Net asset value total return (gross dividends reinvested) rebased to 100p at launch. Source: Gresham House Asset Management Ltd

### Total net assets



### NAV total return

NAV total return reconciliation	2022	2023	2024
Opening NAV total return (p)	406.2	328.9	318.5
NAV movement (p)	(28.9)	(11.3)	(0.2)
Dividend (p)	8.3	8.2	6.6
Total return (p)	(20.6)	(3.1)	6.4
Change in NAV total return (p)*	(77.3)	(10.3)	19.2
Closing NAV total return (p)	328.9	318.5	337.7

AIC methodology: The NAV total return to the investor, including the original amount invested (rebased to 100) from launch, assuming that dividends paid were reinvested at the NAV of the Company at the time the shares were quoted ex-dividend

\* The change in NAV total return is the sum of the monthly total returns calculated on a compound basis.

## Chair's statement

The economic environment over the 12 months to 30 September 2024 was mixed. The persistently high inflation and rising interest rates that preceded the start of the period subsided, with inflation falling to the lowest level in three years and there was an initial cut in interest rates, with expectations of more to come. Against this backdrop, the Company's NAV per share increased 3.53p per share (6.3 per cent) before dividend payments for the year ended 30 September 2024.

UK consumer confidence is also at its highest level in three years. However this has not yet translated into consumption, which remains subdued, as evidenced by the recent household saving data. The Company aims to achieve long-term positive investment returns for its shareholders from a diverse portfolio of investments in UK growth companies. Despite the difficult conditions leading to a drop in the value of the unquoted portfolio over the period, the Board continues to believe that, in aggregate, the fundamentals of the large majority of portfolio companies remain robust. The Company continues to be in a position to support those investee companies where the Manager believes there is a strong prospect of providing good investment returns for shareholders over the medium to longer term.

### Results

	Pence per ordinary share
NAV as at 1 October 2023 (after final dividend)	55.63
Valuation increase (6.3 per cent)	3.53
NAV as at 30 September 2024 before dividends	59.16
Less:	
Interim dividend paid on 9 September 2024	(1.75)
Proposed final dividend of 2.25p payable, after shareholder approval, on 17 March 2025	(2.25)
<b>Illustrative NAV as at 30 September 2024 after proposed dividend</b>	<b>55.16</b>

### Sarah Fromson

Chair



### Portfolio Review

At 30 September 2024, the Company's investment portfolio was valued at £140.2 million and comprised 83 direct investments, of which 41 are in unquoted companies and 42 are in quoted companies. The Company's investments in three WS Gresham House Equity Funds were valued at £62.5 million at 30 September. These investments provide investment exposure to an additional 77 AIM-traded and fully listed companies, spreading investment risk across a highly diversified portfolio of 160 companies.

The performance of the Company's portfolio of AIM-listed and other listed investments was 16.2 per cent during the year. This compared favourably to the FTSE AIM All Share Index which was 2.0 per cent over the same period. Significant contributors to this performance were Cerillion, up 47.7 per cent during the year; and Property Franchise Group, up 54.5 per cent during the year.

The Company's unquoted investments however were down 9.0 per cent during the year. This is clearly very disappointing and stems from continued difficult trading conditions and lower valuations where the valuations are based on the valuation of comparable listed companies and affected by higher discount rates. The largest detractors from performance were eConsult in the healthcare sector and RevLifter in the technology sector. These are covered in more detail in the Manager's Review on [pages 10 to 13](#).

## Investments and Divestments

The Board is once again pleased to report that the Company continues to see attractive opportunities and make new investments. The Company invested a total of £13.4 million in 19 companies over the year. Further details of the new investments made are included in the Manager's review on [pages 10 to 13](#). As we have said to shareholders previously, the requirement since 2015 to make investments in earlier stage companies is likely to result in greater volatility of returns over time. However, the more mature, established portfolio of existing investments should assist in sustaining returns and dividends for shareholders, as the newer holdings develop and grow.

The priority for portfolio companies is to operate in a difficult macroeconomic environment with proactivity and resilience. The Company has the resources to support new and existing portfolio companies and the Manager is focusing on the key challenges and opportunities of each holding.

There was only one full realisation in the unquoted portfolio during the year with proceeds of £0.1 million received from the realisation of FundingXchange, for a gross multiple of 0.1x cost. However, in addition to this, deferred earn-out consideration of £0.1 million from the sale of Evotix for a gross money multiple of 0.8x cost. In the listed portfolio, the Manager has also continued its approach of profitable partial realisations of Cerillion during the year, resulting in the receipt of proceeds of £8.2 million at an aggregate of 21.1x original invested cost in this AIM-listed company. Following the takeovers of Gresham House and Gama Aviation, the Company received £0.5 million for a gross money multiple of 3.9x cost and £0.6 million for a gross money multiple of 0.6x cost respectively.

## Dividends

The Board is pleased to declare a final dividend of 2.25p per share for the year to 30 September 2024, payable on 17 March 2025. This is in addition to the 1.75p interim dividend paid in September and means that the total dividends for the year are 4.00p. This is a 7.2 per cent yield based on the opening NAV of 55.6p and meets the target policy of 7 per cent of the NAV at the start of the year.

## VCT Regulations – Retirement Date of the UK Government's Venture Capital Schemes

During the summer we were pleased to see the European Commission approve the extension of the VCT scheme until 5 April 2035. This was formalised by UK legislation on 3 September 2024. The regulations bring into effect the extension of the Enterprise Investment Scheme (EIS) and the Venture Capital Trust (VCT) Scheme sunset clause to 2035.

## Autumn Budget 2024

AIM stocks suffered a material sell off in the run up to the October 2024 UK budget on fears that IHT tax relief on AIM shares might be removed. In the event the relief was reduced but not removed entirely resulting in a relief rally in certain popular AIM stocks. Overall the preservation of the relief albeit at reduced rates signals a recognition by the new government that support for the AIM market is important as a component of its overall growth strategy. We look forward to more indications of government support for the UK equity market going forward.

## Consumer Duty

The FCA's Consumer Duty came into force on 31 July 2023 and requires in-scope firms to act to deliver good outcomes for retail customers across the distribution chain in respect of four main areas: (i) products and services, (ii) price and value, (iii) consumer understanding, and (iv) consumer support. The Consumer Duty applies to the regulated and ancillary activities of all FCA authorised firms under the Financial Services and Markets Act 2000, the Payment Services Regulations 2017 and the Electronic Money Regulations 2011. VCTs are not FCA authorised firms and, accordingly, the Company does not fall within scope of the Consumer Duty. However, the Consumer Duty does apply to the Manager, being an FCA authorised firm, and the Board is cognisant of the Manager's obligations to comply with the Consumer Duty. Notwithstanding that the Baronsmead VCTs are outside of direct scope of the Consumer Duty, the Manager continues to apply the principles of the Consumer Duty to the VCTs given the retail nature of the target market. The Board receives regular updates from the Manager on the delivery of its obligations under the Consumer Duty.

## Succession planning

During the year, the Board began the process of implementing its succession plan, with Adriana Stirling joining the Board on 1 December 2024. Adriana qualified as a chartered accountant with PricewaterhouseCoopers LLP ("PwC") and developed extensive organisational and anti-financial crime technical expertise over her 17 years at PwC, leading client engagements across financial and non-financial service industries, spanning the public and private sectors. In 2014, she became the Managing Director of a private family office. She has overall responsibility for the investment and operational aspects of the office, including managing significant shareholder positions in several unquoted companies. We are very much looking forward to working with her.

Our current Audit & Risk Committee Chair, Malcolm Groat, will be retiring with effect from 31 December 2024. Malcolm has served as a director of Baronsmead Second Venture Trust plc since 2016. I would like to thank Malcolm for his dedication and hard work during this time and wish him all the best in his future endeavours. Malcolm was also the Senior Independent Director and, following Malcolm's retirement, Graham McDonald will assume this role.

## Fundraising

On 1 October 2024 the Company announced its intention to fundraise new funds in the 2024/25 tax year. It is the Board's current intention to launch its offer for subscription to raise £15 million (before costs) with an additional £10 million over allotment facility during January 2025 in a joint offer for subscription alongside our sister VCT, Baronsmead Venture Trust plc. The full terms and conditions as they pertain to these offers will be published in the prospectus and we will ensure shareholders are notified accordingly.

## Annual General Meeting ("AGM")

The Company intends to hold the next AGM on 12 March 2025. Shareholders are invited to attend a presentation by the Manager at 11am followed by a Q&A session. This will be followed by some light refreshments at 12.30pm. The formal business of the AGM will start at 1.30pm.

The event will give shareholders more opportunity to engage with the Board and the Manager and I look forward to meeting as many shareholders as possible. Please see the inside cover for more details and how to register to attend. Registration details will also be included in the Notice of AGM and on the Baronsmead Second Venture Trust website. The event will be held in person, with a recording made available shortly afterwards for those unable to attend in person.

## Outlook

With UK CPI now tracking the target inflation level and UK investors having priced in their expectations of two further interest rate cuts, we hope that the green shoots of economic improvement in the second half of the year will continue.

The portfolio remains highly diversified and the Board continues to believe it is a good time to be investing in earlier stage, innovative and high growth potential businesses. The Manager is actively seeking to complete new investments, believing that this is a propitious time in the economic cycle ahead of the typical upswing that follows the uncertain times of the past few years. We remain confident that the Manager is suitably resourced and positioned to provide the necessary levels of support to the portfolio companies and remains focussed on retaining, recovering and helping to grow value in existing and future investee companies.

## Sarah Fromson

Chair

23 December 2024

# Manager's review



**Ken Wotton**  
Managing Director,  
Public Equity



**Trevor Hope**  
Managing Director  
& Chief Investment  
Officer, VCTs



**Clive Austin**  
Managing Director,  
VCT Portfolio



**Ed Wass**  
Director  
of VCT Portfolio



**Tania Hayes**  
Chief Operating  
Officer,  
Strategic Equity

2024 has been a very unusual year with significant macroeconomic and geopolitical factors having a significant influence over markets. The UK equity market delivered modest growth during the year with larger cap companies outperforming smaller cap companies, particularly those on AIM due to ongoing negative fund flow dynamics and depressed risk appetite amongst domestic investors. An increasing weight of money chasing large cap US stocks, particularly in the technology sector, supported by index funds and passive flows has further exacerbated the relative underperformance of the UK. Such levels of global equity market concentration into one geography (the US) and certain sectors or companies (large cap technology) have only been seen infrequently throughout history and have typically reversed aggressively in due course. A period of uncertainty following the snap UK general election and the new Labour government's first budget, the longest such period for almost 100 years, contributed to volatile sentiment and produced a further headwind for UK smaller companies, reduced both listed share prices and funding availability for unquoted growth companies. In particular the shares of many AIM-listed companies were depressed by the uncertainty running up to the budget due to concerns over the future of tax reliefs although the outcome was ultimately less bad than feared by many commentators.

There remains an ongoing disparity between the valuations of many UK smaller companies and equivalent valuations for similar companies in private markets. This has supported the ongoing elevated level of takeover activity across the UK market as private equity investors and strategic corporates seek to exploit this discount to buy businesses. We expect this discount to close as more investors return seeking to capture some of this increasingly extreme value opportunity.

During the year our AIM portfolio and our WS Gresham House Equity Fund investments significantly outperformed our unquoted portfolio. This largely reflects the relative maturity of the underlying portfolio companies with our quoted holdings typically being larger, profitable, cash generative businesses that have already established themselves and delivering growth at a sensible moderate pace. In contrast the nature of the relatively earlier stage unquoted portfolio is such that more of these businesses are immature and more exposed to elongating sales cycles that are typical during periods of greater economic uncertainty. Also typically a certain number of earlier stage venture investments will fail and those that do tend to fail earlier than the time it takes for the successful businesses to demonstrate meaningful and sustained traction. As a result we expect to see value uplifts come through from the unquoted portfolio in future years as some of the businesses mature.

## Portfolio review

### Overview

The net assets of £227 million were invested as follows:

Asset class	NAV (£mn)	% of NAV*	Number of investees	% return in the year**
Unquoted	53	23	41	(9)
AIM-traded companies	87	38	42	16
WS Gresham House Equity Funds***	62	28	77	18
Liquid assets#	25	11	N/A	3
<b>Totals</b>	<b>227</b>	<b>100</b>	<b>160</b>	<b>6</b>

\* By value as at 30 September 2024.

\*\* Return includes interest received on unquoted realisations during the year.

\*\*\* Excludes investee companies with holdings by more than one fund.

# Represents cash, OEICs and net current assets. % return in the period relates only to the cash liquidity funds.

The timeline and table on pages 14 to 18 show the breakdown of new investments and realisations over the course of the year and below is a commentary on some of the key highlights in both the unquoted and quoted portfolios.

## Investment activity – unquoted and quoted

The Company's investment strategy is primarily focused on companies operating in parts of the economy that we believe are benefiting from long-term structural growth trends and in sectors where we have deep expertise and network. The amount of capital invested in each business is matched to the scale, maturity and underlying risk profile of the company seeking investment.

During the year, £13.4 million was invested into 19 companies including 7 new additions to the portfolio and 12 follow-on investments.

Five new unquoted investments were completed during the year.

Below are descriptions of the new investments made:

- Ozone API is a software developer providing banks and financial institutions with low-cost, compliant APIs
- CitySwift is a software business that works with bus operators to analyse data from their networks
- Azarc.io specialises in business process automation, notably automating custom declaration forms

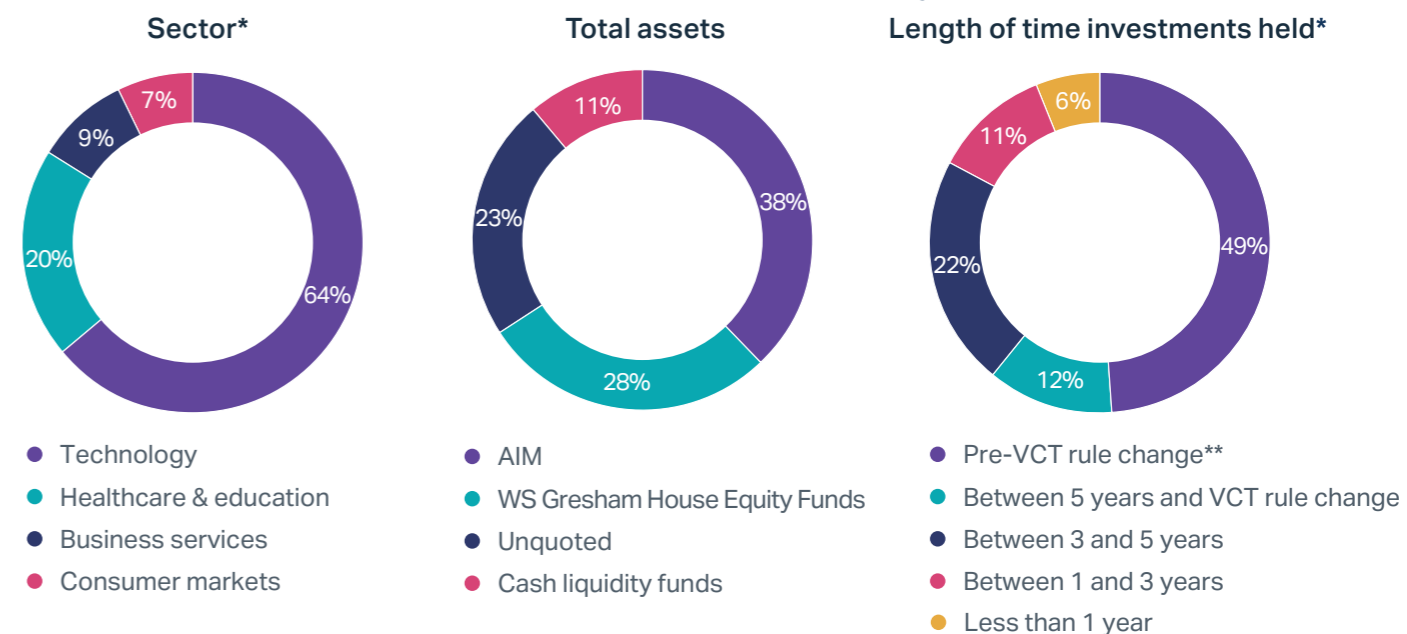
- SciLeads is a data-intelligence platform that enables companies operating within Life Science verticals to identify, track and convert potential customers
- OnSecurity Technology is a B2B cybersecurity services business which has built a technology platform to automate the scoping, scheduling, and reporting of human-based penetration tests

Two new AIM quoted investments were made during the year:

- IntelliAM is a provider of a machine learning platform enabling manufacturing organisations to leverage their data and maximise the value and efficiency of their assets
- Earnz is a consolidator in the blue collar energy services sector created by an experienced Executive Chairman which the Manager has successfully backed in previous ventures

The Company made additional investments totalling £5.1 million into twelve existing portfolio companies, 3 quoted and 9 unquoted, across the year. This is consistent with the investment strategy of continuing to back our high potential assets with further capital to support future growth. We anticipate the level of follow-on investment will continue to grow as the earlier stage portfolio continues to mature.

## Investment diversification at 30 September 2024 by value



\* Direct investments only, not held by the WS Gresham House UK Equity Funds.

\*\* Investments made prior to the VCT rule change that took effect from 18 November 2015.



## Quoted Portfolio (AIM-traded investments)

### Performance

The quoted portfolio delivered positive absolute performance of 16.2 per cent during the year, despite the ongoing elevated levels of geopolitical and macroeconomic uncertainty in the markets. For reference the AIM market in the UK increased 2.0 percent over the same period. The AIM portfolio remains in good financial health and is exposed to structural growth areas providing some insulation from the deteriorating economic conditions.

The software sector provided the largest positive contributor to performance with Cerillion, a provider of billing and charging software to the telecoms industry continuing to deliver strong revenue and profit growth. Property Franchise Group, a franchised estate agency business focussed primarily on lettings, also performed positively during the year following its takeover of Belvoir Lettings.

The largest detractors from performance were Crossword Cybersecurity, a cyber consultancy and software provider, which was subscale and exhibited a challenging cash runway; and Inspired, an energy procurement and optimisation consultancy, which announced the potential for certain large customer projects to be delayed impacting current year revenue and profits.

We continue to closely monitor our AIM portfolio with a rolling programme of independent reviews of top AIM holdings and broadly continue to be positive on the long-term investment prospects of these companies. Many of the larger quoted investments have been long-term holdings. These companies are typically profitable, cash generative businesses with low levels of financial gearing and continue to have attractive long-term growth prospects.

### Divestments

There were two full realisations during the year, both corporate actions, in Gresham House and Gama Aviation whose proceeds of £0.1 million and £0.1 million represented gross multiples of 3.9x and 0.6x cost respectively. Our investment in DeepVerge, an environmental and life sciences group, was written off during the year although the NAV impact of this was limited during the year as the value of this investment had decreased in previous years.

The opportunity to crystallise further profits was taken for Cerillion; over the course of the year proceeds of £8.2 million were realised at 21.1x cost.

In addition to this, liquidation proceeds of £0.1 million were received for InterQuest, which was written off in September 2023.

## Unquoted portfolio

### Performance

The unquoted portfolio decreased in value by 9.0 per cent during the year. The macroeconomic environment remained challenging for our portfolio companies with many experiencing difficult trading conditions and lengthening of product and services sales cycles, most notably consumer related businesses.

This was a disappointing performance which reflects the immaturity of the unquoted portfolio. Earlier stage investment delivered lower levels of growth than had been forecast resulting in shortened cash runways. With this increased risk profile it is appropriate to have reduced the holding value of a number of the companies within our portfolio. Gresham House's experienced Non-Executive Directors and consultants continue to support the portfolio companies during these turbulent times with the expectation that a number of these companies will recover value as they trade out of difficult conditions and / or raise further capital.

Panthera Biopartners and Ozone API were the two investments that made the biggest positive contribution in the year. Panthera, a provider of recruitment services for clinical trials, delivered impressive sales growth and profitability during the year as a result of new contract wins. Ozone API, a software developer providing banks and financial institutions with low-cost, compliant APIs, was a new investment in the year. The company grew in line with expectations and the valuation benefitted from the preference structure of the investment.

The largest detractors from performance were in the healthcare and technology sectors. eConsult, an online consultation provider used by GP practices and hospitals, experienced increased competition during the year and an ongoing challenge of funding for its hospital product, leading to a much reduced cash runway. This led to the decision to seek a new owner for the business and eConsult was acquired by Huma Therapeutics Ltd in a share for share transaction in September 2024. Huma is a well funded digital healthcare business which specialises in continuous patient monitoring. RevLifter, an AI platform using advanced behavioural analytics to deliver tailored promotions to users, suffered from its largest customer, a large US retailer, more than halving its spending.

As Manager we remain highly engaged with the management teams within the portfolio, sharing insight and best practice to help them both manage risk and spot opportunities in a quickly changing environment. We have continued to invest in our portfolio and in-house talent teams, which alongside our extensive network of earlier stage, high growth company experts, ensure we are well positioned to help the companies we invest in to navigate the challenges they face whilst also continuing to develop and scale.

### Divestments

There was one full realisation in the unquoted portfolio during the year with proceeds of £0.1 million received from the realisation of FundingXchange, for a gross multiple of 0.1x cost. In addition to this, earn out proceeds were received on Evotix of £0.1 million with a gross money multiple of 0.8x cost. Our investment in Armstrong Craven, a provider of executive search and business intelligence services, was written off during the year although the value of this investment had largely decreased in previous years.

### Collective investment vehicles

The Company's investments in the WS Gresham House UK Micro Cap Fund ("Micro Cap"), WS Gresham House UK Multi Cap Income Fund ("Multi Cap") and WS Gresham House UK Smaller Companies Fund ("Small Cap") remain a core component of the Company's portfolio construction. These investments provide shareholders with additional diversification through exposure to an additional 77 underlying companies, as well as access to the potential returns available from a larger and more established group of companies that fall within the Manager's core area of expertise.

Over the year, Small Cap and Micro Cap delivered returns of 31.8 per cent and 9.8 per cent respectively, compared to the IA UK Smaller Companies sector which returned 16.1 per cent. Multi Cap delivered a return of 20.5 per cent, compared to the IA UK Equity Income sector which returned 15.0 per cent.

Micro Cap and Multi Cap continue to be both highly rated by independent ratings agencies. Micro Cap's cumulative performance is currently second quartile within the IA UK Smaller Companies sector over the past 10 years. Multi Cap's cumulative performance has remained the top quartile within the IA UK Equity Income sector since launch in June 2017 and is the best performer over five years. Small Cap has also achieved top quartile cumulative performance since launch in 2019 and is the third best performing fund over the past five years within the IA UK Smaller Companies sector.

### Liquid assets (cash and near cash)

The Company had cash and liquidity OEICs of approximately £25.8 million at the year-end. This asset class is conservatively managed to take minimal or no capital risk. The average 7 day yield on the liquidity OEICs was 4.9 per cent at the end of the year.

### Third-party independent valuations

During the year, the Company engaged the services of Lincoln International and Kroll to conduct independent third party valuations as a means of managing the Board's risk in respect of a systematic error regarding the valuation of one or more of the material VCT portfolio assets. The responsibility for the preparation of draft valuations lies with the Manager, and this does not constitute outsourcing of any part of the valuation process, and the Board is responsible for the approval of valuations. The Manager uses these independent valuations in conjunction with their

own valuations to provide independent assurance and risk mitigation to the Board and the Board continues to support this. Four unquoted investment were selected focussing on the higher valued assets in the portfolio, which also covered different characteristics such as value based on both revenue and EBITDA multiples and those with a range of both equity and loan instruments. In July 2024, the Board assessed the use of the third party valuations and concluded that the process had provided comfort on the Manager's controls and the quality of the Manager's processes compared to the market. Furthermore, the Board agreed to reassess the use of third party independent valuations on a regular basis.

## ESG highlights

Following the year end, we commenced our latest ESG survey of our unquoted portfolio companies, to identify how these companies think about ESG and which ESG data is already being reported and monitored. Further details on our ESG approach and policies can be found in the strategic report on [page 26](#).

## Outlook

Geo-political flux is likely to persist throughout 2025, although the UK election result will hopefully allow more clarity on the future economic and political landscape. That being said, the impact of the UK Government's first budget has caused an element of short term market turbulence, potential inflationary pressures and pausing of interest rate reductions.

This environment should present attractive opportunities with the advantage of being able to take a longer-term view of both new and portfolio follow-on investments. The early stage cohort of investments are taking on the challenges presented and are expected to accelerate their funding plans, however this should also produce some compelling follow-on investment opportunities.

Gresham House's seasoned investment managers are a vital source of knowledge and experience available to support the Company's portfolio of management teams. In this respect, Gresham House is well placed by having one of the largest and most experienced portfolio teams in the industry.

Looking into 2025, the Manager remains cautiously optimistic that the combination of a somewhat improving economic backdrop, greater political stability and a more attractive valuation environment will produce attractive investment opportunities when viewed with a long-term perspective.

## Gresham House Asset Management Ltd Manager

23 December 2024



# Investments in the year\*

Invested a total of £13.4 million in to:

- £5.520 million in to five new unquoted investments
- £3.814 million in to nine existing unquoted investments
- £2.820 million in to two new AIM-traded investments
- £1.253 million in to three existing AIM-traded investments

October 2023

**Q** Quoted  
**X** Unquoted  
 New investment  
 Follow-on investment

December 2023

**£0.9mn**

**Business services**  
THE NATURAL SOLUTION  
 Developer of biological fungicides and bio equivalents

**Q**

**£1.8mn**

**Technology**  
 Open banking infrastructure provider

**X**

**£0.9mn**

**Technology**  
 SaaS product for bus operators and local authorities to aggregate bus networks data

**X**

**£0.9mn**

**Technology**  
 Leading integration platform for fast-growing retail and ecommerce businesses

**X**

**£0.7mn**

**Technology**  
 Automating customs declarations

**X**

**£0.5mn**

**Healthcare & education**  
 Ion channel drug discovery and safety assessment service provider

**X**

**£0.2mn**

**Technology**  
 Research and development tech business focused on global navigation and satellite systems

**X**

\* Investments in to unquoted and AIM investments only.

March 2024

**Q** Quoted  
**X** Unquoted  
 New investment  
 Follow-on investment

April 2024

**£0.9mn**

**Technology**  
 Data-intelligence platform for Life Science companies to identify, track and convert customers

**X**

**£0.2mn**

**Technology**  
 Secure payment service provider

**Q**

**£0.1mn**

**Healthcare & education**  
 Provider of intensive day care treatments for eating disorders

**X**

**£0.3mn**

**Consumer markets**  
 Supplier of customisable pet products

**X**

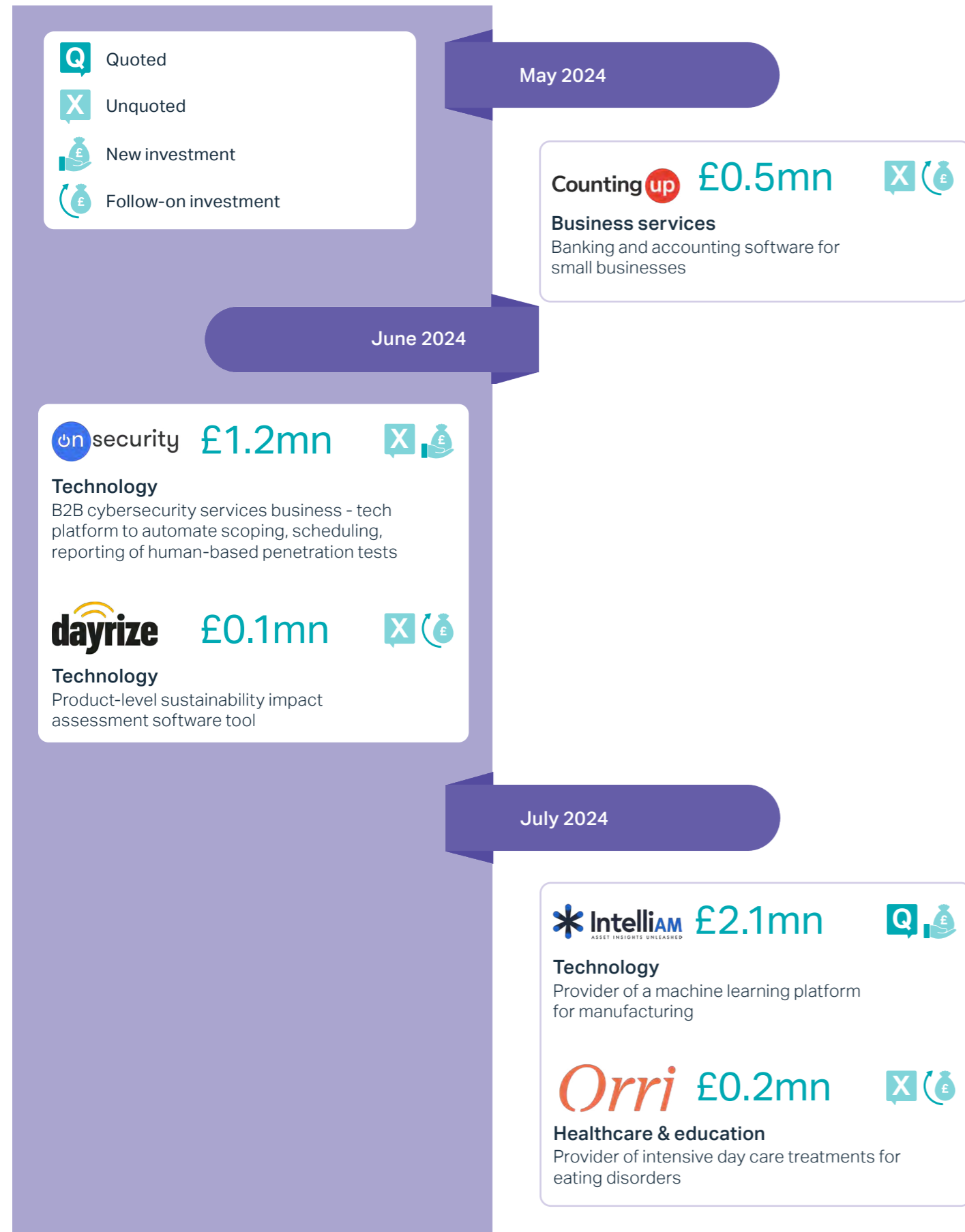
**£0.2mn**

**Consumer markets**  
 Seafood restaurant chain

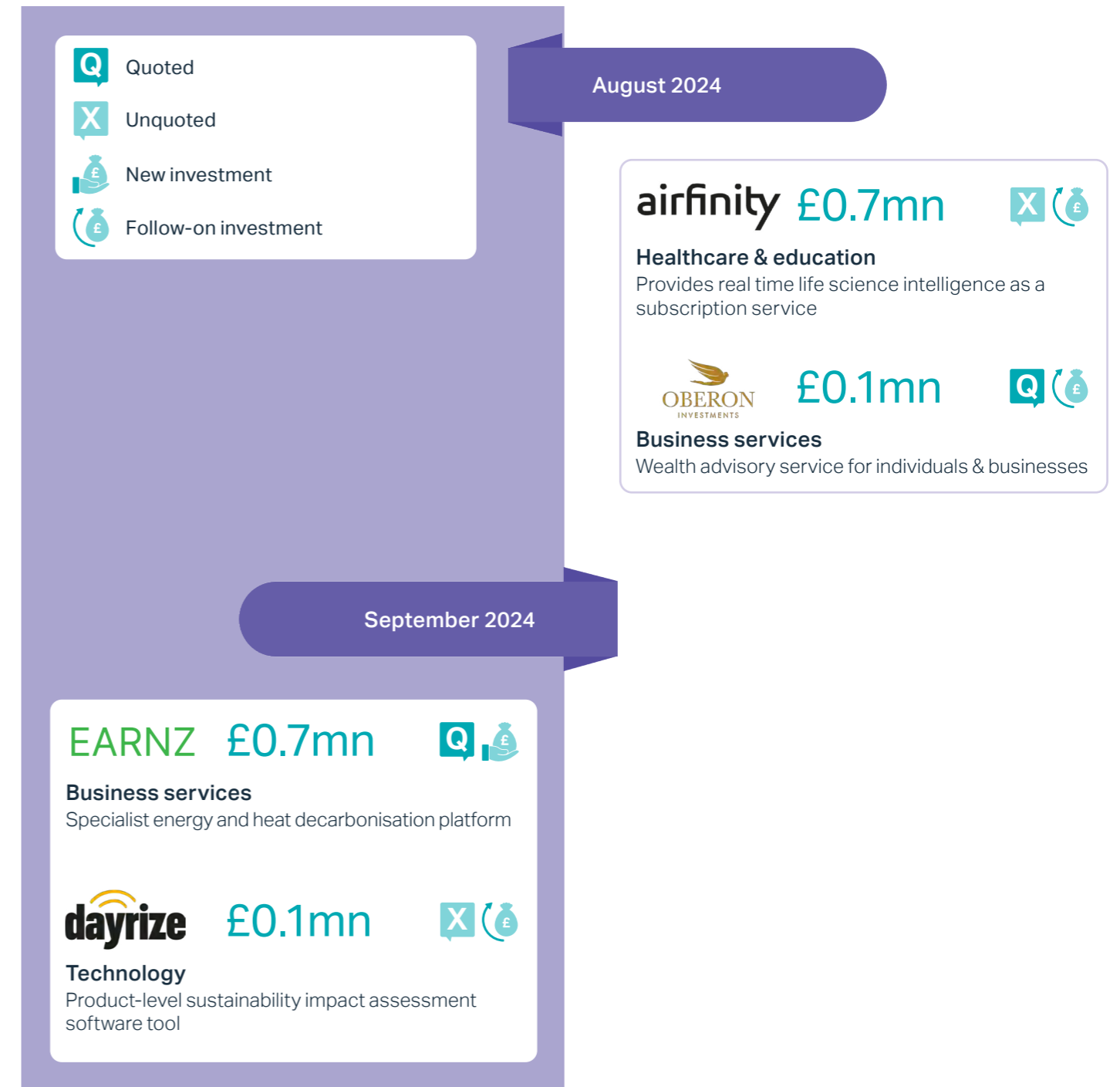
**X**

\* Investments in to unquoted and AIM investments only.





\* Investments in to unquoted and AIM investments only.



\* Investments in to unquoted and AIM investments only.



## Realisations in the year

Company		First investment date	Original book cost# £'000	Proceeds† £'000	Overall multiple return (x)	IRR (%)
<b>Unquoted realisations</b>						
Funding Xchange Ltd	Full trade sale	Nov 19	795	50	0.1	–
Armstrong Craven Ltd	Written off	Jun 13	664	–	1.1*	1.6
<b>Total unquoted realisations</b>			<b>1,459</b>	<b>50</b>		
<b>AIM-traded realisations</b>						
Cerillion plc	Market sale	Nov 15	388	8,171	21.1	43.4
Gama Aviation plc	Tender offer	Nov 10	1,004	573	0.6	–
Gresham House plc	Takeover	Nov 14	137	530	3.9	15.9
Deepverge plc	Written off	Jun 21	1,590	–	–	–
<b>Total AIM-traded realisations</b>			<b>3,119</b>	<b>9,274</b>		
<b>Total realisations in the year**</b>			<b>4,578</b>	<b>9,324</b>		

During the year, liquidation proceeds of £114k were received from InterQuest Group plc, which was written off in September 2023; earn out proceeds of £69k were received from Evotix Ltd, which was realised in May 2023; and liquidation proceeds of £14k were received from Crawshaw Group plc, which was written off in October 2018.

# Residual book cost at realisation date.

† Proceeds at time of realisation including interest.

\* Includes interest/dividends received, loan note redemptions and partial realisations accounted for in prior periods.


\*\* Includes unquoted and AIM investments only.

## Ten largest investments

The top ten investments by value at 30 September 2024 illustrate the diversity of investee companies within the portfolio. For consistency across the top ten and based on guidance from the AIC, data extracted from the last set of published audited accounts is shown in the tables below. However, this may not always be representative of underlying financial performance for several reasons. Published accounts lodged at Companies House may be out of date and the Manager works from up-to-date management accounts and has access to draft but unpublished annual audited accounts prepared by the companies. In addition, pre-tax profit in statutory accounts is often not a representative indicator of underlying profitability as it can be impacted by, for example, deductions of non-cash items, such as amortisation, that relate to investment structures rather than operating performance.

1

**Cerillion plc**  
London  
Quoted  
[www.cerillion.com](http://www.cerillion.com)



Cerillion provides billing, charging and CRM software solutions, predominantly to the telecommunications sector but also to other sectors, including finance and utilities. Cerillion has c.80 customer installations worldwide, delivering a broad range of cloud solutions, managed services and on-premise enterprise software.

**All funds managed by Gresham House**

First investment:	July 2015
Total original cost:	£1,958,000
Total equity held:	8.7%

**Baronsmead Second Venture Trust only**

Original cost:	£1,077,000
Valuation:	£25,226,000
Valuation basis:	Bid price
Income recognised in the year:	£216,000
% of equity held:	4.8%
Voting rights:	4.8%


**Year ended 30 September**

	2024 £ million	2023 £ million
Sales:	43.8	39.2
Pre-tax profits:	19.7	16.1
Net assets:	48.5	36.9
No. of employees:	354	324

Source: Cerillion plc, Annual Report and Financial Statements, 30 September 2024

2

**Netcall plc**  
Bedfordshire  
Quoted  
[www.netcall.com](http://www.netcall.com)



Netcall is a provider of intelligent automation and customer engagement software, helping organisations to become more customer-centric. Solutions are focused on enabling customer contact across multiple channels and improving customer satisfaction whilst driving operational efficiency through increases process automation. Netcall has over 700 customers, spanning enterprise, healthcare and government sectors.

**All funds managed by Gresham House**

First investment:	July 2010
Total original cost:	£4,354,000*
Total equity held:	24.4%

**Baronsmead Second Venture Trust only**

Original cost:	£2,616,000
Valuation:	£12,869,000
Valuation basis:	Bid price
Income recognised in the year:	£123,000
% of equity held:	9.0%
Voting rights:	9.0%

**Year ended 30 June**

	2024 £ million	2023 £ million
Sales:	39.1	36.0
Pre-tax profits:	6.3	4.0
Net assets:	40.5	35.4
No. of employees:	283	270

Source: Netcall plc, Annual Report and Accounts, 30 June 2024  
\*Includes Baronsmead VCTs only



**3** Patchworks Integration Ltd  
London  
Unquoted  
[www.wearepatchworks.com](http://www.wearepatchworks.com)



Patchworks provides the software to integrate an ecommerce customer's front and back office operational systems, managing the flow of data across their entire business and providing data and analytics to power decision-making.

#### All funds managed by Gresham House

First investment:	July 2021
Total original cost:	£10,550,000
Total equity held:	25.0%

#### Baronsmead Second Venture Trust only

Original cost:	£5,486,000
Valuation:	£6,753,000
Valuation basis:	Revenue multiple
Income recognised in the year:	£188,000
% of equity held:	11.4%
Voting rights:	11.4%

#### Year ended 30 June

	2023 £ million	2022 £ million
Net Assets:	2.6	2.7
No. of Employees:	4	4

A full set of accounts is not publicly available.  
Source: Patchworks Integration Ltd, Unaudited Financial Statements, 30 June 2023

**4** IDOX plc  
Surrey  
Quoted  
[www.idoxgroup.com](http://www.idoxgroup.com)



IDOX provides legislative compliance and document process management software, in a variety of cloud and on-premise applications, for local governments and the NHS. Additionally, IDOX delivers document collaboration software for the oil & gas, energy, and infrastructure sectors, enabling accurate record keeping for project management. IDOX's solutions seek to deliver process automation to support enhanced citizen and customer experience, improved operational efficiency and reduced overheads.

#### All funds managed by Gresham House

First investment:	May 2002
Total original cost:	£1,642,000*
Total equity held:	6.5%

#### Baronsmead Second Venture Trust only

Original cost:	£1,028,000
Valuation:	£6,683,000
Valuation basis:	Traded price
Income recognised in the year:	£66,000
% of equity held:	2.4%
Voting rights:	2.4%

#### Year ended 31 October

	2023 £ million	2022 £ million
Sales:	73.3	66.2
Pre-tax profits:	7.8	6.6
Net Assets:	73.3	67.4
No. of Employees:	626	578

Source: Idox plc, Annual Report & Accounts, 31 October 2023  
\*Includes Baronsmead VCTs only

**5** The Property Franchise Group plc  
Dorset  
Quoted  
[www.thepropertyfranchisegroup.co.uk](http://www.thepropertyfranchisegroup.co.uk)



Property Franchise Group ("TPFG") is the UK's largest multi-brand lettings and estate agency franchising group, which has completed two transformational acquisitions in 2024 augmented by strong organic growth. With c.1,900 outlets across the UK, TPFG manages over 150,000 tenanted properties across its 18 brand portfolio. TPFG's franchise model generates multiple income streams, with the majority of earnings being driven by lettings revenue, with additional fees generated from financial and other service revenues.

#### All funds managed by Gresham House

First investment:	December 2013
Total original cost:	£3,196,000*
Total equity held:	18.2%

#### Baronsmead Second Venture Trust only

Original cost:	£1,758,000
Valuation:	£6,020,000
Valuation basis:	Bid price
Income recognised in the year:	£163,000
% of equity held:	2.3%
Voting rights:	2.3%

#### Year Ended 31 December

	2023 £ million	2022 £ million
Sales:	27.3	27.2
Pre-tax profits:	9.0	8.8
Net Assets:	57.7	57.8
No. of Employees:	176	185

Source: The Property Franchise Group plc, Annual Report and Accounts, 31 December 2023  
\*Includes Baronsmead VCTs only

**6** Airfinity Ltd  
London  
Unquoted  
[www.airfinity.com](http://www.airfinity.com)



Airfinity is a science information data analytics platform which provides deep information by therapeutic area on a real time basis to the life sciences industry and public entities including governments, NGOs and healthcare authorities. It grew rapidly during the pandemic on the back of its COVID-19 health analytics and intelligence platform.

#### All funds managed by Gresham House

First investment:	July 2021
Total original cost:	£8,155,000
Total equity held:	20.1%

#### Baronsmead Second Venture Trust only

Original cost:	£4,237,000
Valuation:	£5,302,000
Valuation basis:	Earnings Multiple
Income recognised in the year:	£75,000
% of equity held:	9.3%
Voting rights:	9.3%

#### Year ended 31 December

	2022 £ million	2021 £ million
Sales:	5.4	2.4
Pre-tax profits:	(3.5)	(1.9)
Net Assets:	2.6	3.2
No. of employees	83	57

Source: Airfinity Ltd, Annual Report & Financial Statements, 31 December 2022

**7** Bioventix plc  
Surrey  
Quoted  
[www.bioventix.com](http://www.bioventix.com)



Bioventix manufactures and supplies high affinity sheep monoclonal antibodies for use in immunodiagnostics. Focusing on clinical diagnostics, the company's strategy is to identify new assays for which there is a need for improved antibodies.

#### All funds managed by Gresham House

First investment:	June 2013
Total original cost:	£562,000*
Total equity held:	11.1%

#### Baronsmead Second Venture Trust only

Original cost:	£309,000
Valuation:	£4,476,000
Valuation basis:	Bid price
Income recognised in the year:	£186,000
% of equity held:	2.3%
Voting rights:	2.3%

#### Year ended 30 June

	2024 £ million	2023 £ million
Sales:	13.6	12.8
Pre-tax profits:	10.6	10.1
Net Assets:	12.0	12.1
No. of Employees:	17	16

Source: Bioventix plc, Annual Report & Financial Statements, 30 June 2024

\*Includes Baronsmead VCTs only

**8** Panthera Biopartners  
Lancashire  
Unquoted  
[www.panthera-bio.com](http://www.panthera-bio.com)



Panthera is an independent site management organisation providing patient recruitment services to clinical research organisations, pharma and biotech companies. The primary focus is phase 2 and 3 clinical trials for new drugs across multiple therapeutic areas. Panthera supports all aspects of new clinical trials including feasibility assessments, site set up, patient recruitment and engagement and day to day running of clinical trials in line with strict regulatory criteria.

#### All funds managed by Gresham House

First investment:	September 2020
Total original cost:	£6,424,000
Total equity held:	26.7%

#### Baronsmead Second Venture Trust only

Original cost:	£3,338,000
Valuation:	£4,007,000
Valuation basis:	Earnings Multiple
Income recognised in the year:	Nil
% of equity held:	12.2%
Voting rights:	12.2%

#### Year ended 31 December

	2023 £ million	2022 £ million
Sales:	11.3	4.9
Pre-tax profits:	0.9	(5.6)
Net Assets:	5.7	1.4
No. of Employees:	108	104

Source: Panthera Biopartners Ltd, Annual Report & Financial Statements, 31 December 2023

**9** Popsa Holdings Ltd  
Surrey  
Unquoted  
[www.popsa.com](http://www.popsa.com)



Popsa is a photobook app that uses proprietary machine learning algorithms to reduce the average time it takes for customers to produce photobooks from two hours to just five minutes. Popsa was founded in 2017 with the aim to disrupt an industry that has not innovated with consumer habits, in particular the shift to mobile as the key photo repository.

#### All funds managed by Gresham House

First investment:	December 2021
Total original cost:	£6,500,000
Total equity held:	8.1%

#### Baronsmead Second Venture Trust only

Original cost:	£3,379,000
Valuation:	£3,379,000
Valuation basis:	Earnings Multiple
Income recognised in the year:	Nil
% of equity held:	3.7%
Voting rights:	3.7%

#### Year ended 31 December

	2023 £ million	2022 £ million
Sales:	27.5	26.7
Pre-tax profits:	(0.8)	(2.1)
Net Assets:	11.2	11.3
No. of Employees:	58	58

Source: Popsa Holdings Ltd, Group Strategic Report, Report of the Directors and Consolidated Financial Statements, 31 December 2023

**10** Anpario plc  
Nottinghamshire  
Quoted  
[www.anpario.com](http://www.anpario.com)



Anpario is a producer of natural feed additives for the global agriculture and aquaculture markets. Their products are designed to boost growth and improve the health of the animals to which they are fed. In an era where the traditional antibiotic based growth supplements are being steadily phased out, Anpario's natural solutions can help to fill the gap. Sales growth is supported by both the increasing global demand for meat (and hence feed) as well as the trend towards organic foods and healthy eating.

#### All funds managed by Gresham House

First investment:	November 2006
Total original cost:	£965,000
Total equity held:	6.9%

#### Baronsmead Second Venture Trust only

Original cost:	£662,000
Valuation:	£3,212,000
Valuation basis:	Bid price
Income recognised in the year:	£42,000
% of equity held:	4.7%
Voting rights:	4.7%

#### Year ended 31 December

	2023 £ million	2022 £ million
Sales:	31.0	33.1
Pre-tax profits:	2.8	3.7
Net Assets:	33.6	41.3
No. of Employees:	115	124

Source: Anpario plc, Annual Report, 31 December 2023



# Principal risks and uncertainties

The Board has carried out a robust assessment of the principal and emerging risks and uncertainties facing the Company and has assessed the appropriate measures to be taken in order to mitigate these risks as far as practicable. There is an ongoing process for identifying, evaluating and managing these risks which is part of the governance framework detailed further in the Corporate Governance section of this report.

The Company is facing the key emerging risks of climate change and ESG, given the regulatory, operational and potentially reputational implications if not appropriately addressed. In order to address these emerging risks, when looking to make a new investment, the Manager uses an ESG Decision Tool to identify any material ESG risks that need to be managed and mitigated. For further detail, see [pages 26 to 28](#).

Principal risk	Context	Specific risks we face	Possible impact	Mitigation
<b>Loss of approval as a Venture Capital Trust</b>	The Company must comply with section 274 of the Income Tax Act 2007 which enables its investors to take advantage of tax relief on their investment and on future returns.	Breach of any of the rules enabling the Company to hold VCT status could result in the loss of that status.	The loss of VCT status would result in shareholders who have not held their shares for the designated holding period having to repay the income tax relief they had already obtained and future dividends and gains would be subject to income tax and capital gains tax.	The Board maintains a safety margin on all VCT tests to ensure that breaches are unlikely to be caused by unforeseen events or shocks. The Manager monitors all of the VCT tests on an ongoing basis and the Board reviews the status of these tests on a quarterly basis. Specialist advisors review the tests on a bi-annual basis and report to the Audit & Risk Committee on their findings.
<b>Legislative</b>	VCTs were established in 1995 to encourage private individuals to invest in early stage companies that are considered to be risky and therefore have limited funding options. In return the state provides these investors with tax reliefs which fall under the definition of state aid.	A change in government policy regarding the funding of small companies or changes made to VCT regulations to comply with EU State Aid rules could result in a cessation of the tax reliefs for VCT investors or changes to the reliefs that would make them less attractive to investors.	The Company might not be able to maintain its asset base leading to its gradual decline and potentially an inability to maintain either its buy back or dividend policies.	The Board and the Manager engage on a regular basis with HMT and industry representative bodies to demonstrate the cost benefit of VCTs to the economy in terms of employment generation and taxation revenue. In addition, the Board and the Manager have considered the options available to the Company in the event of the loss of tax reliefs to ensure that it can continue to provide a strong investment proposition for its shareholders despite the loss of tax reliefs.
<b>Investment performance</b>	The Company invests in small, mainly UK based companies, both unquoted and quoted. Smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals and hence tend to be riskier than larger businesses.	Investment in poor quality companies with the resultant risk of a high level of failure in the portfolio.	Reduction in both the capital value of investors' shareholdings and in the level of income distributed.	The Company has a diverse portfolio where the cost of any one investment is typically less than 5 per cent of NAV thereby limiting the impact of any one failed investment. The Investment Management team has a strong and consistent track record over a long period.  The Manager undertakes extensive due diligence procedures on every new investment and reviews the portfolio composition maintaining a wide spread of holdings in terms of financing stage and industry sector.
<b>Economic, political and other external factors</b>	Whilst the Company invests in predominantly UK businesses, the UK economy relies heavily on Europe and the US as its largest trading partners. This, together with the increase in globalisation, means that economic unrest and shocks in other jurisdictions, as well as in the UK, can impact on UK companies, particularly smaller ones that are more vulnerable to changes in trading conditions.	Events such as fiscal policy changes, economic recession, movement in interest or currency rates, civil unrest, war or political uncertainty or pandemics can adversely affect the trading environment for underlying investments and impact on their results and valuations.	Reduction in the value of the Company's assets with a corresponding impact on its share price may result in the loss of investors through buy backs and may limit its ability to pay dividends.	The Company invests in a diversified portfolio of companies across a number of industry sectors, which provides protection against shocks as the impact on individual sectors can vary depending upon the circumstances. In addition, the Manager uses a limited amount of bank gearing in its investments which enables its investments to continue trading through difficult economic conditions. The Board monitors and reviews the position of the Company, ensuring that adequate cash balances exist to allow flexibility. The Board reviews the make up and progress of the portfolio each quarter to ensure that it remains appropriately diversified and funded.
<b>Regulatory &amp; Compliance</b>	The Company is authorised as a self managed Alternative Investment Fund Manager ("AIFM") under the Alternative Investment Fund Managers Directive ("AIFMD") and is also subject to the Prospectus and Transparency Directives. It is required to comply with the Companies Act 2006 and the UKLA Listing Rules.	Failure of the Company to comply with any of its regulatory or legal obligations could result in the suspension of its listing by the UKLA and/or financial penalties and sanction by the regulator or a qualified audit report.	The Company's performance could be impacted severely by financial penalties and a loss of reputation resulting in the alienation of shareholders, a significant demand to buy back shares and an inability to attract future investment. The suspension of its shares would result in the loss of its VCT taxation status and most likely the ultimate liquidation of the Company.	The Board and the Manager employ the services of leading regulatory lawyers, sponsors, auditors and other advisers to ensure the Company complies with all of its regulatory obligations. The Board has strong systems in place to ensure that the Company complies with all of its regulatory responsibilities. The Manager has a strong compliance culture and employs dedicated compliance specialists within its team who support the Board in ensuring that the Company is compliant.
<b>Operational</b>	The Company relies on a number of third parties, in particular the Manager, to provide it with the necessary services such as registrar, sponsor, custodian, receiving agent, lawyers and tax advisers.	The risk of failure of the systems and controls of any of the Company's advisers including a cyber attack leading to an inability to service shareholder needs adequately, to provide accurate reporting and accounting and to ensure adherence to all VCT legislation rules.	Errors in shareholders' records or shareholdings, incorrect marketing literature, non compliance with listing rules, loss of assets, breach of legal duties and inability to provide accurate reporting and accounting all leading to reputational risk and the potential for litigation. A cyber attack or data breach could lead to loss of sensitive shareholder data resulting in a breach and liability under GDPR.	The Board has appointed an Audit & Risk Committee who review the internal control ("ISAE3402") and/or internal audit reports from all significant third party service providers, including the Manager, on a bi-annual basis to ensure that they have strong systems and controls in place including Business Continuity Plans and matters relating to cyber security. The Board regularly reviews the performance of its service providers to ensure that they continue to have the necessary expertise and resources to provide a high class service and always where there has been any changes in key personnel or ownership.  The operational requirements of the Company, including from its service providers, have been subject to rigorous testing (including remote working and virtual meetings) as to their application since the COVID-19 pandemic, where increased use of out of office working and online communication has been required. To date the operational arrangements have proven robust.

The financial risks faced by the Company are covered within the Notes to the Financial Statements on pages 87 to 91.

# Environmental, Social & Governance (ESG)

The Company is required, by company law, to provide details of environmental (including the impact of the Company's business on the environment), employee, human rights, social and community issues, including information about any policies it has in relation to these matters and the effectiveness of these policies. Since the Company does not have any employees and it has no direct impact on the community or the environment due to its status as a VCT, the Company does not maintain specific policies in relation to these matters. However, the Board is conscious of the potential ESG risks associated with its investments as well as its social and corporate governance responsibilities.

The Board and the Manager believe that responsible investment involves the integration of ESG factors within the investment process and that these factors should be considered alongside financial and strategic issues. The Company therefore complies with current reporting and other ESG standards for investment companies, through its monitoring of the ESG risks and opportunities of its investee companies. The Company will continue to evolve its processes and reporting as ESG requirements change. More broadly, the Company complies with the AIC Code of Corporate Governance.

The Manager incorporates ESG considerations throughout the investment process including valuation and this is communicated with the Board on a quarterly basis. A framework based on ten key ESG themes is used to structure analysis, and monitor and report on ESG risks and opportunities across the lifecycle of investments.

The Manager's investment philosophy means that it is an actively engaged shareholder. The Manager's assessments of management, board and governance form a critical part of the investment case, which necessitates that it works with companies on strategy, M&A, remuneration and related matters, from the holding period onwards. The Manager will meet face-to-face with the management team of a publicly listed company at least twice a year, and more frequently when it owns a material stake of a company. These meetings form the basis for the ongoing monitoring of a company's strategy, financial performance and ESG considerations.

Voting is an important part of the Manager's investment strategy. The Manager's voting decisions are based on the course of action that will be in the best interest of the investee company. Decisions are informed by various sources including procedures, research, engagement with the company, discussions with other stakeholders and advisers, internal discussions and consultations, and other relevant information ([Stewardship-Code-Report-2024.pdf](#)). For details of our voting records ([Public Equity | Gresham House | Alternative asset management](#)).

For the twelve months to 30 September 2024, the Manager had the opportunity to vote on 1,886 issues. Of these, the Manager voted for 94.4 per cent of resolutions, against on 3.9 per cent, abstained on 1.7 per cent. Of the 74 votes against, the majority were because the resolutions conflicted with the Manager's house policy, notably to vote against political donations.

The Manager has been a signatory to the United Nations supported Principles of Responsible Investment (UN PRI) since February 2018. In the 2024 Private Equity module, the Manager scored 93 per cent versus a median for the sector of 80 per cent. It is also a signatory of the UK Stewardship Code. In July 2024, it was announced that the Manager had met the expected standard of reporting for 2023 and remained a signatory to the UK Stewardship Code 2020 for the fourth year in a row.

The Manager undertakes an annual ESG survey to understand how its VCT unquoted investments respond to relevant ESG risks and opportunities and how these are considered as part of their operations. The survey asked unquoted investee businesses a range of questions based on the [ESG\\_VC](#) framework across a range of material environmental, social and governance factors. It asked them to indicate the relevance of those material ESG factors to their business, as well as their ability to influence those factors. Repeating the survey annually allows companies to demonstrate progression against material ESG issues and forms the basis of meaningful ESG engagements between Gresham House Ventures and its unquoted portfolio companies.

For more information on the Manager's commitments and approach to ESG integration and engagement, and the Manager's climate related disclosures please see the following documents:

- [Sustainable Investment Report](#)
- [Stewardship Code](#)
- [Private Equity Sustainable Investment Policy / Public Equity Sustainable Investment Policy](#)
- [Engagement and Voting Policy](#)
- [TCFD report](#)

## Diversity

On 18 July 2023, the House of Commons Treasury Committee published its report (the "Report") on Venture Capital, which included growth capital funding provided by Venture Capital Trusts, and which was broadly positive. MPs recommended that venture capital firms and their investment companies should collect and publish their diversity statistics. The Report also considered the allocation of investment capital to the various regions of the UK.

The Company and the Manager have long supported the creation of opportunities for everyone across the UK through its investment portfolio.

The investment due diligence process for any proposed new investment includes a consideration of the board structure and composition as part of the Manager's governance considerations within the ESG Decision Tool.

We have considered the findings of the Report and set out the relevant metrics pertaining to the Company's portfolio of unquoted investments as at 30 September 2024, Gresham House and the Gresham House Strategic Equity division, responsible for managing the public and private equity portfolios managed or advised by the Manager.

Table 1 below shows that the portfolio companies were predominantly set up by males, or groups of male founders, with 11% (2023: 14%) being founded by all females or groups of mixed male and female founders.

**Table 1**

### Portfolio company founders

*Based on number of companies*

Founders	2024	2023
All male	89%	86%
Mixed gender	8%	8%
All female	3%	6%
	100%	100%

**Table 2**

### Portfolio company board composition<sup>1</sup>

*Based on number of directors*

Directors	2024	2023
Male	85%	85%
Female	15%	15%
	100%	100%

1. excluding Gresham House representatives

Table 2 above shows that board composition within the portfolio was similarly predominantly male, with 15% of board members being female (2023: 15%), after excluding representatives of Gresham House.

Table 3 below shows the regions of the UK where the Company's capital has been invested, with the majority of capital being invested in London and/or the South East.

**Table 3**

### Allocation of capital by region<sup>2</sup>

	2024	2023
London and South East	62%	65%
Other regions	38%	35%
	100%	100%

2. based on cost of investment

In 2024, Gresham House signed up to the Investing in Women Code. This is a commitment to support the advancement of female entrepreneurship in the United Kingdom by improving female entrepreneurs' access to tools, resources and finance from the financial services sector.

In September 2024, the Manager hosted its second annual female-led event bringing together innovators, investors, and advisers to foster relationships and share learnings.



Table 4 below shows the gender diversity within Gresham House as at 30 September 2024.

**Table 4**

**Gresham House gender diversity<sup>3</sup>**

Gender	2024	2023
Male	62%	62%
Female	38%	38%
	100%	100%

3. as at 30 September 2024

Table 5 below shows the gender diversity within the Strategic Equity division of Gresham House, responsible for managing the Company's portfolio.

**Table 5**

**Gresham House strategic equity division gender diversity<sup>4</sup>**

Gender	2024	2023
Male	74%	70%
Female	26%	30%
	100%	100%

4. as at 30 September 2024

Gresham House released their Diversity, Equity & Inclusion ("DEI") strategy at the start of 2022 to help understand the changing landscape of DEI. Included within the strategy are initiatives to improve DEI such as carrying out unconscious bias training for all employees; evolving Human Resources systems to include DEI data which is now shared quarterly with our Group Management Committee and divisional heads and developing clear DEI guidelines for recruiters.

During the year Gresham House have promoted or actively attended a number of events targeted at women entrepreneurs and the senior women from across Gresham House continued to attend a 12-week external Resilient Women's Leadership Programme to develop their capability to lead.

Gresham House is committed to improving the diversity of its investment teams, the management teams of the investee companies that they support and increasing the amount and number of investments across the UK. As an example, Gresham House has participated in the 10,000 Black Intern programme for a number of years; in summer 2024 3 interns joined the investment teams, and one person was successfully hired as an Analyst into the GH Ventures team.





## Other matters

### Applying the business model

This section of the Strategic Report sets out the practical steps that the Board has taken in order to apply the business model, achieve the investment objective and adhere to the investment policy. The investment policy, which is set out in full on [page 2](#), is designed to ensure that the Company continues to qualify, and is approved, as a VCT by HM Revenue and Customs.

### Portfolio Management

The AIM portfolio is managed with a private equity approach applied to public market investments. This involves a proactively engaged approach to interactions with management and boards of portfolio companies and seeking to challenge, influence and support key areas such as strategy, capital allocation, management incentives, board governance and composition. The Manager views these areas as critical components of long-term shareholder value creation.

The unquoted portfolio is actively managed by a large team of investment executives including over ten highly experienced, dedicated portfolio directors who provide access to a far-reaching network of potential partners. Value creation is driven through board representation in order to influence areas such as the go-to-market strategy, capital efficiency, corporate governance and exit planning. An in-house talent function partners with portfolio companies to help strengthen management teams and shape boards of directors at each stage of the investment.

### Investing in the right companies

Investments are primarily made in companies which are substantially based in the UK, although many of these investees may have some trade overseas. Investments are selected in the expectation that the application of private equity disciplines, including an active management style for unquoted companies, will enhance value and enable profits to be realised from planned exits.

The Board has delegated the management of the investment portfolio to Gresham House. The Manager has adopted a 'top-down, macro economic and sector-driven' approach to identifying and evaluating potential investment opportunities, by assessing a forward view of firstly the broader business environment, then the sector and finally the specific potential investment opportunity.

Based on its research, the Manager has selected a number of sectors that it believes will offer attractive growth prospects and investment opportunities. Diversification is also achieved by spreading investments across different asset classes and making investments for a variety of different periods.

The Manager's policy is not to invest in any of the following areas: human cloning; arms/munitions; or adult content.

The Manager's Review on [pages 10 to 13](#) provides a review of the investment portfolio and of market conditions during the year, including the main trends and factors likely to affect the future development, performance and position of the business.

Risk is spread by investing in a number of different businesses within different qualifying industry sectors using a mixture of securities. The maximum the Company will invest in a single company (including a collective investment vehicle) is 15 per cent of the value of its investments calculated in accordance with Section 278 of the Income Tax Act 2007 (as amended) ("VCT Value"). The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale.

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities and permitted non qualifying investments as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stocks or preferred shares, while AIM-traded investments are primarily held in ordinary shares. Pending investment in VCT qualifying investments, the Company's cash and liquid funds are held in permitted non-qualifying investments.

### VCT status

Compliance with the required VCT rules and regulations is considered when all investment decisions are made. Shoosmiths LLP and Philip Hare & Associates advise the Company on compliance with VCT requirements when evaluating investment opportunities. Internally, this is monitored on a continuous basis and it is also reviewed by PwC every six months to ensure ongoing compliance. PwC have been appointed by the Company to advise on compliance with VCT requirements, which includes appropriate and regular review of the portfolio. Although PwC works closely with the Manager, it reports directly to the Board.

The principal tests are summarised overleaf. Throughout the year ended 30 September 2024 and at the date of this report, the Company continued to meet these tests.

### VCT status tests

- 1 To ensure that the VCT's income in the period has been derived wholly or mainly (70 per cent plus) from shares or securities;
- 2 To ensure that the VCT has not retained more than 15 per cent of its income from shares and securities;
- 3 To ensure that the VCT has not made a prohibited payment to shareholders derived from an issue of shares since 6 April 2014;
- 4 To ensure that at least 80 per cent by value of the VCT's investments has been represented throughout the period by shares or securities comprised in qualifying holdings of the VCT;
- 5 To ensure that at least 70 per cent by value of the VCT's qualifying holdings has been represented throughout the period by holdings of eligible shares;
- 6 To ensure that no investment in any company has represented more than 15 per cent by VCT value at the time of investment;
- 7 To ensure that the VCT's ordinary capital has throughout the period been listed on a regulated European market;
- 8 To ensure that the VCT has not made an investment in a company which causes it to receive more than the permitted investment from State Aid sources;
- 9 To ensure that since 17 November 2015, the VCT has not made an investment in a company which exceeds the maximum permitted age requirement;
- 10 To ensure that since 17 November 2015, funds invested by the VCT in another company have not been used to make a prohibited acquisition; and
- 11 To ensure that since 6 April 2016, the VCT has not made a prohibited non-qualifying investment.

### Appointment of the Manager

The Board expects the Manager to deliver a performance which meets the objective of achieving positive long-term investment returns, including tax free dividends. A review of the Company's performance during the financial year, the position of the Company at the year end and the outlook for the coming year is contained within the Chair's Statement on [pages 7 to 9](#). The Board assesses the performance of the Manager in meeting the Company's objective against the KPIs highlighted on [page 5](#) of the report.

### Continuing appointment of the Manager

The Board keeps the performance of the Manager under continual review. The Management Engagement and Remuneration Committee, comprising all Directors, conducts an annual review of the Manager's performance and makes a recommendation to the Board about its continuing appointment.

It is considered that the Manager has executed the Company's investment strategy according to the Board's expectations. Accordingly, the Directors believe that the continuing appointment of Gresham House Asset Management Limited as the Manager of the Company, on the terms agreed, is in the best interests of the Company and its Shareholders as a whole

### The management agreement

Under the management agreement, up to 30 September 2023, the Manager received a fee of 2.5 per cent per annum of the net assets of the Company. From 1 October 2023, the Manager will receive a fee of 2.5 per cent per annum of the net assets of the Company up to and including £209,658,860 (being the total net assets as at 30 September 2023) and 2.0 per cent per annum of the amount by which the net assets exceed £209,658,860. In addition, the Manager is responsible for providing all secretarial, administrative and accounting services to the Company for an additional fee. The Manager has appointed Waystone Administration Solutions (UK) Ltd to provide these services to the Company on its behalf. The Company is responsible for paying the fee charged by Waystone Administration Solutions (UK) Ltd to the Manager in relation to the performance of these services.

Annual running costs are capped at 3.5 per cent of the net assets of the Company (excluding any performance fee payable to the Manager and irrecoverable VAT), any excess being refunded by the Manager by way of an adjustment to its management fee. The running cost as at 30 September 2024 was 2.5 per cent.

The management agreement may be terminated at any date by either party giving 12 months' notice of termination and, if terminated, the Manager is only entitled to the management fees paid to it and any interest due on unpaid fees.

### Performance fees

A performance fee is payable to the Manager when the total return on net proceeds of the ordinary shares exceeds 8 per cent per annum (simple). To the extent that the total return exceeds the threshold over the relevant period then a performance fee of 10 per cent of the excess will be paid to the Manager. The amount of any performance fee which is paid in an accounting period is capped at 5 per cent of net assets.

Nil performance fee is payable for the year to 30 September 2024 (2023: £nil).



## Management retention

The Board is keen to ensure that the Manager continues to have one of the best investment teams in the VCT and private equity sector.

The Manager currently operates a hybrid portfolio management model whereby the significant majority of unquoted investee companies have a Gresham House appointed Investor Director drawn from one of: the new investment team, the in-house portfolio team or an external group of nine highly experienced portfolio consultants.

A VCT Incentive Scheme was introduced in November 2004 under which members of the Manager's investment and in-house portfolio teams invest their own money into a proportion of the ordinary shares of each eligible unquoted investment made by the Baronsmead VCTs. The scheme was reviewed in 2024 and retained with no material changes. In addition, in 2024, the Manager introduced a Parallel Investment Incentive Scheme (each a "Scheme" and together "the Schemes") for the portfolio consultants allowing them to invest in the same instruments on the same terms as the VCTs in any deal where they become the Investor Director.

The Board regularly monitors the Schemes' arrangements and considers them to be essential in order to attract, retain and incentivise the best talent. The Schemes are in line with current market practice in the private equity industry and the Board believes that it aligns the interests of the Manager with those of the Baronsmead VCTs.

Currently, 25 members of the Manager's investment and portfolio teams and consultants are included in the Schemes and have invested a total of £62,000 in 46 companies.

## Advisory and Directors' fees

During the year, Gresham House Asset Management Limited received £287,000 (2023: £191,000) advisory fees, £426,000 (2023: £412,000) directors' fees for services provided to companies in the investment portfolio and incurred abort costs of £10,000 (2023: £4,000) with respect to investments attributable to the Company

## Alternative Investment Fund Managers Directive ("AIFMD")

The AIFMD regulates the management of alternative investment funds, including VCTs. On 22 July 2014, the Company was registered as a Small UK registered Alternative Investment Fund Manager under the AIFMD.

## Viability statement

In accordance with principle 21 of the Association of Investment Companies Code of Corporate Governance 2019 ("AIC Code"), the Directors have assessed the prospects of the Company over the three-year period to 30 September 2027.

This period is used by the Board during the strategic planning process and is considered reasonable for a business of our nature and size. The three-year period is considered the most appropriate given the forecasts that the Board require from the Manager and the estimated timeline for finding, assessing and completing investments.

In making this three-year assessment, the Board has taken the following factors into consideration:

- The nature of the Company's portfolio
- The Company's investment strategy
- The potential impact of the principal risks and uncertainties
- Share buy-backs and dividends
- The liquidity of the Company's portfolio
- Market falls and gains
- Maintaining VCT approval status

The Board has carried out a robust assessment of the above factors, as they have the potential to threaten the Company's business model, future performance, solvency, or liquidity. This review has considered the principal risks as outlined on [pages 24 and 25](#).

The Board has considered the ability of the Company to raise funds and deploy capital. Its assessment took account of the availability and likely effectiveness of the mitigating actions that could be taken to avoid or reduce the impact of the underlying risks, and the large listed portfolio that could be liquidated if necessary.

The Company's portfolio currently includes a large position in cash or liquid money market funds. Over the last five years, cash and liquid money market funds have averaged c.17 per cent of the NAV and comprised 11 per cent of the 30 September 2024 NAV. Cash balances can fluctuate over time due to changes in market conditions, but positive cash levels are expected to be maintained over the period. The Company has no debt, and it is expected that the Company will remain ungeared for the foreseeable future.

The Directors have also considered the Company's income and expenditure projections and find these to be realistic and sensible. The Directors have assessed the Company's ability to cover its annual running costs under several liquidity scenarios in which the value of liquid assets (including AIM-traded investments and OEICs) has been subject to sensitivity analysis. The Directors noted that under none of these scenarios was the Company unable to cover its costs.

Based on the Company's processes for monitoring costs, share price discount, the Manager's compliance with the investment objective, policies and business model, asset allocation and the portfolio risk profile, 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 the three-year period to 30 September 2027.

## Shareholder choice

The Board wishes to provide shareholders with a number of choices that enable them to utilise their investment in the Company in ways that best suit their personal investment and tax planning and in a way that treats all shareholders equally.

- **Fundraising:** From time to time, the Company seeks to raise additional funds by issuing new shares at a premium to the latest published net asset value to account for costs. The Company intends to launch a new offer for subscription in January 2025.
- **Dividend Reinvestment Plan:** The Company offers a Dividend Reinvestment Plan which enables shareholders to purchase additional shares through the market in lieu of cash dividends. Approximately 2,536,000 shares were bought in this way during the year to 30 September 2024.

- **Buy back of shares:** From time to time, the Company buys its own shares through the market in accordance with its share price discount policy. Subject to certain conditions, the Company seeks to maintain a mid-share price discount of approximately 5 per cent to net asset value where possible. However, shareholders should note this discount may widen during the periods of market volatility.
- **Secondary market:** The Company's shares are listed on the London Stock Exchange and can be bought using a stockbroker or authorised share dealing service in the same way as shares of any other listed company. Approximately 1,017,000 shares were bought by investors in the Company's existing shares in the year to 30 September 2024.

## Board diversity

Information on Board diversity can be found on [page 54](#) of this Report.

# Directors' duties

## Overview

Section 172 of the Companies Act 2006 (the "Act") requires the Directors to act in good faith and in a way that is most likely to promote the success of the Company for the benefit of its shareholders.

Directors must consider the long-term consequences of any decision they make. They must also consider the interests of the various stakeholders of the Company, the impact the Company has on the environment and community, and operate in a manner which maintains their reputation for having high standards of business conduct and fair treatment between shareholders.

Fulfilling this duty naturally supports the Company in its investment objective of achieving long-term investment returns for private investors and helps ensure that all decisions are made in a responsible and sustainable way. In accordance with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, and the AIC Code, the information below explains how the Directors have individually and collectively discharged their duties under Section 172.

To ensure they are aware of, and understand their duties, Directors are provided with a detailed induction outlining their legal and regulatory duties as a Director of a UK public limited company upon appointment. They also receive regular regulatory updates and training as appropriate. A Company Secretarial report is included within the papers of every Board meeting, which reminds the Directors of their duties and emphasises the importance of stakeholder consideration during decision making. Directors also receive technical updates from the Company's advisers and the Manager on a regular basis.

The Directors have access to the advice and services of the Company Secretary, and a range of other service providers and, when deemed necessary, the Directors may seek independent professional advice in the furtherance of their duties at the Company's expense.

The Company has a Schedule of Matters Reserved for the Board which describe the Board's duties and responsibilities. Terms of Reference of the Board's Committees are in place, which outline the duties of those Committees that are delegated to them by the Board, including their statutory and regulatory responsibilities. The Board's Schedule of Matters Reserved and the Committees' Terms of Reference are all reviewed at least annually.

The Audit & Risk Committee has responsibility for the ongoing review of the Company's risk management and internal controls. To the extent that they are applicable, risks related to the matters set out in Section 172 are included within the Company's Risk Register and are subject to regular review and monitoring

## Decision making

The importance of stakeholder considerations, in the context of decision making, is taken into account at every Board meeting. All discussions involve careful consideration of the longer-term consequences of any decisions and their implications for stakeholders. Further information on the role of the Board in safeguarding stakeholder interests and monitoring ongoing investment activity can be found on [pages 35 to 37](#).

## Stakeholder engagement

Following a comprehensive review by the Board, which regularly keeps stakeholder engagement mechanisms under review, it was agreed that, as the Company is an externally managed Venture Capital Trust and does not have any employees or customers, the Company's key stakeholders are:

- The Company's shareholders
- The Manager
- The portfolio of investee companies, and the wider communities in which they operate
- HMRC and the Company's governing bodies, including the FCA
- The AIC
- A range of external service providers

Details of how the Board seeks to understand the needs and priorities of these stakeholders and how these are taken into consideration during its discussions as part of its decision-making, are described in the table below:

Stakeholder group	Importance	Board engagement
Shareholders	Continued shareholder support is critical to the sustainability of the Company and delivery of the long-term strategy of the business.	<p>The Board is committed to maintaining open channels of communication with shareholders and during the year has engaged with shareholders in various ways to understand their views. These include:</p> <ul style="list-style-type: none"> <li>▪ <b>Annual General Meeting ("AGM")</b> – The Company encourages attendance and participation from shareholders at the AGM and values any feedback and questions it may receive.</li> <li>▪ The Company's forthcoming 2025 Baronsmead Shareholder event &amp; AGM will take place on 12 March 2025. The Board has enhanced the event by introducing more relevant and interactive content in the joint investment management presentation for the shareholders of the Company. The AGM will be held in person, and those unable to attend will be able to watch a recording of the session afterwards.</li> <li>▪ Further information regarding the 2025 Baronsmead Shareholder event &amp; AGM can be found in the inside cover and in the Chair's Statement on <a href="#">pages 7 to 9</a> and within the Notice of AGM, which is being sent to shareholders separately from this Annual Report.</li> <li>▪ <b>Publications</b> – The Company's Annual and Half-Yearly Reports are made available on the Company's website (<a href="http://www.baronsmeadvcts.co.uk">www.baronsmeadvcts.co.uk</a>) and sent to shareholders. These publications provide shareholders with information on the Company's business model, strategy and investment portfolio and provide a clear picture of the Company's financial position. This is supplemented by the monthly publication of the NAV and the quarterly factsheets published on the Company's website. Feedback and questions received by the Company from shareholders enables the Company to improve its reporting, which in turn helps to deliver transparent and understandable updates.</li> <li>▪ <b>Shareholder communication and shareholder concerns</b> – The Manager communicates with shareholders periodically and shareholders are welcome to raise any comments, issues or concerns with the Board at any time. Shareholders are invited to do so by writing to the Chair at the Company's registered office. Mr Groat, as Senior Independent Director, is also available to shareholders if they have any questions or concerns. Mr McDonald will be available to shareholders as the Senior Independent Director upon Mr Groat's retirement from 31 December 2024.</li> </ul>



Stakeholder group	Importance	Board engagement
<b>The Manager</b>	The Manager's performance is critical for the Company to successfully deliver its investment strategy and meet its objective to achieve long-term investment returns for private investors.	<p>The Board invites the Manager to attend Valuation Forums, Board and Committee meetings to update the Directors on the performance of the portfolio and execution of the investment strategy. The Board holds detailed discussions with the Manager on all key strategic and operational topics on an ongoing basis. In addition, the Chair regularly meets with the Manager to ensure that a close dialogue is maintained. In line with the Company's culture, the Board recognises the importance of working together with the Manager in a way that:</p> <ul style="list-style-type: none"> <li>encourages open, honest, and collaborative discussions at all levels, allowing time and space for original and innovative thinking;</li> <li>draws on Board members' individual experience and knowledge to support and challenge the Manager in its monitoring of and engagement with portfolio investee companies;</li> <li>ensures that the impact on the Manager is fully considered and understood before any business decision is made; and</li> <li>ensures that any potential conflicts of interest are avoided or managed effectively.</li> </ul>
<b>The portfolio of investee companies</b>	The Company invests in growth businesses across a range of sectors to meet the Company's investment objectives in accordance with VCT legislation.	Day-to-day engagement with the portfolio of investee companies is undertaken by the Manager, so a transparent and objective relationship between the Board and the Manager is vital. For unquoted and larger AIM holdings, the Manager is an influential and engaged shareholder (on behalf of the Company) and Manager representatives often join the boards of these companies.
<b>External service providers</b>	To function as a VCT listed on the London Stock Exchange, the Company relies on a diverse range of advisers for support in meeting all relevant obligations.	The Board maintains regular contact with its external providers and receives reports from them at Board and Committee meetings, as well as outside of the regular meeting cycle. Their advice, as well as their needs and views are routinely considered. During the period, the Management Engagement and Remuneration Committee formally assessed the external service providers' performance, fees and individually, their continuing appointment to ensure that they continue to fulfil their role in support of the Company and the Board and are appropriately remunerated to deliver the expected level of service. The Audit & Risk Committee reviews and evaluates the control environments in place at each service provider as appropriate.
<b>HMRC and governing bodies</b>	The Company must comply with HMRC VCT rules and must comply or explain its adherence to the AIC Code. HMRC and the AIC have a legitimate interest in how the Company operates in the market and treats its shareholders.	The Board regularly considers how it meets regulatory and statutory obligations and follows voluntary and best-practice guidance, including how any governance decisions it makes impacts the Company's stakeholders, both in the short and longer-term. The Audit & Risk Committee obtains confirmation from its VCT Status Adviser on the Company's compliance with the HMRC VCT rules and at every Board meeting, the Board considers the latest governance updates and developments to keep the Board abreast of any relevant regulatory changes. The Company Secretary reviews the Company's ongoing compliance with the AIC Code, on at least an annual basis, which informs the Company's corporate governance disclosures in the Annual Report. In addition, the Board receives regular reports on regulatory compliance and any inspections or reviews that are commissioned by regulatory bodies. The Company ensures it meets all required HMRC obligations and payments promptly.

The mechanisms for engaging with stakeholders are kept under review by the Directors and discussed at Board meetings to ensure they remain effective. Examples of the Board's principal decisions during the year, and how the Board fulfilled its duties under Section 172, and the related engagement activities, are set out below.

Principal decision	Long-term impact	Stakeholders and engagement
<b>Approval of fundraising</b>	Providing shareholders and potential new investors the opportunity to subscribe for shares in BSVT, which in turn provides opportunities for Company growth and increased investor engagement.	<p>In deciding to launch a fundraising during the reporting period, the Board considered:</p> <ul style="list-style-type: none"> <li>the expectations and preference of the Company's shareholders;</li> <li>the ability to adhere to the Company's dividend policy;</li> <li>the effect on the NAV and the ability of the Company to be able to meet HMRC's VCT investment rules and timelines;</li> <li>the new investment pipeline;</li> <li>the costs involved in issuing a prospectus and of fundraising; and</li> <li>the advantages and disadvantages of a joint prospectus across the two Baronsmead VCTs which Gresham House manages.</li> </ul>
<b>The Baronsmead Shareholder event and AGMs</b>	Providing shareholders with more relevant, in-depth information, in an interactive setting, and an opportunity to interact with, and question the Board and the Manager.	The Board takes into account any and all feedback it receives from shareholders. Working with the Manager, and to further enhance the opportunity to engage with shareholders in a meaningful way, the Directors decided to build on the agenda for the Company's AGM and in 2025, will introduce additional presentations, panel discussions, interviews and an extended Q&A session for the shareholders of the Company.
<b>Third party independent valuations</b>	Providing comfort and risk mitigation on the Manager's process for the valuation of the portfolios unquoted assets.	During 2023 and 2024, the Company engaged the services of Lincoln International and Kroll to undertake a sample of independent third party valuations as a means of managing the Board's risk in respect of the valuation of the VCT portfolio unquoted assets. The responsibility for the preparation of the draft valuations lies with the Manager, and the Board is responsible for the approval of the valuations. The Investment Manager used these independent valuations in conjunction with their own valuations to provide independent assurance and risk mitigation to the Board. In July 2024, the Board assessed the use of the third party valuations and concluded that the process had provided comfort on the Manager's controls and the quality of the Manager's processes compared to the market. Furthermore, the Board agreed to reassess the use of third party independent valuations on a regular basis.

The Strategic Report has been approved by the Board of Directors.

On behalf of the Board

**Sarah Fromson**

Chair

23 December 2024



## Board of Directors



### Sarah Fromson

Chair and Nomination  
Committee Chair

Appointed: 1 October 2019

Sarah is an experienced, independent non-executive who has served on a variety of boards and committees, after a varied career in the asset and wealth management industry. She is a non-executive board member of Boston-based Arrowstreet Capital Partners and is also a Pension Trustee Director of Genome Research Pensions Trustee Limited and Wellcome Trust Pensions Trustee Limited. She chairs the Cambridge University Endowment Fund Investment Advisory Board and also serves on the board of Quilter Investors Ltd, a subsidiary of Quilter plc. In March 2023, Sarah became an Advisory Member of the Investment Committee to Calouste Gulbenkian Foundation, a Lisbon-based entity.

Sarah retired from her executive role as Head of Risk at Wellcome Trust in 2019 and as Chair of JP Morgan Global Emerging Markets Income Trust plc in 2022. Sarah was previously Chief Investment Risk Officer at RBS Asset Management (formerly Coutts).

**Shareholding:** 91,118 ordinary shares



### Malcolm Groat

Senior Independent Director and  
Audit & Risk Committee Chair

Appointed: 11 March 2016

Malcolm is a fellow of the Institute of Directors, the Institute of Chartered Accountants in England and Wales, and the Royal Society for the Encouragement of Arts, Manufactures and Commerce. During his executive career, Malcolm held C-suite positions with global businesses in engineering, construction and financial services. Since 2004, whilst co-founding a series of ventures that attracted growth capital from the private equity sector, he has also served as Chairman or Non Executive Director in more mature companies, often listed in London.

He is currently Chairman of Tomco Energy, an AIM company. Malcolm retired as Chairman of Harland & Wolff Group Holdings in August 2024.

**Shareholding:** 263,740 ordinary shares\*

\*Shares held by Person Closely Associated to Malcolm Groat.



### Graham McDonald

Non-Executive Director

Appointed: 16 February 2021

Graham has spent almost 40 years in banking and private equity. His previous executive role was Global Head of Private Equity and Venture Capital at Aberdeen Standard Investments. Prior to that he was responsible for the global private equity and venture capital businesses in Aberdeen Asset Management, SWIP, Lloyds Bank and HBOs. He is Strategic Advisor to Par Equity LLP.

Graham stepped down from his position as Chair of Continulus Limited in August 2023 and as advisor to Arcano Capital Partners and Vedra Partners in December 2022 and April 2023, respectively.

**Shareholding:** 54,749 ordinary shares



### Tim Farazmand

Non-Executive Director and  
Management Engagement &  
Remuneration Committee Chair

Appointed: 1 May 2020

Tim has spent 35 years in private equity. His last full-time role was as a Managing Director at LDC, the private equity arm of Lloyds Bank. He previously worked for 3i Group plc and Royal Bank of Scotland Private Equity.

He was chair of the British Venture Capital Association (BVCA) for the 2014-2015 term. He currently chairs the Palatine Impact Fund, sits on the board of Ricardo plc and the advisory boards of Beechbrook Capital and Pitalia Capital.

**Shareholding:** 193,248 ordinary shares

# 02

# Directors' report

The Corporate Governance statement on pages 44 to 49 forms part of the Directors' report.





**Adriana Stirling**  
Non-Executive Director

Appointed: 1 December 2024

Adriana was appointed as a Non-Executive Director on 1 December 2024 and will succeed Malcolm Groat as the Chair of the Audit and Risk Committee from 31 December 2024. Further details of Adriana's appointment can be found on [page 53](#).

Adriana is a qualified chartered accountant and developed extensive organisational and anti-financial crime technical expertise whilst working for PwC for over 17 years, leading client engagements across both the financial and non-financial service industries.

In 2014, Adriana became the Managing Director of a private family office and has overall responsibility for the investment and operational aspects of the office, including managing significant shareholder positions in several unquoted companies.

**Shareholding:** 0 ordinary shares

## Directors' report

The Directors of Baronsmead Second Venture Trust plc (Reg: 04115341) present their Annual Report and Audited Financial Statements of the Company for the year to 30 September 2024.

### Shares and shareholders

#### Share capital

Pursuant to the prospectus published by the Company on 24 November 2023 in conjunction with Baronsmead Venture Trust plc in relation to an offer for subscription to each raise up to £30 million in aggregate with an over-allotment facility to raise up to a further £20 million, the Company issued a total of 41,136,289 ordinary shares (nominal value of £4,113,628.9) in the year ended 30 September 2024 by way of three allotments, raising approximately £25 million (before costs). Details of these allotments are as set out below:

Allotment date	Admission date	No. shares issued	Issue price
26/01/2024	02/02/2024	11,054,746	Between 60.46p – 63.54p
15/02/2024	22/02/2024	2,413,724	Between 59.61p – 62.83p
03/04/2024	05/04/2024	27,667,819	Between 59.71p – 62.61p

At the AGM held on 5 March 2024, the Company was granted authority to purchase up to 14.99 per cent of the Company's ordinary share capital in issue at that date on which the Notice of AGM was published, amounting to 54,050,906 ordinary shares.

During the year, the Company bought back a total of 7,205,780 ordinary shares to be held in Treasury, representing 1.6 per cent of the issued share capital as at 30 September 2024, with an aggregate nominal value of £720,578. The total amount paid for these shares was £4,020,959. As at 30 September 2024, the Company had the remaining authority to buy back 49,678,346 shares under the resolution approved at the 2024 AGM.

As at 30 September 2024, the Company's issued share capital was as follows:

Shares	Total	% of Shares in issue	Nominal Value
In issue	437,415,822	100	£43,741,582.20
Held in Treasury	41,232,147	9.43	£4,123,214.70
In circulation	396,183,675	90.57	£39,618,367.50

The total voting rights as at 30 September 2024 were 396,183,675. Since then, the Company has bought back 4,513,447 shares, resulting in the total voting rights being 391,670,228 as at the date of this report.

#### Shareholders

Each 10p ordinary share entitles the holder to attend and vote at general meetings of the Company, to participate in the profits of the Company, to receive a copy of the Annual Report and Financial Statements and to a final distribution upon the winding up of the Company.

There are no restrictions on voting rights, no securities carry special rights and the Company is not aware of any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights. There are no agreements to which the Company is party that may affect its control following a takeover bid.

In addition to the powers provided to the Directors under UK company law and the Company's Articles of Association, at each AGM the shareholders are asked to authorise certain powers in relation to the issuing and purchasing of the Company's own shares. Details of the powers granted at the AGM held in 2024, all of which remain valid, can be found in the previous Notice of AGM.

The Company is not, and has not been throughout the year, aware of any beneficial interests exceeding 3 per cent of the total voting rights.

## Tax free dividends

The Company has paid or declared the following dividends for the year paid or proposed to 30 September 2024:

Dividends	£'000
Interim dividend of 1.75p per ordinary share paid on 9 September 2024	6,954
Final dividend of 2.25p per ordinary share to be paid on 17 March 2025*	8,914
<b>Total dividends paid for the year</b>	<b>15,868</b>

\* Calculated on shares in circulation as at 30 September 2024.

Subject to shareholder approval at the AGM, a final dividend of 2.25p per share will be paid on 17 March 2025 to shareholders on the register at 14 February 2025. The ex-dividend date will be 13 February 2025.

## Directors

### Appointments

The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and the Companies Act 2006. Further details in relation to the appointed Directors and the governance arrangements of the Board can be found on [page 47](#) and in the Corporate Governance Statement.

Directors are entitled to a payment in lieu of three months' notice by the Company for loss of office in the event of a takeover bid.

### Directors' indemnity

Directors' and officers' liability insurance cover is in place in respect of the Directors and was in place throughout the year under review. The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court.

Save for such indemnity provisions in the Company's Articles of Association and in the Directors' letters of appointment, there are no qualifying third party indemnity provisions in force.

## Conflicts of interest

The Directors have declared any conflicts or potential conflicts of interest to the Board of Directors which has the authority to approve such situations. The Company Secretary maintains the Register of Directors' Conflicts of Interests which is reviewed quarterly by the Board. 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 do not take part in discussions which relate to any of their conflicts.

## Financial instruments

The Company's financial instruments comprise equity and fixed interest investments, cash balances and liquid resources including debtors and creditors that arise directly from its operations such as sales and purchases awaiting settlement and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 3.3 of the accounts.

## Responsibility for accounts

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

## Going concern

After making enquiries and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. The going concern assumption assumes that the Company will maintain its VCT status with HMRC.

The Directors acknowledge the uncertainty in the macroeconomic and equity market. The Board nevertheless considers the Company to be well placed to continue to operate for at least 12 months from the date of this report, as the Company has sufficient liquidity to pay its liabilities as and when they fall due and also to invest in new opportunities as they arise.

The Directors have considered the liquidity of the Company and its ability to meet obligations as they fall due for a period of at least 12 months from the date that these financial statements are approved. As at 30 September 2024, the Company held cash balances and investments in readily realisable securities with a value of £26 million, representing 11 per cent of the Company's NAV.

The Company has no debt, and it is expected that the Company will remain ungeared for the foreseeable future. The Directors have assessed the Company's ability to cover its annual running costs under several liquidity scenarios in which the value of liquid assets (including AIM-traded investments and OEICs) has been subject to sensitivity analysis. The Directors noted that under none of these scenarios was the Company unable to cover its costs.

The Company's forecasts and cash flow projections, taking into account the current economic environment and other, potential changes in performance, show that the Company has sufficient funds to meet both its contracted expenditure and its discretionary cash outflows in the form of the share buyback programme and dividend policy.

## Future developments

The outlook for the Company is set out in the Chair's Statement on [page 9](#).

## Listing rule disclosure

The Company confirms that there are no items which require disclosure under listing rule 6.6.4R in respect of the year ended 30 September 2024.

Information required by DTR 4.1.8 is included in the Strategic Report on [pages 4 to 37](#) and incorporated into this Directors' report by reference.

## Streamlined energy and carbon reporting

The Company has no greenhouse gas emissions to report from its operations nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. Consequently, the Company consumed less than 40,000 kWh of energy during the year in respect of which the Directors' Report is prepared and therefore is exempt from the disclosures required under the Streamlined Energy and Carbon Reporting criteria.

Further information in relation to the Manager's integration of ESG factors in management of the Company's portfolio is set out on [pages 26 to 28](#) of the Strategic Report.

Under Listing Rule 11.4.22(R), the Company, as a closed-ended investment fund, is exempt from complying with the Task Force on Climate-related Financial Disclosures.

## Annual General Meeting

The Company intends to hold the next AGM on 12 March 2025, and all shareholders are invited to attend. The details of the business put to the meeting, as well as information on how to register will be included in the Notice of AGM and on the Baronsmead Second Venture Trust website. The Board is of the opinion that the passing of all resolutions being put to the AGM would be in the best interests of BSVT and its shareholders. The Directors recommend that shareholders vote in favour of all resolutions as set out in the Notice of Meeting, as they intend to do in respect of their own shareholdings.

## Post balance sheet events

Post balance sheet events are disclosed in note 3.6 of the accounts.

By Order of the Board

## Gresham House Asset Management Ltd

Company Secretary

5 New Street Square, London EC4A 3TW

23 December 2024



# Corporate governance

This Corporate Governance statement forms part of the Directors' report.

## Background

Under the UK Listing Rules, listed companies are required to disclose how they have applied the principles and complied with the provisions of the corporate governance code they follow. The provisions of the UK Corporate Governance Code ("UK Code"), as issued by the Financial Reporting Council ("FRC") in July 2018, are applicable to the year under review and can be viewed at [www.frc.org.uk](http://www.frc.org.uk).

The related AIC Code issued by the AIC in February 2019, addresses all the principles set out in the UK Code. The FRC has confirmed that AIC member companies, such as Baronsmead Second Venture Trust plc, who report against the AIC Code, will be meeting their obligations in relation to the UK Code and the associated disclosure requirements under the Listing Rules. The AIC Code can be viewed at [www.theaic.co.uk](http://www.theaic.co.uk) where it includes an explanation of how it adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

The Board believes that high standards of governance help make sure that consideration of stakeholders' interests is embedded in our discussions and decision-making, that the Board maintains a long term perspective, that the Company maintains its reputation for fairness, high quality corporate reporting and business conduct, and ultimately, good governance helps support BSVT in delivering its strategy.

## Compliance

Throughout the year ended 30 September 2024, the Company complied with the principles and provisions of the AIC Code and the table on the following pages reports on the Company's AIC Code compliance.

## The principles of the AIC code

The AIC Code is comprised of five sections:

- Board leadership and purpose
- Division of responsibilities
- Composition, succession, and evaluation
- Audit, risk and internal control
- Remuneration

The Board's Corporate Governance statement sets out how the Company complies with each of the provisions of the AIC Code.

AIC Code	Principle	Compliance Statement
<b>BOARD LEADERSHIP AND PURPOSE</b>		
A.	<b>A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.</b>	<p>Directors are fully engaged and committed to using their collective, extensive experience to foster healthy debate and drive business strategy for the long-term sustainable success of the Company.</p> <p>The Company's investment objective is to achieve long-term investment returns for private investors within a tax efficient structure and the Board ensures that all decisions are made responsibly. The Board and the Manager are committed to managing the business and its investment strategy in a sustainable manner and the Board emphasises the importance of ESG in its investment decisions and risk management. At each Board meeting, time is committed to assessing and monitoring the ESG impact of new investee companies through the Manager's ESG Decision Tool.</p>
B.	<b>The board should establish the company's purpose, values, and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example, and promote the desired culture.</b>	<p>The purpose of the Company is also its investment objective, which is to achieve long-term investment returns for private investors within a tax efficient structure. It does this by investing primarily in a diverse portfolio of UK growth businesses whether unquoted or traded on AIM.</p> <p>The Directors agree that establishing and maintaining an open and inclusive culture among the Board, and in its interaction with the Manager, shareholders, and other stakeholders, will support the delivery of its purpose, values and strategy. During the Board's annual evaluation process, it was apparent that all Directors seek to promote a culture of openness, integrity and debate through ongoing engagement and dialogue with the Manager, the Company's stakeholders and the Company's service providers. Further details of what the Directors consider an important element of culture can be found on <a href="#">page 36</a>.</p>
C.	<b>The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.</b>	<p>The Board and Audit &amp; Risk Committee regularly review the performance of the Company and the performance and resources of the Manager and service providers, to ensure the Company can meet its objectives.</p> <p>At each quarterly meeting, the Board receives a report on Company performance, the performance of its investments and the VCT sector (including its competitors) any industry issues, as well as forecasts for future periods.</p> <p>Additionally, at each quarterly Board meeting, the Board is presented with a report from Kaso Legg Communications highlighting the media coverage received by the Company and the Manager to enhance the profile of the Company and, in turn, attract new shareholders.</p> <p>The Board has agreed specific KPIs with the Manager that enable both parties to monitor compliance with the agreed investment policy and risk management framework. Directors regularly review the risk management framework, and seek additional information from the Manager, where appropriate, to supplement these reports and formally review the risk framework, performance measures and KPIs. The Manager also keeps the Board informed on all investor relations matters and peer group information as appropriate.</p> <p>Additionally, the Board has established a framework for monitoring and evaluating the performance of its third-party services providers and, on the Company's behalf, the Manager monitors the performance and systems and controls employed by them.</p>

AIC Code	Principle	Compliance Statement
D.	<b>In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.</b>	<p>The Board takes its responsibility to shareholders and stakeholders into account and considers the opinions of all such parties when making any decision.</p> <p>The Directors place considerable importance on shareholder engagement and on communications with them and all other stakeholders. Shareholders who wish to contact the Board may do so by writing to the Chair at the Company's Registered Office. All Directors make themselves available to meet shareholders at the Company's AGM.</p> <p>The Directors' Statement on meeting their responsibilities under Section 172 of the Companies Act 2006 can be found on <a href="#">pages 34 to 37</a>.</p>
<b>DIVISION OF RESPONSIBILITIES</b>		
F.	<b>The Chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the Chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.</b>	<p>There is a clear division of responsibility between the Chair, the Directors, the Manager, and the Company's other third-party service providers. The Board also has a policy setting out the responsibilities of the Chair and Senior Independent Director, which is available on the Company's website. The Chair is responsible for leading the Board, its overall effectiveness in directing the affairs of the Company, ensures that all Directors receive accurate, timely and clear information and helps promote a culture of openness and debate in Board meetings by encouraging and facilitating the effective contribution of other Directors towards a consensus view. The Chair also takes a leading role in ensuring effective communications with shareholders and other stakeholders. All of these areas are considered as part of the annual Board evaluation, and more information on the outcome of the latest review can be found on <a href="#">page 53</a>.</p> <p>The Board meets regularly throughout the year and prior to each Board and Committee meeting, Directors are provided with a comprehensive set of papers. Directors also have timely access to all relevant management, financial and regulatory information.</p>
G.	<b>The board should consist of an appropriate combination of directors (and, in particular, independent non-executive directors) such that no one individual or small group of individuals dominates the board's decision making.</b>	<p>The Board comprises of five independent Non-Executive Directors. Mr Groat served as the Senior Independent Director throughout the reported year and served as an intermediary for the other Non-Executive Directors and the Company's shareholders.</p> <p>As at the date of this report, the Board comprises two female and three male Non-Executive Directors. Further details on the composition of Directors can be found on <a href="#">page 53</a>.</p> <p>Having considered the performance and independence of each Director, the Board has determined that each Director is independent in character and judgement and that there are no other relationships or circumstances which are likely to affect their judgement nor impair their independence. The Chair, Sarah Fromson, was deemed to be independent at the time of her appointment and remains so.</p> <p>The Board is aware that Tim Farazmand acted as a consultant to the Manager until October 2019. Having considered the role that Mr Farazmand undertook and the period of time that has elapsed since he acted in this role for the Manager, the Board has resolved that Mr Farazmand is independent of the Manager for the purposes of the AIC Code. Therefore, the Board remains independent of the Manager.</p> <p>As a result of the Board evaluation process, the Board determined that each Director provided expert and valued contributions to Board deliberations and no one individual, or small group of individuals dominated Board decision making.</p>

AIC Code	Principle	Compliance Statement
H.	<b>Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third-party service providers to account.</b>	<p>As part of the Board evaluation process, the contributions of each Director, and the time commitment made by each Director are considered. Directors' other commitments are regularly reviewed, and any new appointments are considered by the other Directors to ensure there is no conflict of interest.</p> <p>It was concluded that each Director provided appropriate levels of commitment and challenge to the Board and provided the Company and service providers with guidance and advice when required.</p>
I.	<b>The board, supported by the company secretary, should ensure that it has the policies, processes, information, time, and resources it needs in order to function effectively and efficiently.</b>	<p>The Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are in place and followed and that the applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties. The Directors also have access to independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities properly.</p>
<b>COMPOSITION, SUCCESSION AND EVALUATION</b>		
J.	<b>Appointments to the board should be subject to a formal, rigorous, and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.</b>	<p>The Board has established a Nomination Committee, which recommends to the Board the appointment process of new Directors as and when vacancies arise and as part of the Directors' ongoing succession planning.</p> <p>On 5 September 2024, the Nomination Committee recommended that the Board adopt a formal Diversity Policy. The Board approved this policy on 28 October 2024. Further details of the policy can be found on <a href="#">page 54</a>.</p>



AIC Code	Principle	Compliance Statement
K.	<b>The board and its committees should have a combination of skills, experience, and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.</b>	<p>The Directors' biographical details are set out on <a href="#">pages 39 and 40</a>. These demonstrate the wide range of skills and experience that each Director brings to the Board.</p> <p>The Board maintains a Tenure and Reappointment policy, which encompasses the whole Board and Chair, to ensure that the Board continues to have the right balance of skills and experience.</p> <p>The Board recognises the value of regular refreshment of its composition and remains committed to ensuring that Directors have the right mix of skills and experience that are aligned with the strategic plans of the Company. The Board recognises the importance of Directors maintaining independence of character and judgement. However, the Directors believe that the value brought through continuity and experience of Directors with longer periods of service can be desirable in an investment company.</p> <p>Both the Nomination Committee and the Board regularly consider the composition of the Board and the succession plans for each Director.</p> <p>With an objective to deliver long-term and consistent returns to shareholders, it is important that the Board can maintain its long-term perspective, supported by a long corporate memory, but with the regular challenge provided by fresh thinking. The composition, skills and effectiveness of the Board are reviewed at least annually to ensure that the Board has the skills and experience necessary for the management of the Company, having regard to anticipated challenges and opportunities.</p>
L.	<b>Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.</b>	<p>The Board evaluates its own performance and that of its Committees and the Chair on an annual basis. For the period under review, this was carried out by way of a questionnaire and individual meetings. The details of, and results of the annual Board Evaluation process conducted during the period can be found on <a href="#">page 53</a>.</p>
<b>AUDIT, RISK AND INTERNAL CONTROL</b>		
M.	<b>The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.</b>	<p>The Audit &amp; Risk Committee has put in place a Non-Audit Services policy which ensures that any work outside the scope of the standard audit work requires prior approval by the Audit &amp; Risk Committee or the Board to avoid impairing the external auditor's independence.</p> <p>No non-audit services have been provided by the Company's external auditor, BDO, therefore the Committee continues to believe that the external auditor remains independent.</p> <p>Further information on the independence of the external auditor and the work of the Audit &amp; Risk Committee can be found on <a href="#">pages 50 to 52</a>.</p>
N.	<b>The board should present a fair, balanced, and understandable assessment of the company's position and prospects.</b>	<p>The Audit &amp; Risk Committee has considered the Annual Report and Audited Financial Statements as a whole and agreed that it presents a fair, balanced, and understandable assessment of the Company's position and prospects.</p>

AIC Code	Principle	Compliance Statement
O.	<b>The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.</b>	<p>Risks faced by the business are considered, monitored and assessed on a regular basis. Details of the Company's principal risks and uncertainties can be found on <a href="#">pages 24 and 25</a>.</p> <p>The Audit &amp; Risk Committee receives service provider internal control reports which are collated by the Manager. The performance of all third party service providers is reviewed at least annually by the Management Engagement and Remuneration Committee. Further details can be found on <a href="#">page 56</a>.</p>
<b>REMUNERATION</b>		
P.	<b>Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.</b>	<p>In respect to Directors' remuneration, the Company follows the recommendation of the AIC Code that Non-Executive Directors' remuneration should reflect the time commitment and responsibilities of the role. The Company's policy is that remuneration of Non-Executive Directors should reflect the experience of the Board as a whole, the responsibilities and time commitments each Director would have to devote to the Company's affairs and be in line with that of other relevant venture capital trusts.</p>
Q.	<b>A formal and transparent procedure for developing policy remuneration should be established. No director should be involved in deciding their own remuneration outcome.</b>	<p>The Board's Management Engagement and Remuneration Committee considers at least annually the level of the Board's fees, in accordance with the Remuneration Policy approved by shareholders at the AGM held in 2023. Further details on the Directors' remuneration is contained in the Directors' Remuneration Report on <a href="#">pages 56 to 60</a>.</p>
R.	<b>Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.</b>	<p>All Directors of the Company are independent Non-Executive Directors, and all Directors are members of the Management Engagement and Remuneration Committee ("MERC"). Any decision about remuneration is taken after considering the performance of the Company and the current market conditions.</p>

## The Board's Committees

The Board has delegated certain responsibilities to its Audit & Risk, Management Engagement & Remuneration and Nomination Committees. Given the size and nature of the Board, it is felt appropriate that all Directors are members of the Committees. The Board has Terms of Reference for each of its Committees which are available on the Company's website and from the Company Secretary upon request.

# Audit & Risk Committee report

**Chair: Malcolm Groat**

## Membership

Given the size and nature of the Board, it is felt appropriate that all Directors are members of the Audit & Risk Committee. The Audit & Risk Committee members consider that, individually and collectively, they are each independent and have recent, relevant financial and risk management experience gained from the venture capital and/or financial services sector to fulfil the role of a member. The constitution and performance of the Audit & Risk Committee is reviewed regularly.

## Key responsibilities of the Audit & Risk Committee:

- 1 Reviewing the content and integrity of the Annual and Half-Yearly Financial Statements;
- 2 Reviewing the Company's internal controls and risk management systems;
- 3 Reviewing the remuneration and terms of appointment of the external auditor;
- 4 Reviewing the effectiveness of the external audit process in accordance with applicable regulatory requirements;
- 5 Ensuring auditor objectivity and independence is always safeguarded, particularly in the provision of non-audit services; and
- 6 Providing a forum through which the auditor may report to the Board.

## The matters considered by the Audit & Risk Committee during the year:

- Reviewed the Company's Annual and Half-Yearly financial statements and made recommendations to the Board;
- Reviewed the Company's going concern and viability statements;
- Reviewed the Company's Risk Register, reflecting on the current and emerging risks faced by the Company;
- Reviewed the internal controls and cyber security of the Company and its third-party service providers, including ESG risks and mitigation of the associated risks;
- Agreed the audit plan for the year ended 30 September 2024 and audit fees with BDO; and
- Reviewed its performance as a Committee and its Terms of Reference.

The significant issues considered by the Committee during the year ended 30 September 2024 were:

## Valuation of investments

The Committee spent a considerable amount of time discussing the valuation process, methodology and the systems in place at Gresham House to derive an appropriate valuation of the Company's portfolio. The Manager also used independent valuations in conjunction with their own to provide third-party assurance and risk mitigation to the Committee. The Audit & Risk Committee received assurances from the Manager on the robust valuation processes in place, including the monitoring of potential ESG risks.

## Compliance with the VCT tests

The Committee engaged with PwC as its VCT Status Adviser on its compliance with the legislative requirements relating to VCTs. PwC provides a VCT status monitoring report to the Committee which details the Company's position against each of the VCT qualification tests.

The Audit & Risk Committee intends to continue to work with the Company's advisers to continue to maintain the correct policies in place to provide the necessary comfort and uphold compliance with the VCT rules.

## Going concern and long-term viability

The Committee considered the Company's long-term financial requirements and viability for the forthcoming year and for the period of three years, particularly in light of the ongoing effects of rising inflation. This assessment included a review of possible declines in investment valuations and the impact of rising inflation on financial statements disclosures including those relating to principal risks. As a result of this assessment, the Committee concluded that the Company had adequate resources to continue in operation and meet its liabilities as they fall due both for the forthcoming year and until 2027. Related going concern and long-term viability statements are included on [pages 42](#) and [32](#) respectively.

## Cyber security

The Manager reviewed the cyber security procedures and controls of its service providers to mitigate cyber risk and the Manager's Compliance Officer has presented Gresham House's cyber security procedures to the Committee. The Committee will continue to receive updates from, and to work with, the Manager to consider whether the procedures in place are robust and enable continuous compliance with the applicable legislation and regulations.

## Internal controls and risk management systems

The Company is exposed to a variety of risks and uncertainties. The Board, through delegation to the Audit & Risk Committee, has undertaken a robust assessment and review of the principal risks facing the Company, together with a review of any emerging risks that may have arisen during the year to 30 September 2024, including those that would threaten its business model, future performance, solvency or liquidity. A statement of the principal risks and uncertainties faced by the Company can be found on [pages 24](#) and [25](#).

The Audit & Risk Committee oversees the operation of the Company's risk management and internal control systems, with the underpinning procedures designed to identify and manage, rather than eliminate, risk. This involves maintaining a Risk Register to record the risks the Company is exposed to, including, among others, market, investment, operational and regulatory risks, and the controls employed to mitigate these risks. The residual risks are rated, taking into account their potential impact, as well as mitigating factors and, where necessary, corrective action is taken.

The Committee receives service provider internal control reports which are collated by the Manager at each meeting and provide an overview of the main risks identified by the Company's third-party service providers and the mitigating actions put in place. The Committee was satisfied that each service provider could continue to deliver their service effectively.

During the year under review, and in addition to work described above, the Committee also devoted time to governance, monitoring the latest developments and reviewing whether any changes to its processes and procedures will be necessary in order for the Company to comply with the upcoming changes to reporting on the review and effectiveness of internal controls. From 1 January 2026, Provision 34 of the AIC Corporate Governance Code will require that, in addition to monitoring and reviewing the Company's risk management and internal controls framework, the Board will also need to report on, in more detail, how that is carried out; the Directors will also need to make a declaration to shareholders on the effectiveness of the material controls, and describe any, that have not operated effectively at the end of our financial year. The Committee is considering these coming changes, and will report in more detail on any changes we might introduce in order to prepare for these enhancements to current reporting.

Following a formal review of the risk profile of the Company, the Audit & Risk Committee concluded that the effectiveness of the risk management and internal controls systems during the year remained appropriate.

## Internal audit function

The Company does not have an internal audit function.

All the Company's management functions are delegated to independent third parties whose controls are monitored by the Audit & Risk Committee and the Board. It is therefore felt that there is no need for an internal audit function however, the Audit & Risk Committee will review this position annually.



## External Auditor

In accordance with professional guidelines, the senior audit partner is rotated at least every five years. The current senior audit partner started working with the Company in 2021 and is set to change in 2026. A resolution to re-appoint BDO as the Company's auditors will be proposed at the 2025 AGM.

An audit fee of £53,000 (exclusive of VAT) has been agreed in respect of the year ended 30 September 2024.

## Review of effectiveness of external audit and the independence of the Auditor

The Audit & Risk Committee meets at least twice a year with the Auditor. The Auditor provides a planning report in advance of the annual audit and a report on the annual report and financial statements. The Audit & Risk Committee questions and challenges the Auditor in respect of each of these reports. In addition, at least once a year, the Audit & Risk Committee discusses any aspect of the Auditor's work with the Auditor in the absence of the Manager. After each audit, the Audit & Risk Committee reviews the audit process and considers its effectiveness. The Committee also considers the results of the FRC's annual Audit Quality Reviews, and discusses the results with the auditor. BDO are invited to address the regulator's findings and recommendations.

## Non-audit services

In line with the FRC's guidance, the Audit & Risk Committee has maintained a Non-Audit Services policy since May 2017 to help ensure that the auditor's independence and objectivity is not impaired. The policy is reviewed annually and outlines those services that the external auditor is prohibited from providing, as well as those that require pre-approval from the Committee.

During the period, no non-audit services have been provided by the Company's current Auditor, BDO. Taking into account the confirmation from the auditor on the result of BDO's independence checks, the Audit & Risk Committee was satisfied that BDO Remained independent.

## Malcolm Groat

Audit & Risk Committee Chair

23 December 2024

# Nomination Committee report

## Chair: Sarah Fromson

Sarah Fromson is the Chair of the Nomination Committee except when considering Chair succession.

### Key responsibilities:

- 1 Lead the process for the appointment of additional Directors to the Board as and when appropriate;
- 2 Consider the resolutions relating to the election and re-election of Directors; and
- 3 Consider the orderly succession planning of the Board and the need to have a balance of skills, experience, knowledge, and diversity.

## Board Composition and Directorate changes

There were no changes to the composition of the Board during the year to 30 September 2024, however, after serving almost nine years on the Board, and in line with the Company's Tenure and Reappointment Policy, Mr Groat informed the Board of his intention to step down as a Non-Executive Director, the Senior Independent Director and Chair of the Audit & Risk Committee with effect from 31 December 2024. The Nomination Committee reviewed the composition of the Board and its Committees and in conjunction with the Manager's talent team, a list of candidates was provided to the Nomination Committee for review. Following a thorough interview process, Ms Stirling was deemed the most suitable candidate and appointed as a Non-Executive Director from 1 December 2024. Mr Groat will be succeeded by Ms Stirling as the Chair of the Audit & Risk Committee and Mr McDonald as the Senior Independent Director from 31 December 2024.

## Board Evaluation

In order to review the effectiveness of the Board as a whole, its Committees, the individual Directors (including the independence of each Director) and the Chair, the Company undertakes a thorough annual evaluation process by way of an extensive and tailored questionnaire, meetings between Board members and the Chair and completion of self-evaluation questionnaires, confidentially shared between Directors and the Chair.

The Chair led the evaluation, which covered the functioning of the Board as a whole, composition and diversity of the Board, the effectiveness of the Board Committees and the independence and contribution made by each Director. Each Director also completed a self-evaluation questionnaire reflecting on their personal contribution and commitment as a Director during the period and discussed any key individual areas of focus with the Chair. This thorough evaluation process enables each Director to evaluate, assess and reflect on the Board's operations, individual Director contributions and the Company's leadership with a view to identify and address any areas requiring improvement.

This year, some of the key themes that emerged from the process included developing a deeper understanding of the views of shareholders and shareholder engagement and enhancing the AGM in 2025. The results of the evaluation process indicated that the Board continued to function well and there are no significant concerns raised regarding the effectiveness of the Board, its Committees and that of individual Directors and the Chair. Accordingly, the Nomination Committee remains satisfied with the performance of the Board, its Committees and that of individual Directors and the Chair.

## Succession planning, diversity and appointment process

The Nomination Committee aims to attract directors with diverse skills and experience and recommends appointments to the Board, based on merit, so that vacancies are filled by the most qualified candidates. When considering future appointments, the Nomination Committee seeks to promote diversity of gender, social and ethnic backgrounds as well as cognitive and personal strengths to aid effective decision making, and looks for candidates, whose skills, knowledge and experience align with the Company's longer-term strategic aims. The Committee considers the use of external consultants when shortlisting candidates, if required.

In accordance with the AIC Code, all Directors, apart from Mr Groat, will stand for annual re-election at the Company's forthcoming AGM. Ms Stirling will stand for election following her appointment to the Board. The resolutions to elect/re-elect the Directors are contained within the Notice of AGM.

### Tenure and Reappointment Policy

The Board maintains a Tenure and Reappointment Policy (the "Policy"), according to which the Board will seek to recruit a Director on average every 4 years, with no Director serving longer than nine years; the Policy covers the whole Board, including the Chair. The Board intends to maintain a range of experience from Directors who have served on the Board for varying periods of time. This approach aims to reserve the cumulative experience and understanding of the Company, the commitments and the knowledge of the investment portfolio amongst Directors, while benefiting from fresh thinking and promoting diversity. The full Policy can be found on the Company's website and is reviewed by the Nomination Committee annually.

### Board Diversity

On 5 September 2024, the Nomination Committee reviewed and recommended to the Board the adoption of a Diversity Policy. The Diversity Policy was approved by the Board on 28 October 2024 and in accordance with this Policy, the Nomination Committee and Board will consider issues of Board balance and diversity when making new appointments.

The FCA requires companies like BSVT to report against the following diversity and inclusion targets:

- a) At least 40 per cent of individuals on the Board to be women;
- b) At least one senior Board position to be held by a woman (such as Chair, /SID, Chief Executive Officer ("CEO") or Chief Financial Officer ("CFO")); and
- c) At least one individual on the Board to be from a minority ethnic background.

Accordingly, in line with Listing Rule 6 Annex 1R, the below tables in the prescribed format, show the gender and ethnic background of the Directors at 30 September 2024.

Gender identity or sex	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)*
Men	3	75%	1
Women	1	25%	1
Not specified/ prefer not to say	-	-	-

Ethnic background	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)*
White British or other White (including minority White groups)	3	75%	2
Mixed/Multiple Ethnic Groups	1	25%	
Asian/Asian British	-	-	
Black/African/Caribbean/Black British	-	-	
Other ethnic group, including Arab	-	-	
Not specified/ prefer not to say	-	-	

\* The company is externally managed and does not have executive management functions, specifically it does not have a CEO or CFO.

The information presented in these tables was collected on a self-reporting basis.

The Board is pleased to have met recommendation b). Since 30 September 2024 and with the addition of Ms Stirling to the Board from 1 December 2024, the Board has increased its percentage of women on the Board to meet target a). Appointments are based on merit, with the Board seeking to fill vacancies with the most qualified candidates.



### Directors' meeting attendance

The table below sets out the Directors' attendance at scheduled, quarterly meetings held during the year, as well as scheduled Committee meetings held during the year, against the number of meetings each Director was eligible to attend.

	Board of Directors		Audit Committee		Management Engagement and Remuneration Committee		Nomination Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Sarah Fromson	4	4	3	3	1	1	1	1
Malcolm Groat	4	4	3	3	1	1	1	1
Tim Farazmand	4	4	3	3	1	1	1	1
Graham McDonald	4	4	3	3	1	1	1	1

Additional meetings were also held during the year in respect of the valuations of unquoted investments in the portfolio and the Company's fundraising offer to shareholders for subscription.

### Sarah Fromson

Nomination Committee Chair

23 December 2024



## 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**.

The law requires the Company's auditor, BDO, to audit certain disclosures. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditor's Report on [pages 62 to 68](#).

An ordinary resolution to approve the Directors' Remuneration Report will be proposed at the forthcoming AGM on 12 March 2025.

### Annual statement from the Chair of the Management Engagement and Remuneration Committee

The Management Engagement and Remuneration Committee is chaired by Mr Farazmand and comprises all the Directors of the Company.

Given the size and nature of the company, it is felt appropriate that all Directors are members of the Management Engagement & Remuneration Committee. The Company has no executive directors and the Non-Executive Directors are considered independent.

The Management Engagement and Remuneration Committee's key responsibilities are:

- 1 Determining and recommending to the Board the Directors' remuneration policy and the fees for the Company's Chair and Non-Executive Directors, within the limits set in the Company's Articles of Association;
- 2 Reviewing the appropriateness of the Manager's appointment (including key executives thereof) together with the terms and conditions of the appointment; and
- 3 Reviewing (at least annually), the contractual relationship with the Manager and scrutinising and holding Gresham House to account for its performance.

### Manager duties

The Board delegates the execution of the Company's investment strategy and the management of assets to the Manager, through the Management Agreement, subject to the Board being kept informed of all material developments (including proposed acquisitions or divestment of investments) in the Company's portfolio. The Board remains confident in the Manager's capabilities and its ability to continue to achieve results by adapting to an ever-changing regulatory environment. The Board continues to work closely with the Manager and notes that Gresham House supports the UK Stewardship Code and complies with its guidelines regarding proxy voting and engagement.

### Relationship with the Manager

The Management Engagement and Remuneration Committee keeps the performance of the Manager under continual review. In addition, in accordance with the requirements of the AIC Code, the Management Engagement and Remuneration Committee reviews the performance of the Manager's obligations under the Management Agreement and considers the need for any variation to the terms of the Management Agreement annually.

The Management Engagement and Remuneration Committee then makes a recommendation to the Board on the continuing appointment of the Manager. The Management Engagement & Remuneration Committee also reviews annually the performance of all other service providers and any matters concerning their respective agreements.

## Remuneration

Each year, when the Committee reviews the Directors' fees, it takes into account all of the Directors' duties and responsibilities, and how the Board members discharged them. The Committee also considers whether the fees are comparable with others in the VCT industry, relative to the NAV, so that the Board can attract and retain suitably qualified candidates. In addition, the Board also has regard to the workload that individual Directors and the Chair undertake as members of the Board; feedback from shareholders; the performance of the Company's portfolio; and the prevailing rate of Consumer Price Index ("CPI") at the time. In recent years, the Board has seen a significant increase in regulation in the industry, which has in turn resulted in an increase in the workload of the Directors. In addition, the Directors spend a considerable amount of time monitoring the 80 per cent test, the other continuing VCT tests, the co-investment scheme and fundraises. They are also responsible for monitoring the key risks to the Company and for scrutiny of all costs. The Directors set the strategy for the Company's continuing success and decide when fundraising is appropriate. They then monitor the performance of the Company against the strategic objectives set.

The changes to the description of the Directors' Remuneration as well as the amounts paid to the each of Director are shown in the table below.

	Expected fees for year ending 30 September 2025			Fees for year to 30 September 2024		% change from 2024 to 2025
	Supplement	Base NED fee	Total	Supplement	Total	
Non Executive Director	–	£31,000	£31,000	–	£29,400	5.4%
Chair	£6,800	£31,000	£37,800	£8,400	£37,800	–
Audit & Risk Committee Chair	£2,100	£31,000	£33,100	£2,100	£31,500	5.1%
Senior Independent Director	£2,100	£31,000	£33,100	£2,100	£31,500	5.1%

### Directors' remuneration policy

**The Board's policy is that the remuneration of Non-Executive Directors should reflect the experience of the Board as a whole, 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 oversee properly the Company and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs.**

Directors spend further time preparing for Board meetings, and the quarterly valuation meetings, through which they rigorously review the valuations of unquoted investee companies to arrive at appropriate valuations.

Where needed, the Directors usually lead and attend a number of other ad hoc meetings. This work is in addition to the time taken up in the formal meetings of the Board.

All Directors act in a non-executive capacity and the fees for their services are approved by the Committee. The fees for the Directors are determined within the limits set out in the Company's Articles of Association.

In December 2024, the Management Engagement and Remuneration Committee met to consider the level of Directors fees for the year ending 30 September 2025. Following a recommendation from the Committee, the Board agreed that the Non-Executive Director fee would be increased from £29,400 to £31,000. Additionally, the supplement for the Chair of the Board was reduced from £8,400 to £6,800, resulting in a total of £37,800. These adjustments took effect on 1 October 2024.

The remuneration policy, as set out in the box, was approved by the members at the AGM held on 1 February 2023. The Directors are proposing an amendment to the Policy to widen the comparable companies to include venture capital trusts as well as other investments companies, in particular those that are similar in size and have similar investment objectives and structures. Therefore, an ordinary resolution to approve the updated Policy will be proposed at the next AGM in March 2025. If approved by shareholders, the refreshed policy will continue for the year ending 30 September 2024 and subsequent years. Regardless of whether the Company proposes any changes to the Directors' Remuneration Policy, an Ordinary Resolution to approve the it will be put to shareholders at least once every three years.

Fees for any new Non-Executive Director who is appointed to the Board will be made in accordance with the Company's Remuneration Policy.

The Directors are not eligible to receive pension entitlements or bonuses and no other benefits are provided. They are not entitled to participate in any long-term incentive plan or share option schemes. Fees are paid to the Directors on a monthly basis and in no way performance related.

The Directors do not have service contracts with the Company; however, their appointment letters do include a three-month notice period. As a result, the Company's policy on termination payments is for a payment of three months in lieu for Directors that are not requested to work their notice period. Directors' terms and conditions for appointment are set out in letters of appointment which are available for inspection at the registered office of the Company.

## Statement of implementation of the Remuneration Policy in respect of the financial year ending 30 September 2025

The Management Engagement and Remuneration Committee intends to review Directors' fees in late 2025, when it will determine the fees effective from 1 October 2025. In the absence of unforeseen circumstances, the Committee does not expect any other changes.

## Shareholder views on remuneration

Shareholder views in respect of Directors' remuneration are communicated at the Company's AGM and are taken into account in formulating the Directors' remuneration policy.

The votes cast at the last AGM were as follows:

## Remuneration report (2024 AGM voting figures)

	Number of votes	Percentage of votes cast
For	7,394,711	93.68%
Against	498,495	6.32%
Votes withheld	176,205	

## Remuneration policy (2023 AGM voting figures)

	Number of votes	Percentage of votes cast
For	12,104,133	90.38%
Against	1,287,708	9.62%
Votes withheld	297,131	

## Annual remuneration report

### Scheme interests awarded during the financial year

The Company does not operate any share incentive plans. The Directors do not receive any remuneration or any part of their fee in the form of shares in the Company, options to subscribe for shares, warrants or any other equity-based scheme.

### 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 management agreement, as referred to in the Directors' report.

The graph below compares, for the ten periods, the percentage change over each period in the share price total return (assuming all dividends are reinvested) to shareholders compared to the share price total return of approximately 40 generalist VCTs (source: FE Analytics), which the Board considers to be the most appropriate benchmark for investment performance measurement purposes. An explanation of the performance of the Company is given in the Chair's Statement and Manager's Review on [pages 7 to 13](#).

At least annually, the Management Engagement and Remuneration Committee formally reviews the performance of the Manager and the appropriateness of its continuing appointment.

## BSVT Share Price and the VCT Generalist Share Price Total Return Performance Graph



## Directors' emoluments for the year (audited) and annual percentage change

The Directors who served in the year received the following emoluments in the form of fees:

	Year to 30 September					Percentage change from			
	2024 £	2023 £	2022 £	2021 £	2020 £	2023 to 2024 %	2022 to 2023 %	2021 to 2022* %	2020 to 2021* %
Sarah Fromson (Chair)	37,800	37,800	36,000	36,000	32,733	–	5.0	–	10.0
Tim Farazmand	29,400	29,400	28,000	28,000	11,666	–	5.0	–	–
Malcolm Groat	31,500	31,500	30,000	30,000	30,000	–	5.0	–	–
Graham McDonald**	29,400	29,400	28,000	15,050	N/A	–	5.0	–	N/A
<b>Total</b>	<b>128,100</b>	<b>128,100</b>	<b>122,000</b>	<b>109,050</b>	<b>74,399</b>	<b>–</b>			

\* Individual Director fees did not change between the year ended 30 September 2021 and 30 September 2022. The percentage changes reflected in the table are solely as a result of changes to Board composition and roles, which includes the appointment of Sarah Fromson as Chair on 27 September 2020, the appointment of Tim Farazmand as a Non-Executive Director on 1 May 2020 and the appointment of Graham McDonald as a Non-Executive Director on 16 February 2021.

\*\* Mr McDonald also received £3,760 to cover travel expenses during the year to 30 September 2024.

## Relative importance of spend on Directors' fees

The below table is required to be included in accordance with The Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008. It should be noted that the figures below are not directly comparable due to:

- the payment of the final dividend for the prior year within the current financial year; and
- the fundraising which was conducted between December 2023 and April 2024.

	Year to 30 September 2024 £	Year to 30 September 2023 £	Percentage change
Total Directors' fees	128,100	128,100	–
Shares repurchased	4,021,000	3,141,000	28.0
Dividends	15,290,000	18,276,000	(16.3)
NAV	227,444,000	209,659,000	8.5

The Directors' fees as a percentage of NAV for the year to 30 September 2024 were 0.056 per cent and for the year to 30 September 2023 were 0.061 per cent.



## Directors' interests (audited)

There is no requirement under the Company's Articles of Association or the terms of their appointment for Directors to hold shares in the Company. The interests of the Directors in the shares of the Company (including their connected persons) as at 30 September 2024 were as follows:

	30 September 2024 Ordinary 10p shares	30 September 2023 Ordinary 10p shares
Sarah Fromson (Chair)	91,118	77,988
Tim Farazmand	193,248	180,383
Malcolm Groat*	263,740	306,772
Graham McDonald	54,749	51,105
Total	602,855	616,248

\* These shares are held by a person closely associated to Malcolm Groat.

There have been no changes to these holdings between 30 September 2024 and the date of this report.

Approved by the Board of Directors and signed by

### Tim Farazmand

Chair of the Management Engagement and Remuneration Committee

23 December 2024

## Statement of Directors' responsibilities

### Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 of 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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 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.

### Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company taken as a whole; and
- the management report, which incorporates the Strategic Report and Directors' report includes a fair and balanced review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties it faces.

We consider 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 position and performance, business model and strategy.

On behalf of the Board

**Sarah Fromson**  
Chair

23 December 2024



# Independent auditor's report

## to the members of Baronsmead Second Venture Trust 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 30 September 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Baronsmead Second Venture Trust plc (the 'Company') for the year ended 30 September 2024 which comprise the income statement, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### 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 committee.

### Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 28 May 2021 to audit the financial statements for the year ended 30 September 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 4 years, covering the years ended 30 September 2021 to 30 September 2024. 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 Venture Capital Trust ("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 and the present

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

		2024	2023
<b>Key audit matters</b>	Valuation of unquoted investments	✓	✓
<b>Materiality</b>	Company financial statements as a whole		
	£4.05m (2023: £3.69m) based on 2% (2023: 2%) of net assets adjusted for significant fundraising in the year.		

### 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.

### 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
<b>Valuation of unquoted investments</b>  (Notes 2.3, 3.3 of the financial statements)	<p>Our unquoted investments valuation testing was risk based where individual investments were assessed based on criteria such as fair value at year end exceeding performance materiality, fair value at year end exceeding performance materiality and untested in detail in the prior year, movement between current year and prior year fair value exceeding performance materiality, change in the valuation methodology from prior year, change in the multiples (Revenue/Earning) from prior year by 10% or more, change in the gross enterprise value from prior year by 10% or more and any change in the discount/premium from prior year.</p> <p>For 100% of the unquoted portfolio we:</p> <ul style="list-style-type: none"> <li>▪ Considered whether the valuation methodology was the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. Where there was a change in valuation methodology from prior year, we assessed whether the change was appropriate</li> <li>▪ Considered the change in market multiples and discount applied from prior year and if they were supported by the performance of the underlying investment</li> <li>▪ Checked that the valuation was based on recent financial information and reviewed the arithmetic accuracy of the valuation</li> </ul>
	<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 an inherent risk of management override arising from the unquoted investment valuations being prepared by the Investment Manager, who is remunerated based on the value of the net assets of the VCT, as shown in note 2.6.</p>



Key audit matter	How the scope of our audit addressed the key audit matter
<b>Valuation of unquoted investments (continued)</b>  (Notes 2.3, 3.3 of the financial statements)	Further, for the unquoted investments samples selected for detailed testing we: <ul style="list-style-type: none"> <li>Re-performed the calculation of the investment</li> <li>Corroborated and benchmarked key inputs and estimates to independent information from our own research and against metrics from the most recent investments</li> <li>Challenged the assumptions inherent to valuation of unquoted investments and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements</li> <li>Where appropriate, we performed sensitivity analysis on the valuation calculations where there was sufficient evidence to suggest reasonable alternative inputs might exist</li> </ul>
	<b>Key observations</b>  Based on the procedures performed we consider the investment valuations to be appropriate considering the level of estimation uncertainty.

## 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:

Company financial statements		
	2024 £	2023 £
<b>Materiality</b>	£4,049,000	£3,690,000
<b>Basis for determining materiality</b>	2% of net assets adjusted for significant fundraising in the year.	
<b>Rationale for the benchmark applied</b>	In setting materiality, we have had regard to the nature and disposition of the investment portfolio. Given that the VCT's portfolio is highly weighted in listed equities and also comprising unquoted investments which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 2% of net assets adjusted for significant fundraising in the year.	
<b>Performance materiality</b>	£3,037,000	£2,760,000
<b>Basis for determining performance materiality</b>	75% of materiality	
<b>Rationale for the percentage applied for performance materiality</b>	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 the level of transactions in the year.	

## Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £202,000 (2022: £130,000). 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 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 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.

<b>Going concern and longer-term viability</b>	<ul style="list-style-type: none"> <li>The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on <a href="#">page 42</a> and;</li> <li>The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on <a href="#">page 32</a>.</li> </ul>
<b>Other Code provisions</b>	<ul style="list-style-type: none"> <li>Directors' statement on fair, balanced and understandable set out on <a href="#">page 61</a>;</li> <li>Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on <a href="#">page 24</a>;</li> <li>The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on <a href="#">page 51</a>; and</li> <li>The section describing the work of the audit committee set out on <a href="#">page 50</a></li> </ul>

## 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.

<b>Strategic report and Directors' report</b>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> <li>▪ 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</li> <li>▪ the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.</li> </ul> <p>In the 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.</p>
<b>Directors' remuneration</b>	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
<b>Matters on which we are required to report by exception</b>	<p>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:</p> <ul style="list-style-type: none"> <li>▪ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or</li> <li>▪ 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</li> <li>▪ certain disclosures of Directors' remuneration specified by law are not made; or</li> <li>▪ we have not received all the information and explanations we require for our audit.</li> </ul>

## Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 Investment Manager, the Administrator and those charged with governance and the Audit Committee; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations; and

we considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") 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 the Investment Manager, the Administrator 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.

## Fraud

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

Our risk assessment procedures included:

- Enquiry with the Investment Manager, the Administrator and those charged with governance and the Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the VCT policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to 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 unlisted 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:
  - Tested journals posted in the preparation of the financial statements which met a defined risk criteria by agreeing to supporting documentation and evaluating whether there was evidence of bias by the Investment Manager and the Administrator that represented a risk of material misstatements due to fraud.
  - Incorporated unpredictability into our testing by selecting a sample of immaterial expenses that would not otherwise have been selected for testing
  - Reviewed the significant judgements made in the unlisted investment valuations and considering whether the valuation methodology is the most appropriate;
  - Considered any indicators of bias in our audit as a whole; and
  - Performed a review of unadjusted audit differences, if any, for indications of bias or deliberate misstatement.



We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, who were deemed to have the 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](http://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 Bradley

(Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
23 December 2024

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





## Income statement

For the year ended 30 September 2024

	Notes	Year ended 30 September 2024			Year ended 30 September 2023		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	2.3	–	15,024	15,024	–	(4,284)	(4,284)
Income	2.5	3,804	–	3,804	3,082	–	3,082
Investment management fee	2.6	(1,252)	(3,757)	(5,009)	(1,252)	(3,758)	(5,010)
Other expenses	2.6	(721)	(1)	(722)	(700)	–	(700)
<b>Profit/(loss) before taxation</b>		<b>1,831</b>	<b>11,266</b>	<b>13,097</b>	<b>1,130</b>	<b>(8,042)</b>	<b>(6,912)</b>
Taxation	2.9	–	–	–	–	–	–
<b>Profit/(loss) for the year, being total comprehensive income for the year</b>		<b>1,831</b>	<b>11,266</b>	<b>13,097</b>	<b>1,130</b>	<b>(8,042)</b>	<b>(6,912)</b>
<b>Return per ordinary share:</b>							
Basic and diluted	2.2	<b>0.48p</b>	<b>2.95p</b>	<b>3.43p</b>	0.33p	(2.32p)	(1.99p)

All items in the above statement derive from continuing operations.

There are no recognised gains and losses other than those disclosed in the Income Statement.

The revenue column of the Income Statement includes all income and expenses. The capital column accounts for the realised and unrealised profit or loss on investments and the proportion of the management fee charged to capital.

The total column of this statement is the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standards ("FRS") 102. The supplementary revenue return and capital return columns are prepared in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies ("AIC SORP").

The notes on [pages 75 to 91](#) form part of these financial statements.

# 03 Financial Statements



## Statement of changes in equity

For the year ended 30 September 2024

	Notes	Non-distributable reserves			Distributable reserves		Total £'000
		Called-up share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital reserve* £'000	Revenue reserve £'000	
<b>At 1 October 2023</b>		39,628	–	23,062	144,092	2,877	209,659
Profit after taxation		–	–	10,414	852	1,831	13,097
Net proceeds of share issues, share buybacks & sale of shares from treasury		4,114	20,193	–	(4,325)	–	19,982
Dividends paid	2.4	–	–	–	(14,522)	(768)	(15,290)
Share premium cancellation costs		–	–	–	(4)	–	(4)
<b>At 30 September 2024</b>		<b>43,742</b>	<b>20,193</b>	<b>33,476</b>	<b>126,093</b>	<b>3,940</b>	<b>227,444</b>

For the year ended 30 September 2023

	Notes	Non-distributable reserves			Distributable reserves		Total £'000
		Called-up share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital reserve* £'000	Revenue reserve £'000	
<b>At 1 October 2022</b>		35,789	106,099	18,834	49,142	3,122	212,986
(Loss)/profit after taxation		–	–	4,228	(12,270)	1,130	(6,912)
Net proceeds of share issues, share buybacks & sale of shares from treasury		3,839	20,452	–	(2,413)	–	21,878
Dividends paid	2.4	–	–	–	(16,901)	(1,375)	(18,276)
Cancellation of share premium		–	(126,551)	–	126,551	–	–
Share premium cancellation costs		–	–	–	(17)	–	(17)
<b>At 30 September 2023</b>		<b>39,628</b>	<b>–</b>	<b>23,062</b>	<b>144,092</b>	<b>2,877</b>	<b>209,659</b>

\* Of the distributable reserves noted above £52,321,000 (2023: £79,777,000) is not available for dividend distribution due to HMRC VCT rules.

The notes on [pages 75 to 91](#) form part of these financial statements.

## Balance sheet

As at 30 September 2024

	Notes	Company Number: 04115341	
		As at 30 September 2024 £'000	As at 30 September 2023 £'000
<b>Fixed assets</b>			
Investments	2.3	228,169	210,243
<b>Current assets</b>			
Debtors	2.7	599	235
Cash at bank and on deposit		357	670
		956	905
<b>Creditors (amounts falling due within one year)</b>	2.8	<b>(1,681)</b>	(1,489)
<b>Net current liabilities</b>		<b>(725)</b>	(584)
<b>Net assets</b>		<b>227,444</b>	209,659
<b>Capital and reserves</b>			
Called-up share capital	3.1	43,742	39,628
Share premium	3.2	20,193	–
Capital reserve	3.2	126,093	144,092
Revaluation reserve	3.2	33,476	23,062
Revenue reserve	3.2	3,940	2,877
<b>Equity shareholders' funds</b>	2.1	<b>227,444</b>	209,659
<b>Net asset value per share</b>			
– Basic and diluted	2.1	<b>57.41p</b>	57.88p

The notes on [pages 75 to 91](#) form part of these financial statements.

The financial statements were approved, and authorised for issue, by the board of Directors of Baronsmead Second Venture Trust plc on 23 December 2024 and were signed on its behalf by:

**Sarah Fromson**

Chair

## Statement of cash flows

For the year ended 30 September 2024

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
<b>Cash flows from operating activities</b>		
Investment income received	2,080	2,060
Deposit interest received	43	83
Other income received	1	–
Investment management fees paid	(4,882)	(5,031)
Other cash payments	(746)	(700)
Net cash outflow from operating activities	(3,504)	(3,588)
<b>Cash flows from investing activities</b>		
Purchases of investments	(39,652)	(92,959)
Disposals of investments	38,172	56,993
Net cash outflow from investing activities	(1,480)	(35,966)
<b>Cash flows from financing activities</b>		
Gross proceeds of share issues	25,000	25,000
Gross proceeds from sale of shares from treasury	–	1,063
Gross costs of share buybacks	(4,021)	(3,141)
Cost of Share issues	(977)	(1,028)
Costs of share buybacks	(20)	(16)
Equity dividends paid	(15,290)	(18,276)
Other costs charged to capital	(21)	–
Net cash inflow from financing activities	4,671	3,602
<b>Decrease in cash</b>	<b>(313)</b>	<b>(35,952)</b>
<b>Reconciliation of new cash flow to movement in net cash</b>		
Decrease in cash	(313)	(35,952)
Opening cash at bank and on deposit	670	36,622
<b>Closing cash at bank and on deposit</b>	<b>357</b>	<b>670</b>
<b>Reconciliation of profit/(loss) before taxation to net cash outflow from operating activities</b>		
Profit/(loss) before taxation	13,097	(6,912)
(Gains)/losses on investments	(15,024)	4,284
Income reinvested	(1,422)	(856)
Increase in debtors	(364)	(83)
Increase/(decrease) in creditors	209	(21)
Net cash outflow from operating activities	(3,504)	(3,588)

The notes on [pages 75 to 91](#) form part of these financial statements.

## Notes to the financial statements

For the year ended 30 September 2024

We have grouped notes into sections under three key categories:

1. Basis of preparation
2. Investments, performance and shareholder returns
3. Other required disclosures

The key accounting policies have been incorporated throughout the notes to the financial statements adjacent to the disclosure to which they relate. All accounting policies are included within an outlined box.

### 1 Basis of preparation

#### 1.1 Basis of accounting

These Financial Statements have been prepared under FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and in accordance with the Statement of Recommended Practice ("SORP") for investment trust companies and venture capital trusts issued by the Association of Investment Companies ("AIC") in November 2014 and last updated in July 2022 and on the assumption that the Company maintains VCT status with HMRC.

The application of the Company's accounting policies requires judgement, estimation and assumptions about the carrying amount of assets and liabilities. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

After making the necessary enquiries, including those made during the preparation of the viability statement in the Strategic Report, the Directors believe that the Company will continue to be able to meet its liabilities as and when they fall due for a period of at least 12 months, therefore it is appropriate to apply the going concern basis in preparing the financial statements.

The Directors acknowledge the current economic and geo-political environment, however the Directors consider the Company to be well placed to continue to operate for at least 12 months from the date of this report. The Company has no debt and has sufficient liquidity to meet both its contracted expenditure and its discretionary cash outflows, including to invest in new opportunities as they arise. The Directors note that the Company's third-party suppliers are not experiencing any significant operational difficulties affecting their respective services to the Company. The Directors have also assessed the Company's ability to cover its annual running costs under several liquidity scenarios in which the value of liquid assets (including AIM-traded investments and OEICs) has been subject to sensitivity analysis, taking into account the current economic environment and other, plausibly possible changes in performance. It is therefore appropriate to apply the going concern basis in preparing the financial statements.



## 2 Investments, performance and shareholder returns

### 2.1 Net asset value per share

	Number of ordinary shares		Net asset value per share attributable		Net asset value attributable	
	30 September 2024 number	30 September 2023 number	30 September 2024 pence	30 September 2023 pence	30 September 2024 £'000	30 September 2023 £'000
Ordinary shares (basic)	396,183,675	362,253,166	57.41	57.88	227,444	209,659

### 2.2 Return per share

	Weighted average number of ordinary shares		Return per ordinary share		Net profit after taxation	
	30 September 2024 number	30 September 2023 number	30 September 2024 pence	30 September 2023 pence	30 September 2024 £'000	30 September 2023 £'000
Revenue	381,575,206	346,626,977	0.48	0.33	1,831	1,130
Capital	381,575,206	346,626,977	2.95	(2.32)	11,266	(8,042)
Total			3.43	(1.99)	13,097	(6,912)

### 2.3 Investments

The Company has fully adopted sections 11 and 12 of FRS 102.

Purchases or sales of investments are recognised at the date of transaction at fair value.

Investments are subsequently measured at fair value through profit and loss. For listed securities this is either bid price or the last traded price, depending on the convention of the market on which the investment is traded.

In respect of collective investment vehicles, which consists of investments in open-ended investment companies authorised in the UK, this is the published price.

In respect of unquoted investments, these are valued at fair value by the Directors using methodology which is consistent with the International Private Equity and Venture Capital Valuation Guidelines ("IPEV Guidelines").

#### Judgements

The key judgements in the fair valuation process are:

- The Manager's determination of the appropriate application of IPEV Guidelines to each unquoted investment;
- The Directors' consideration of whether each fair value is appropriate following detailed review and challenge. The judgement applied in the selection of the methodology used for determining the fair value of each unquoted investment can have a significant impact upon the valuation.

#### Estimates

The key estimate in the financial statements is the determination of the fair value of the unquoted investments. This estimate is key as it significantly impacts the valuation of the unlisted investments at the balance sheet date. The fair valuation process involves estimates using inputs that are unobservable (for which market data is unavailable). Fair value estimates are cross-checked to alternative estimation methods where possible to improve the robustness of the estimate. As the valuation outcomes may differ from the fair value estimates a price sensitivity analysis is provided in Other Price Risk Sensitivity in note 3.3 on pages 87 to 91. The risk of an over or underestimation of fair values is greater when methodologies are applied using more subjective inputs.

#### Assumptions

The determination of fair value for unquoted investments involves key assumptions dependent upon the valuation methodology used. The primary methodologies applied are:

- Cost of recent investment
- Multiple basis

The enterprise value of the investment may be determined by applying a suitable price-earnings ratio, revenue or gross profit multiple to that company's historic, current or forecast earnings before interest, tax, depreciation and amortisation, or revenue, or gross profit (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Manager compared to the sector including, inter alia, scale and liquidity).

- Offer less 10 per cent.

Where Heads of Terms have been agreed or a formal offer received from a third party for an investee company, and it is the intention of the Manager to accept it, a discount of 10% is applied to the offer price.

The nature of the unquoted portfolio will influence the valuation technique applied. The valuation approach recognises that, as stated in the IPEV Guidelines, the price of a recent investment, if resulting from an orderly transaction, generally represents fair value as at the transaction date and may be an appropriate starting point for estimating fair value at subsequent measurement dates.

The cost of recent investment approach involves holding the investment at the price set in the latest available funding round, taking into account, amongst other things, factors such as the time lapsed since the last round.

However, consideration is given to the facts and circumstances as at the subsequent measurement date, including changes in the market or performance of the investee company. Milestone analysis is used where appropriate to incorporate the operational progress of the investee company into the valuation. Additionally, the background to the transaction must be considered.

As a result, various multiples based techniques are employed to assess the valuations particularly in those companies with established revenues. All valuations are cross-checked for reasonableness by employing relevant alternative techniques.

The multiple approach involves more subjective inputs than the Cost of recent investment and Offer approaches and therefore presents a greater risk of over or under estimation.

The key assumptions for the multiples basis are:

- the selection of companies on which to determine a basket of comparative multiples;
- the determination of maintainable historic or forecast earnings, revenue or gross profit;
- the appropriateness of the discount magnitude applied for reduced liquidity and other qualitative factors;
- identifying surplus cash.

Gains and losses arising from changes in the fair value of the investments are included in the Income statement for the year as a capital item. Transaction costs on acquisition are included within the initial recognition and the profit or loss on disposal is calculated net of transaction costs on disposal.

All investments are initially recognised and subsequently measured at fair value. Changes in fair value are recognised in the Income statement.

The methods of fair value measurement are classified into a hierarchy based on reliability of the information used to determine the valuation.

- Level 1 – Fair value is measured based on quoted prices in an active market.
- Level 2 – Fair value is measured based on directly observable current market prices or indirectly being derived from market prices.
- Level 3 – Fair value is measured using a valuation technique that is not based on data from an observable market.

	As at 30 September 2024 £'000	As at 30 September 2023 £'000
<b>Level 1</b>		
Investments traded on AIM	85,635	78,973
<b>Level 2</b>		
Collective investment vehicles	87,948	80,764
<b>Level 3</b>		
Unquoted investments	54,586	50,506
	<b>228,169</b>	210,243

#### For the year ended 30 September 2024

	Level 1 Traded on AIM £'000	Level 2 Collective investment vehicles £'000	Level 3 Unquoted £'000	Total £'000
Opening book cost	64,431	65,537	57,213	187,181
Opening unrealised appreciation/(depreciation)	14,542	15,227	(6,707)	23,062
<b>Opening fair value</b>	<b>78,973</b>	<b>80,764</b>	<b>50,506</b>	<b>210,243</b>
Movements in the year:				
Transfer between levels	(2,290)	–	2,290	–
Purchases at cost	4,073	27,667	9,334	41,074
Sale – proceeds	(9,273)	(28,651)	(248)	(38,172)
Sales – realised gains/(losses) on sales	1,776	1,460	(2,285)	951
Unrealised gains/(losses) realised during the year	5,752	200	(2,293)	3,659
Increase/(decrease) in unrealised appreciation	6,624	6,508	(2,718)	10,414
<b>Closing fair value</b>	<b>85,635</b>	<b>87,948</b>	<b>54,586</b>	<b>228,169</b>
Closing book cost	64,469	66,213	64,011	194,693
Closing unrealised appreciation/(depreciation)	21,166	21,735	(9,425)	33,476
<b>Closing fair value</b>	<b>85,635</b>	<b>87,948</b>	<b>54,586</b>	<b>228,169</b>
Equity shares	85,635	–	7,025	92,660
Preference shares	–	–	37,173	37,173
Loan notes	–	–	10,388	10,388
Collective investment vehicles	–	87,948	–	87,948
<b>Closing fair value</b>	<b>85,635</b>	<b>87,948</b>	<b>54,586</b>	<b>228,169</b>

#### For the year ended 30 September 2023

	Level 1 Traded on AIM £'000	Level 2 Listed on LSE £'000	Level 3 Collective investment vehicles £'000	Unquoted £'000	Total £'000
Opening book cost	63,764	3,429	36,557	55,121	158,871
Opening unrealised appreciation/(depreciation)	11,287	(3,395)	12,945	(2,003)	18,834
<b>Opening fair value</b>	<b>75,051</b>	<b>34</b>	<b>49,502</b>	<b>53,118</b>	<b>177,705</b>
Movements in the year:					
Transfer between levels	(1,590)	–	–	1,590	–
Purchases at cost	2,303	–	82,878	8,634	93,815
Sale – proceeds	(661)	–	(53,898)	(2,434)	(56,993)
Sales – realised gains/(losses) on sales	149	(34)	–	203	318
Unrealised gains/(losses) realised during the year	466	(3,395)	–	(5,901)	(8,830)
Increase/(decrease) in unrealised appreciation	3,255	3,395	2,282	(4,704)	4,228
<b>Closing fair value</b>	<b>78,973</b>	<b>–</b>	<b>80,764</b>	<b>50,506</b>	<b>210,243</b>
Closing book cost	64,431	–	65,537	57,213	187,181
Closing unrealised appreciation/(depreciation)	14,542	–	15,227	(6,707)	23,062
<b>Closing fair value</b>	<b>78,973</b>	<b>–</b>	<b>80,764</b>	<b>50,506</b>	<b>210,243</b>
Equity shares	78,973	–	–	8,514	87,487
Preference shares	–	–	–	31,121	31,121
Loan notes	–	–	–	10,871	10,871
Collective investment vehicles	–	–	80,764	–	80,764
<b>Closing fair value</b>	<b>78,973</b>	<b>–</b>	<b>80,764</b>	<b>50,506</b>	<b>210,243</b>

The gains and losses included in the above table have all been recognised in the Income Statement on [page 71](#).

In the year ending 30 September 2024, two investments held, Fulcrum Utility Services Ltd and LoopUp Group plc previously Level 1 were transferred to Level 3 following their delistings from AIM.

In the year ending 30 September 2023, an investment held, Deepverge plc previously Level 1 was transferred to Level 3 following its delisting from AIM.

The Company received £9.5 million (2023: £3.1 million) from investments sold in the year, excluding liquidity funds redeemed of £28.7 million (2023: £53.9 million). The book cost of these investments when they were purchased was £6.6 million (2023: £11.6 million). These investments have been revalued over time and until they were sold any unrealised gains or losses were included in the fair value of the investments.



## 2.4 Dividends

Equity dividends payable are recognised when the shareholders' right to receive payment is established. For interim dividends this is when they are paid and for final dividends this is when they are approved by shareholders.

	Year ended 30 September 2024			Year ended 30 September 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Amounts recognised in the year:</b>						
<b>For the year ended 30 September 2024</b>						
Interim dividend of 1.75p per ordinary share paid on 9 September 2024	397	6,557	6,954	–	–	–
<b>For the year ended 30 September 2023</b>						
Final dividend of 2.25p per ordinary share paid on 8 March 2024	371	7,965	8,336	–	–	–
Interim dividend of 2.25p per ordinary share paid on 8 September 2023	–	–	–	362	7,785	8,147
<b>For the year ended 30 September 2022</b>						
Final dividend of 3.0p per ordinary share paid on 3 March 2023	–	–	–	1,013	9,116	10,129
	<b>768</b>	<b>14,522</b>	<b>15,290</b>	<b>1,375</b>	<b>16,901</b>	<b>18,276</b>

## 2.5 Income

Interest income on loan notes and dividends on preference shares are accrued on a daily basis. Provision is made against this income where recovery is doubtful.

Where the terms of unquoted loan notes only require interest or a redemption premium to be paid on redemption, the interest and the redemption premium is recognised as income once redemption is reasonably certain. Until such date interest is accrued daily and included within the valuation of the investment. When a redemption premium is designed to protect the value of the instrument holder's investment rather than reflect a commercial rate of revenue return the redemption premium should be recognised as capital. The treatment of redemption premiums is analysed to consider if they are revenue or capital in nature on a company by company basis. A redemption premium of £nil (2023: £nil) was received in the year ended 30 September 2024.

Income from fixed interest securities and deposit interest is included on an effective interest rate basis.

Dividends on quoted shares are recognised as income when the related investments are marked ex-dividend and where no dividend date is quoted, when the Company's right to receive payment is established.

	Year ended 30 September 2024			Year ended 30 September 2023		
	Quoted Securities £'000	Unquoted securities £'000	Total £'000	Quoted securities £'000	Unquoted securities £'000	Total £'000
<b>Income from investments</b>						
Dividend income	2,540	–	2,540	1,822	–	1,822
Interest income	851	378	1,229	747	431	1,178
	<b>3,391</b>	<b>378</b>	<b>3,769</b>	<b>2,569</b>	<b>431</b>	<b>3,000</b>
<b>Other income</b>						
Deposit interest			34			82
Other income			1			–
<b>Total income</b>			<b>3,804</b>			<b>3,082</b>

All investments have been included at fair value through profit or loss on initial recognition, therefore all investment income arises on investments at fair value through profit or loss.

## 2.6 Investment management fee and other expenses

All expenses are recorded on an accruals basis.

Management fees are allocated 25 per cent income and 75 per cent capital derived in accordance with the board's expected split between long-term income and capital returns. Performance fees are allocated 100 per cent to capital.

	Year ended 30 September 2024			Year ended 30 September 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	1,252	3,757	5,009	1,252	3,758	5,010
Performance fee	–	–	–	–	–	–
	<b>1,252</b>	<b>3,757</b>	<b>5,009</b>	<b>1,252</b>	<b>3,758</b>	<b>5,010</b>

The management agreement may be terminated by either party giving 12 months notice of termination.

The Manager, Gresham House, receives a fee of 2.5 per cent per annum of the net assets of the Company, up to and including £209,658,860 (being the total net assets of the Company as at 30 September 2023) and 2.0 per cent per annum of the amount by which the net assets of the Company exceed £209,658,860, calculated and payable on a quarterly basis. The WS Gresham House Equity Funds, are also managed by Gresham House. Arrangements are in place to avoid the double charging of fees.

The Manager is entitled to a performance fee when the total return on net proceeds of the ordinary shares exceeds 8 per cent per annum (on a simple basis). The Manager is entitled to 10 per cent of the excess. The amount of any performance fee which is paid in respect of a calculation period shall be capped at 5 per cent of the shareholders' funds at the end of the calculation period. £nil performance fee is payable for the year ended 30 September 2024 (2023: £nil).

## Other expenses

	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Directors' fees	128	128
Secretarial and accounting fees paid to the Manager	178	167
Auditor's fees for statutory audit (including VAT)	64	61
Other	351	344
	<b>721</b>	<b>700</b>

Information on Directors' remuneration is given in the Directors' emoluments table on [page 59](#). During the year there was no remuneration due to the auditors for non-audit services (2023: £nil).

During the year ended 30 September 2024 the company incurred £1,000 of legal fees relating to an investment, these have been recognised as a capital expense.

## 2.7 Debtors

	As at 30 September 2024 £'000	As at 30 September 2023 £'000
Prepayments and accrued income	599	235
	<b>599</b>	<b>235</b>

## 2.8 Creditors (amounts falling due within one year)

	As at 30 September 2024 £'000	As at 30 September 2023 £'000
Management, secretarial and accounting fees due	1,535	1,361
Share premium cancellation costs	–	17
Other creditors	146	111
	<b>1,681</b>	<b>1,489</b>

## 2.9 Tax

UK corporation tax payable is provided on taxable profits at the current rate.

Provision is made for deferred taxation, without discounting, on all timing differences and is calculated using substantively enacted tax rates.

This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the can underlying timing differences be deducted.

A reconciliation of the tax charge/(credit) to the profit before taxation is shown below:

	Year ended 30 September 2024			Year ended 30 September 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit/(loss) on ordinary activities before taxation	1,831	11,266	13,097	1,130	(8,042)	(6,912)
Corporation tax at a rate of 25 per cent (2023: 22.0 per cent)	458	2,817	3,275	248	(1,769)	(1,521)
Effect of:						
Non-taxable (gains)/losses	–	(3,756)	(3,756)	–	942	942
Non-taxable dividend income	(635)	–	(635)	(401)	–	(401)
Losses carried forward	177	939	1,116	153	827	980
Tax charge/(credit) for the year	–	–	–	–	–	–

At 30 September 2024 the Company had unrealised losses of £30,589,857 (2023: £26,129,035). A deferred tax asset of £7,647,464 (2023: £6,532,259) has not been recognised because the Company is not expected to generate taxable income in a future year in excess of the deductible expenses of that future year. Accordingly the Company is unlikely to be able to reduce future tax liabilities through the use of existing surplus expenses. Due to the Company's status as a VCT, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.



### 3 Other required disclosures

#### 3.1 Called-up share capital

##### Allotted, called-up and fully paid:

For the year ended 30 September 2024	£'000
396,279,533 ordinary shares of 10p each listed at 30 September 2023	39,628
41,136,289 ordinary shares of 10p each issued during the year	4,114
<b>437,415,822 ordinary shares of 10p each listed at 30 September 2024</b>	<b>43,742</b>
34,026,367 ordinary shares of 10p each held in treasury at 30 September 2023	(3,403)
7,205,780 ordinary shares of 10p each repurchased during the year and held in treasury	(721)
<b>41,232,147 ordinary shares of 10p each held in treasury at 30 September 2024</b>	<b>(4,124)</b>
<b>396,183,675 ordinary shares of 10p each in circulation* at 30 September 2024</b>	<b>39,618</b>
<b>For the year ended 30 September 2023</b>	<b>£'000</b>
357,889,473 ordinary shares of 10p each listed at 30 September 2022	35,789
38,390,060 ordinary shares of 10p each issued during the year	3,839
<b>396,279,533 ordinary shares of 10p each listed at 30 September 2023</b>	<b>39,628</b>
30,601,089 ordinary shares of 10p each held in treasury at 30 September 2022	(3,060)
5,247,081 ordinary shares of 10p each repurchased during the year and held in treasury	(525)
1,821,803 ordinary shares of 10p each sold from treasury during the year	182
<b>34,026,367 ordinary shares of 10p each held in treasury at 30 September 2023</b>	<b>(3,403)</b>
<b>362,253,166 ordinary shares of 10p each in circulation* at 30 September 2023</b>	<b>36,225</b>

\* Carrying one vote each.

The 41,136,289 (2023: 38,390,060) ordinary shares were issued at an average price of 60.77p (2023: 65.12p).

During the year the Company bought back into treasury 7,205,780 (2023: 5,247,081) ordinary shares, representing 1.99 (2023: 1.61) per cent of the ordinary shares in circulation at the beginning of the financial year. During the year the Company sold no (2023: 1,821,803) shares from treasury.

#### Treasury shares

When the Company reacquires its own shares, they are held as treasury shares and not cancelled where permitted under legislation.

Shareholders have authorised the board to re-issue treasury shares at a discount to the prevailing NAV subject to the following conditions:

- It is in the best interests of the Company;
- Demand for the Company's shares exceeds the shares available in the market;
- A full prospectus must be produced if required; and
- HMRC will not consider these 'new shares' for the purposes of the purchasers' entitlement to initial income tax relief.

#### 3.2 Reserves

Gains and losses on realisation of investments of a capital nature are dealt with in the capital reserve. Purchases of the Company's own shares to be either held in treasury or cancelled are also funded from this reserve. When shares are reissued from treasury the original cost is allocated to the capital reserve with any gains allocated to share premium. 75 per cent of management fees are allocated to the capital reserve in accordance with the board's expected split between long-term income and capital returns.

##### For the year ended 30 September 2024

	Distributable reserves			Non-distributable reserves		
	Capital reserve <sup>†</sup> £'000	Revenue reserve £'000	Total £'000	Share premium £'000	Revaluation reserve* £'000	Total £'000
At 1 October 2023	144,092	2,877	146,969	–	23,062	23,062
Gross proceeds of share issues	–	–	–	20,886	–	20,886
Share premium cancellation costs	(4)	–	(4)	–	–	–
Purchase of shares for treasury	(4,021)	–	(4,021)	–	–	–
Expenses of share issue and buybacks	(304)	–	(304)	(693)	–	(693)
Reallocation of prior year unrealised gains	3,659	–	3,659	–	(3,659)	(3,659)
Realised gain on disposal of investments <sup>#</sup>	951	–	951	–	–	–
Net increase in value of investments <sup>#</sup>	–	–	–	–	14,073	14,073
Management fee charged to capital <sup>#</sup>	(3,757)	–	(3,757)	–	–	–
Profit after taxation <sup>#</sup>	(1)	1,831	1,830	–	–	–
Dividends paid in the year	(14,522)	(768)	(15,290)	–	–	–
<b>At 30 September 2024</b>	<b>126,093</b>	<b>3,940</b>	<b>130,033</b>	<b>20,193</b>	<b>33,476</b>	<b>53,669</b>

## For the year ended 30 September 2023

	Distributable reserves			Non-distributable reserves		
	Capital reserve <sup>†</sup> £'000	Revenue reserve £'000	Total £'000	Share premium £'000	Revaluation reserve* £'000	Total £'000
At 1 October 2022	49,142	3,122	52,264	106,099	18,834	124,933
Gross proceeds of share issues	–	–	–	21,161	–	21,161
Cancellation of share premium	126,551	–	126,551	(126,551)	–	(126,551)
Share premium cancellation costs	(17)	–	(17)	–	–	–
Purchase of shares for treasury	(3,141)	–	(3,141)	–	–	–
Sale of shares from treasury	1,063	–	1,063	–	–	–
Expenses of share issues and buybacks	(335)	–	(335)	(709)	–	(709)
Reallocation of prior year unrealised losses/gains	(8,830)	–	(8,830)	–	8,830	8,830
Realised gain on disposal of investments <sup>#</sup>	318	–	318	–	–	–
Net decrease in value of investments <sup>#</sup>	–	–	–	–	(4,602)	(4,602)
Management fee charged to capital <sup>#</sup>	(3,758)	–	(3,758)	–	–	–
Profit after taxation <sup>#</sup>	–	1,130	1,130	–	–	–
Dividends paid in the year	(16,901)	(1,375)	(18,276)	–	–	–
<b>At 30 September 2023</b>	<b>144,092</b>	<b>2,877</b>	<b>146,969</b>	<b>–</b>	<b>23,062</b>	<b>23,062</b>

\* Changes in fair value of investments are dealt with in this reserve.

<sup>#</sup> The total of these items is £13,097,000 (2023: £(6,912,000)) which agrees to the total profit for the year.

<sup>†</sup> Of the distributable reserves noted above £52,321,000 (2023: £79,777,000) is not available for dividend distribution due to HMRC VCT rules.

Distributable reserves may also include any net unrealised gains on investments whose prices are quoted in an active market and deemed readily realisable in cash.

<b>Share premium is recognised net of issue costs.</b>
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The Company does not have any externally imposed capital requirements.

## 3.3 Financial instruments risks

The Company's financial instruments comprise equity and fixed interest investments, cash balances and liquid resources including debtors and creditors. The Company holds financial assets in accordance with its investment policy to invest in a diverse portfolio of UK growth businesses.

The Company's investing activities expose it to a range of financial risks. These key risks and the associated risk management policies to mitigate these risks are described below.

**Market risk**

Market risk includes price risk on investments and interest rate risk on investments and other financial assets and liabilities.

**Price risk**

The investment portfolio is managed in accordance with the policies and procedures described in the full Annual Report and Audited Financial Statements.

Investments in companies listed on the AIM market usually involve a higher risk than investments in larger companies quoted on a recognised stock exchange. The spread between the buying and selling price of such shares may be wide and the price used for valuation may be limited and many may not be achievable. The valuation of the portfolios and opportunities for realisation of AIM-traded investments within the portfolios may also depend on stock market conditions.

The Company aims to reduce these risks by diversifying the portfolio across business sectors and asset classes. The Board monitors the portfolio on a quarterly basis.

Investments in unquoted companies, by their nature, usually involve a higher degree of risk than investments in companies quoted on a recognised stock exchange. The fair valuation of these unquoted investments is influenced by the estimates, assumptions and judgements made in the fair valuation process (see note 2.3 above).

**Price risk sensitivity**

The fair valuation of unquoted investments is influenced by the estimates, assumptions and judgements made in the fair valuation process (see note 2.3 on [pages 76 to 79](#)). A sensitivity analysis is provided below which recognises that the valuation methodologies employed involve different levels of subjectivity in their inputs. The sensitivity analysis below applied a wider range of input variable sensitivity to the Multiple method due to the increased subjectivity involved in the use of this method compared to the rebased cost method, which refers to the price of a recent investment.



## As at 30 September 2024

Security	Valuation basis	Key variable inputs	Fair Value £'000s	Sensitivity %	Impact £'000s	Impact pence per share	Impact % of net assets
Unquoted	Multiple	Estimated sustainable revenue/ EBITDA					
		Selection of comparable companies					
		Application of illiquidity discount	53,409	+/-20%	10,682	2.7	+/-4.7
Offer less 10%	Current offer price received for sale Discount applied to offer		–	+/-10%	–	–	–
AIM	Bid price Traded price		78,968	+/-20%	15,794	4.0	+/-6.9
			7,844	+/-20%	1,569	0.4	+/-0.7
Gresham House Equity Funds	Published price		62,544	+/-20%	12,509	3.2	+/-5.5

## As at 30 September 2023

Security	Valuation basis	Key variable inputs	Fair Value £'000s	Sensitivity %	Impact £'000s	Impact pence per share	Impact % of net assets
Unquoted	Multiple	Rebased cost	3,342	+/-10%	334	0.1	+/-0.2
		Latest funding round price					
		Estimated sustainable revenue/EBITDA					
Unquoted	Multiple	Selection of comparable companies					
		Application of illiquidity discount	46,112	+/-20%	9,222	2.4	+/-4.4
AIM	Bid price Traded price		70,632	+/-20%	14,126	3.9	+/-6.7
			8,341	+/-20%	1,093	0.5	+/-0.5
Gresham House Equity Funds	Published price		62,954	+/-20%	12,591	3.5	+/-6.0

## Key variable inputs/valuation bases

The key variable inputs applicable to each valuation basis will vary dependent on the particular circumstances of each unquoted company valuation. Where there has been a recent transaction, such as an initial investment being made into the company, or where there has been a subsequent external funding round, the key variable input will be the last funding round price. Where this is not the case, the valuation has been based on a multiple of estimated sustainable earnings. An explanation of each of the key variable inputs is provided below and includes an indication of the range in value for each input, where relevant.

## Latest funding round price

The latest funding round price is the key variable input in the valuation of a company when there has been a recent investment either by the Company or by another investor. This transaction provides evidence of the price an independent third party would be willing to pay for the investment. There is lower estimation uncertainty where this third party is an external investor, and higher estimation uncertainty where this is an internal investor (i.e. where the investor already has an investment in the company).

## Estimated sustainable revenue/EBITDA

The selection of sustainable revenue or EBITDA will depend upon whether the company is sustainably profitable or not, and where it is not then revenues will be used in the valuation. The valuation approach may use prior year actuals, the last 12 months, or a forecast of revenue/EBITDA where deemed appropriate. The valuation approach will typically assess companies based on the prior year actuals or last 12 months of revenue or EBITDA, as this represents the most recently available trading information and therefore is viewed as the most reliable. Where the company has a history of accurate forecasting, or where there is a change in circumstance at the business which will impact revenue/EBITDA going forward, then a forecast or budget will be deemed most appropriate.

## Selection of comparable companies or indices

The selection of comparable companies or indices is assessed individually for each investment at the point of investment, and at each valuation thereafter. The key criteria in selecting appropriate comparable companies or indices are the industry sector, the business model, and the respective revenue/EBITDA growth rates of the company. Typically up to 15 comparable companies or indices will be selected for each investment to derive the adopted revenue/EBITDA multiple.

The Multiples can be derived from either listed companies with similar characteristics or recent comparable transactions. The value of the unquoted element of the portfolio may therefore also indirectly be affected by price movements on the listed exchanges.

## Application of illiquidity discount

An illiquidity discount is applied to the majority of unquoted investments, reflecting that the Company usually holds a minority stake and that the realisation of the investment may require cooperation on the timing and sale price from other stakeholders. A standard illiquidity discount of 25 per cent is applied on all unquoted investments reflecting that the Company usually holds a minority stake and that the realisation of the investment may require cooperation on the timing and sale price from other stakeholders.

### Interest rate risk

The Company has the following investments in fixed and floating rate financial assets:

	As at 30 September 2024			As at 30 September 2023		
	Total investment £'000	Weighted average interest rate %	Weighted average time for which rate is fixed Years	Total investment £'000	Weighted average interest rate %	Weighted average time for which rate is fixed Years
Fixed rate loan note securities	10,388	11.79	4.30	3,814	10.80	4.56
Floating rate sterling liquidity funds	25,404	–	–	17,810	–	–
Cash at bank and on deposit	357	–	–	670	–	–
	<b>36,149</b>			<b>22,294</b>		

The fixed rate loan notes are not subject to interest rate risk and would therefore not impact the net assets.

Movements in interest rates would not significantly affect net assets attributable to the Company's shareholders and total profits, a movement of 1% in interest rates would cause a movement in net assets of £196,000.

### Credit risk

Credit risk refers to the risk that a counterparty will default on its obligation resulting in a financial loss to the Company. The Manager monitors credit risk on an ongoing basis.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	As at 30 September 2024 £'000	As at 30 September 2023 £'000
Cash at bank and on deposit	357	670
Interest, dividends and other receivables	599	235
	<b>956</b>	<b>905</b>

Credit risk on unquoted loan stock held within unlisted investments is considered to be part of market risk as disclosed earlier in the note.

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.

All the assets of the Company which are traded on a recognised exchange are held by JP Morgan Chase ("JPM"), the Company's custodian. The board monitors the Company's risk by reviewing the custodian's internal controls reports as described in the Corporate Governance section of this report.

The majority of cash held by the Company is held by JPM. The board monitors the Company's risk by reviewing regularly the internal control reports. Should the credit quality or the financial position of the bank deteriorate significantly the Investment Manager will seek to move the cash holdings to another bank.

There were no significant concentrations of credit risk to counterparties at 30 September 2024 or 2023. No individual investment in a portfolio company exceeded 11.1 per cent of the net assets attributable to the Company's shareholders at 30 September 2024 (2023: 12.0 per cent).

### Liquidity risk

The Company's financial instruments include investments in unquoted companies which are not traded in an organised public market, all of which generally may be illiquid. AIM traded equity investments also carry a degree of liquidity risk. As a result, the Company may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

The Company's liquidity risk is managed on an ongoing basis by the Investment Manager. The Company's overall liquidity risks are monitored on a quarterly basis by the Board. The Company is a closed-end fund, assets do not need to be liquidated to meet redemptions, and sufficient liquidity is maintained to meet obligations as they fall due.

At the year end the Company had financial liabilities of £1,681,000 (2023: £1,489,000). All financial liabilities were due within three months and were undiscounted (2023: same).

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 30 September 2024, these investments were valued at £25,761,000 (2023: £18,481,000).

### 3.4 Related parties

Related party transactions include Management, Secretarial, Accounting and Performance fees payable to the Manager, Gresham House Asset Management Ltd, as disclosed in notes 2.6 and 2.8, and fees paid to the Directors along with their shareholdings as disclosed in the Directors' Remuneration Report. In addition, the Manager operates a VCT Incentive Scheme, detailed in the Management retention section of the Strategic Report on [page 32](#), whereby members of staff and portfolio consultants of the Manager are entitled to participate in all eligible unquoted investments alongside the Company.

During the year, Gresham House Asset Management Ltd received £287,000 (2023: £191,000) of advisory fees, £426,000 (2023: £412,000) of directors' fees for services provided to companies in the investment portfolio and incurred abort costs of £10,000 (2023: £4,000) with respect to investments attributable to Baronsmead Second Venture Trust plc.

### 3.5 Segmental reporting

The Company has one reportable segment being investing in primarily a portfolio of UK growth businesses, whether unquoted or traded on AIM.

### 3.6 Post balance sheet events

The following events occurred between the balance sheet date and the signing of these financial statements:

- The 31 October 2024 NAV of 57.6p was announced on 8 November 2024 and the 30 November 2024 NAV of 56.9p was announced on 5 December 2024. At the date of publishing this report, the Board is unaware of any matter that will have caused the NAV per share to have changed significantly since the latest NAV.
- On 18 November 2024, purchased 2.6 million shares of 10.0p at a price of 54.7p per share to be held in Treasury; and on 19 December 2024, purchased 1.9 million shares of 10.0p at a price of 54.1p per share to be held in Treasury.
- Completed two new unquoted investments, totalling £1.5 million.
- Completed four follow-on investments, into two quoted and two unquoted companies, totalling £1.0 million.
- Partially realised Cerillion plc in November 2024, receiving proceeds of £0.1 million and making a return of 25.7x cost.
- Crossword Cybersecurity plc delisted from AIM and entered into Administration in November 2024.



## Cash and total returns to shareholders

The table below shows the cash and total returns to shareholders dependent on their subscription cost, including their income tax reclaimed on subscription.

Year subscribed	Cash invested (p)	Income tax reclaim (p)	Net cash invested (p)	Cumulative dividends paid <sup>#</sup> (p)	Return on cash invested (%)	Current NAV (p)	Total return (%)
2001 (January)	100.00	20.00	80.00	168.80	188.8	57.41	237.7
2005 (March) – C share*	100.00	40.00	60.00	123.05	163.1	57.41	157.0
2010 (March)	103.09	30.93	72.16	120.50	146.9	57.41	108.6
2012 (December)	117.40	35.22	82.18	102.50	117.3	57.41	55.3
2014 (March)	112.40	33.72	78.68	82.50	103.4	57.41	31.5
2016 (February)	107.20	32.16	75.04	66.00	91.6	57.41	19.9
2017 (October)	97.48	29.24	68.24	46.00	77.2	57.41	8.2
2019 (February)	85.30	25.59	59.71	38.50	75.1	57.41	14.0
2019 (November)	78.90	23.67	55.23	31.00	69.3	57.41	8.0
2020 (January)	84.80	25.44	59.36	31.00	66.6	57.41	2.4
2020 (February)	82.50	24.75	57.75	27.50	63.3	57.41	7.4
2020 (March)	64.30	19.29	45.01	27.50	72.8	57.41	23.3
2020 (November)	77.90	23.37	54.53	24.50	61.5	57.41	1.9
2020 (December)	80.90	24.27	56.63	24.50	60.3	57.41	(2.3)
2021 (January)	84.40	25.32	59.08	24.50	59.0	57.41	(4.0)
2021 (February)	82.20	24.66	57.54	21.00	55.5	57.41	(6.9)
2021 (March)	84.90	25.47	59.43	21.00	54.7	57.41	(9.2)
2021 (December)	88.10	26.43	61.67	18.00	50.4	57.41	(14.9)
2022 (January)	87.10	26.13	60.97	18.00	50.7	57.41	(12.4)
2022 (March)	76.60	22.98	53.62	14.50	48.9	57.41	(6.0)
2023 (January) <sup>†</sup>	68.19	20.46	47.73	11.50	46.9	57.41	0.4
2023 (March) <sup>‡</sup>	65.72	19.72	46.00	8.50	42.9	57.41	4.5
2023 (April) <sup>‡</sup>	62.96	18.89	44.07	8.50	43.5	57.41	2.3
2024 (January) <sup>‡</sup>	61.05	18.32	42.73	6.25	40.2	57.41	1.4
2024 (February) <sup>‡</sup>	60.63	18.19	42.44	4.00	36.6	57.41	1.7
2024 (April) <sup>‡</sup>	60.67	18.20	42.47	4.00	36.6	57.41	0.9

The total return could be higher for those shareholders who were able to defer a capital gain on subscription and the net sum invested may be less.

\* Dividends paid to C shareholders post conversion have been adjusted by the conversion ratio (0.85642528).

<sup>#</sup> Includes proposed final dividend of 2.25p per share.

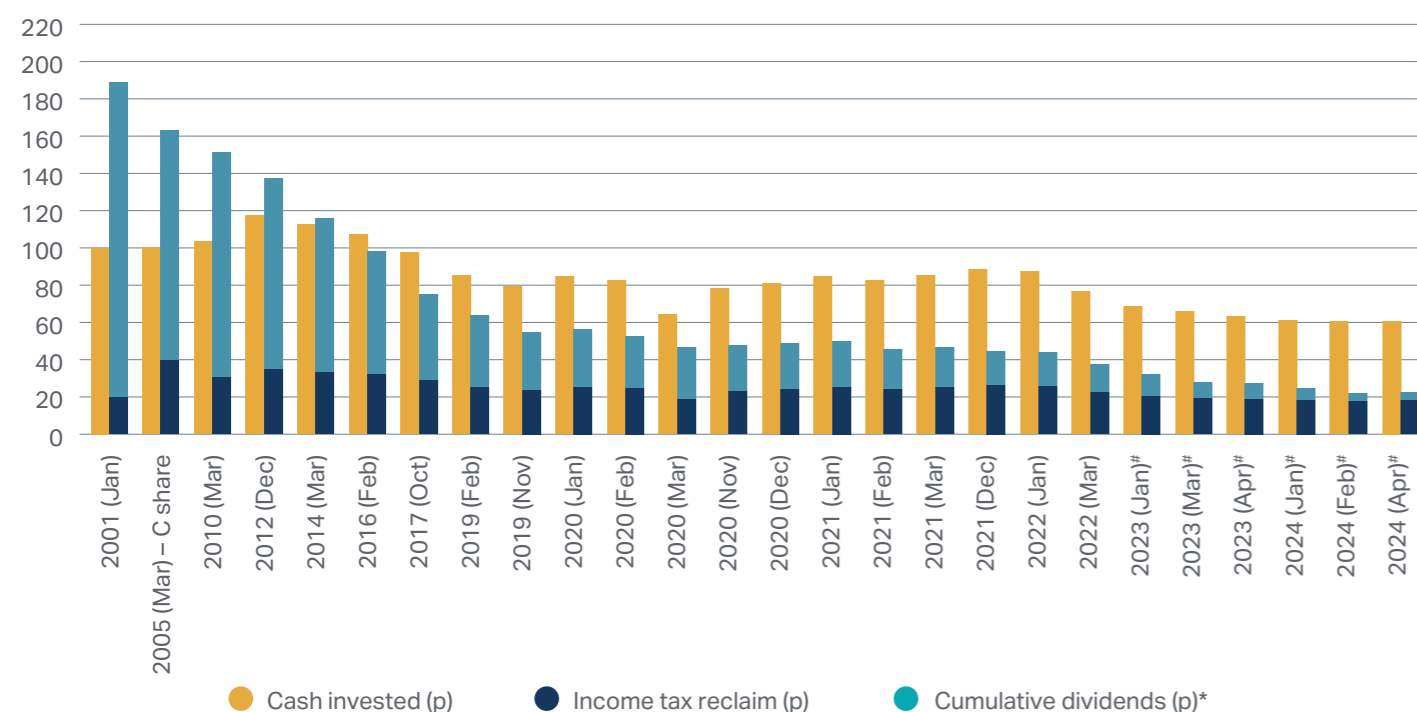
<sup>†</sup> Cash invested is the average effective offer price. Shares were allotted pursuant to the 2023 & 2024 Offers at individual prices for each investor in accordance with the allotment formula as set out in each Offer's Securities Note.

# 04 Appendices



## Cash returned to shareholders by date of investment

The chart below shows cash returned to shareholders based on the subscription price and the income tax reclaimed on subscription.



\* Includes proposed final dividend of 2.25p.

# Cash invested is the average effective offer price. Shares were allotted pursuant to the 2023 & 2024 Offers at individual prices for each investor in accordance with the allotment formula as set out in each Offer's Securities Note.

## Dividends paid since launch

Year ended	Ordinary share		
	Dividend history per ordinary share (p)	Cumulative dividends (p)	Average total dividend per ordinary share (p)
31/12/01	2.30	2.30	2.30
31/12/02	2.80	5.10	2.55
31/12/03	4.20	9.30	3.10
31/12/04	4.50	13.80	3.45
31/12/05	5.50	19.30	3.86
31/12/06	6.50	25.80	4.30
31/12/07	7.50	33.30	4.76
31/12/08	7.50	40.80	5.10
31/12/09	7.50	48.30	5.37
31/12/10	7.50	55.80	5.58
31/12/11	7.50	63.30	5.75
31/12/12	7.50	70.80	5.90
31/12/13	7.50	78.30	6.02
31/12/14	17.00	95.30	6.81
31/12/15	7.50	102.80	6.85
30/09/16	17.00	119.80	7.61
30/09/17	7.50	127.30	7.60
30/09/18	7.50	134.80	7.59
30/09/19	6.50	141.30	7.54
30/09/20	6.50	147.80	7.48
30/09/21	6.50	154.30	7.44
30/09/22	6.00	160.30	7.37
30/09/23	4.50	164.80	7.24
<b>30/09/24*</b>	<b>4.00</b>	<b>168.80</b>	<b>7.11</b>

\*Includes proposed final dividend of 2.25p.

### Unclaimed Dividends

The Company's Registrar was holding £1.2m in unclaimed dividends as at 30 September 2024. Of this amount, £0.1m has been unclaimed for over 12 years.

Under the terms of the Company's Articles of Association, any dividends unclaimed for a period of 12 years after having become due for payment shall, if the Board so resolves, be forfeited and shall cease to remain owing by the Company. Your Board would like to ensure shareholders receive dividends that are owing to them and I would like to remind shareholders that it is their responsibility to keep their address, and for those who receive their dividends by bank transfer, their bank account details, up to date by informing the Company's Registrar of any changes. Any shareholders who have not been able to claim their dividends are requested to contact the Company's Registrar on 01484 240 910 or by email at [registrars@city.uk.com](mailto:registrars@city.uk.com).



# Full investment portfolio

Company	Sector	Original book cost† £'000	Accounting book cost† £'000	30 September 2024 fair value £'000	30 September 2023 fair value £'000	% of net assets	% of equity held by Baronsmead Second Venture Trust plc	% of equity held by all funds*
<b>Unquoted</b>								
Patchworks Integration Ltd	Technology	5,486	5,486	6,753	6,031	3.0	11.4	25.0
Airfinity Ltd	Healthcare & education	4,237	4,237	5,302	4,719	2.3	9.3	20.1
Panthera Biopartners Ltd	Healthcare & education	3,338	3,338	4,007	1,781	1.8	12.2	26.7
Popsa Holdings Ltd	Technology	3,379	3,379	3,379	3,379	1.5	3.7	8.1
Scurri Web Services Ltd	Technology	2,293	2,293	2,818	2,719	1.2	6.9	14.7
Clarilis Ltd	Technology	1,819	1,819	2,723	2,723	1.2	7.6	16.7
Huma Therapeutics Ltd	Healthcare & education	2,792	2,792	2,518	–	1.1	0.4	0.8
Ozone Financial Technology Ltd	Technology	1,847	1,847	2,371	–	1.0	2.3	11.8
Fu3e Ltd	Technology	1,819	1,819	2,147	2,001	0.9	13.6	29.7
TravelLocal Ltd	Consumer markets	2,119	2,119	2,117	2,117	0.9	5.3	10.9
Metrion Biosciences Ltd	Healthcare & education	1,740	1,740	1,999	1,447	0.9	12.5	26.8
SecureCloud+ Ltd	Technology	789	789	1,687	1,904	0.7	8.8	16.7
Counting Ltd	Business services	1,588	1,588	1,590	1,055	0.7	4.1	8.8
OnSecurity Technology Ltd	Technology	1,169	1,169	1,586	–	0.7	3.7	20.0
Orri Ltd	Healthcare & education	1,362	1,362	1,576	1,413	0.7	7.6	38.2
Pointr Ltd	Technology	526	526	1,259	1,129	0.6	2.7	5.2
Cognassist UK Ltd	Healthcare & education	902	902	1,015	940	0.4	4.4	22.2
Huddl Mobility Ltd (trading as CitySwift)	Technology	938	938	971	–	0.4	3.3	17.4
Lads Store Ltd (trading as Bidnamic)	Technology	921	921	916	916	0.4	1.8	9.1
SciLeads Ltd	Technology	915	915	915	–	0.4	3.0	16.5
RevLifter Ltd	Technology	1,559	1,559	904	2,058	0.4	6.2	23.0
Proximity Insight Holdings Ltd	Technology	1,152	1,152	863	1,152	0.4	4.1	20.4
Focal Point Positioning Ltd	Technology	1,135	1,135	851	908	0.4	1.2	6.0
Branchspace Ltd	Technology	609	609	843	609	0.4	4.6	25.5
Mable Therapy Ltd	Healthcare & education	619	619	619	619	0.3	6.1	34.3
IWP Holdings Ltd	Business services	1,587	1,587	397	1,510	0.2	4.0	8.5
Connect Earth Ltd	Business services	451	451	338	451	0.1	2.9	14.7
Azarc.io Inc	Technology	652	652	326	–	0.1	4.4	23.1
Rockfish Group Ltd	Consumer markets	986	986	255	187	0.1	6.1	11.6
Dayrize B.V.	Technology	916	916	229	756	0.1	5.9	31.3
Yappy Ltd	Consumer markets	2,265	2,265	136	115	0.1	21.3	40.4
Cisiv Ltd	Technology	789	789	–	536	0.0	6.3	12.0
Custom Materials Ltd	Technology	3,092	3,092	–	–	0.0	15.2	27.8
Equipsme (Holdings) Ltd	Business services	949	949	–	–	0.0	6.4	12.7
Knight Recruitment Group Ltd	Business services	795	795	–	–	0.0	11.1	23.8

Company	Sector	Original book cost† £'000	Accounting book cost† £'000	30 September 2024 fair value £'000	30 September 2023 fair value £'000	% of net assets	% of equity held by Baronsmead Second Venture Trust plc	% of equity held by all funds*
<b>Unquoted (continued)</b>								
Munnypot Ltd	Technology	562	562	–	–	0.0	1.5	2.7
SilkFred Ltd	Consumer markets	966	966	–	396	0.0	2.8	5.1
Tribe Digital Holdings Ltd	Technology	1,351	1,351	–	559	0.0	6.0	11.5
		<b>60,414</b>	<b>60,414</b>	<b>53,410</b>		<b>23.4</b>		
<b>Delisted (previously AIM)</b>								
MXC Capital Ltd	Business services	240	267	–	–	0.0	0.3	0.6
Fulcrum Utility Services Ltd	Business services	342	1,650	–	4	0.0	0.9	1.0
LoopUp Group plc	Technology	616	640	–	13	0.0	0.3	0.6
		<b>1,198</b>	<b>2,557</b>	<b>–</b>		<b>0.0</b>		
<b>Total unquoted</b>		<b>61,612</b>	<b>62,971</b>	<b>53,410</b>		<b>23.4</b>		
<b>AIM</b>								
Cerillion plc	Technology	1,077	1,191	25,226	25,247	11.1	4.8	8.7
Netcall plc	Technology	2,616	5,983	12,869	12,425	5.7	9.0	24.4
IDOX plc	Technology	1,028	2,972	6,683	7,014	3.0	2.4	6.5
Property Franchise Group plc	Consumer markets	1,758	1,858	6,020	2,264	2.6	2.3	18.2
Bioventix plc	Healthcare & education	309	940	4,476	4,476	2.0	2.3	11.1
Anpario plc	Healthcare & education	662	2,239	3,212	2,493	1.4	4.7	6.9
Diaceutics plc	Healthcare & education	1,590	1,590	2,762	2,155	1.2	2.5	13.0
Vianet Group plc	Business services	2,092	1,724	2,090	1,244	0.9	5.6	17.3
PCI-PAL plc	Technology	1,584	1,584	2,041	2,203	0.9	6.0	10.9
hVIVO plc	Healthcare & education	1,445	1,437	2,029	1,425	0.9	1.1	1.9
Beeks Financial Cloud Group plc	Technology	413	413	2,013	726	0.9	1.2	2.3
IntelliAM AI plc	Technology	2,117	2,117	1,802	–	0.8	11.8	23.5
Crossword Cybersecurity plc†	Technology	3,362	3,362	1,330	1,867	0.6	8.1	15.6
Inspired plc	Business services	861	2,682	1,232	1,943	0.5	2.6	28.5
Begbies Traynor Group plc	Business services	545	513	1,161	1,326	0.5	0.7	3.8
Eden Research plc	Business services	2,270	2,275	1,134	689	0.5	5.5	9.9
Oberon Investments Group plc	Business services	1,549	1,549	1,059	957	0.5	5.1	9.7
Pulsar Group plc (formerly Access Intelligence plc)	Business services	716	716	1,037	1,019	0.5	1.4	7.3
Skillcast Group plc	Healthcare & education	817	817	993	419	0.4	2.5	4.7
Merit Group plc	Technology	3,267	4,253	940	734	0.4	6.1	10.2
Tan Delta Systems plc	Business services	956	956	919	883	0.4	5.0	9.8
SysGroup plc	Technology	1,579	1,578	835	760	0.4	3.1	26.3
Diales plc (formerly Driver Group plc)	Business services	1,529	1,747	733	733	0.3	5.6	20.1
Earnz plc	Business services	703	703	674	–	0.3	9.2	24.5
Everyman Media Group plc	Consumer markets	956	1,010	646	576	0.3	1.3	9.6
One Media iP Group plc	Technology	1,008	912	527	724	0.2	5.9	10.8
SEEN plc	Technology	2,250	2,250	363	799	0.2	12.1	23.1
Scholium Group plc	Consumer markets	1,100	682	352	352	0.2	8.1	14.7
TPXImpact Holdings plc	Technology	660	660	294	348	0.1	1.0	1.8

Company	Sector	Original book cost <sup>†</sup> £'000	Accounting book cost <sup>†</sup> £'000	30 September 2024 fair value £'000	30 September 2023 fair value £'000	% of net assets	% of equity held by Baronsmead Second Venture Trust plc	% of equity held by all funds <sup>#</sup>
<b>AIM (continued)</b>								
Crimson Tide plc	Technology	668	668	278	401	0.1	3.4	6.4
IXICO plc	Healthcare & education	825	825	265	530	0.1	6.1	11.1
Poolbeg Pharma plc	Healthcare & education	51	51	229	169	0.1	0.5	0.9
KRM22 plc	Technology	550	550	176	192	0.1	1.5	2.8
Science In Sport plc	Consumer markets	352	330	143	71	0.1	0.3	0.5
Rosslyn Data Technologies plc	Technology	1,407	1,407	64	117	0.0	3.3	6.0
Tasty plc	Consumer markets	2,033	6,085	58	65	0.0	2.5	10.2
Totally plc	Healthcare & education	86	197	45	35	0.0	0.3	0.5
Zoo Digital Group plc	Technology	817	586	36	41	0.0	0.1	0.2
Fusion Antibodies plc	Healthcare & education	660	660	32	44	0.0	0.8	1.5
I-nexus Global plc	Technology	688	688	26	35	0.0	2.9	5.4
Aptamer Group plc	Healthcare & education	2,390	2,390	4	28	0.0	0.1	0.2
CloudCoco Group plc	Technology	535	359	3	31	0.0	0.5	0.8
<b>Total AIM</b>		<b>51,881</b>	<b>65,509</b>	<b>86,811</b>		<b>38.2</b>		
<b>Collective investment vehicles</b>								
WS Gresham House UK Micro Cap Fund		6,334	10,480	27,039	24,617	11.9		
WS Gresham House UK Multi Cap Income Fund		17,255	17,255	19,669	21,322	8.6		
WS Gresham House UK Smaller Companies Fund		13,074	13,074	15,836	17,014	7.1		
BlackRock Sterling Liquidity Fund		8,468	8,468	8,468	5,937	3.7		
JPMorgan Sterling Liquidity Fund		8,468	8,468	8,468	5,937	3.7		
Goldman Sachs Sterling Liquidity Fund		8,468	8,468	8,468	5,937	3.7		
<b>Total collective investment vehicles</b>		<b>62,067</b>	<b>66,213</b>	<b>87,948</b>		<b>38.7</b>		
<b>Total investments</b>		<b>175,560</b>	<b>194,693</b>	<b>228,169</b>		<b>100.3</b>		
<b>Net current assets</b>				<b>(725)</b>		<b>(0.3)</b>		
<b>Net assets</b>				<b>227,444</b>		<b>100.0</b>		

<sup>†</sup> The original cost column provides the combined cost of investments made by BVCT3, BVCT4 and BVCT5 prior to the merger of the three VCT's to become BSVT. This is included for information purposes for shareholders reviewing the portfolio.

The accounting cost column ties into the investment note on page 78 of these accounts. For Investments owned before the assets of BVCT 4 and BVCT 5 were acquired by BVCT 3 the accounting book cost is a sum of the original cost of the investments held in BVCT 3 and the market value of the investment in BVCT 4 and BVCT 5 at the date of each of the mergers.

<sup>#</sup> All funds managed by the same Manager, Gresham House Asset Management Ltd.

<sup>†</sup> Includes unquoted convertible loan note; Cost £1,040,000, Fair Value £1,176,000. Since the year end, the Company has delisted from AIM and entered into Administration.

## Glossary

<b>AIM</b>	The Alternative Investment Market, a sub-market of the London Stock Exchange, designed to help smaller companies access capital from the public market.
<b>Annual Dividend Yield</b>	The rate of dividend paid/declared for financial year divided by opening net asset value per share.
<b>BSVT</b>	Baronsmead Second Venture Trust plc
<b>Book Cost (Original)</b>	Total acquisition value, including transaction costs, less the value of any disposals or capitalised distributions allocated on a weighted average cost basis.
<b>Book Cost (Accounting)</b>	The original book cost of an asset, rebased to the value at which it was used in a subsequent transaction, such as a transfer between entities.
<b>Collective Investment Vehicle</b>	An entity which allows investors to pool their money, investing the pooled funds on their behalf.
<b>Direct Investments</b>	Investments held by Baronsmead Second Venture Trust plc only. Does not include investments held by Micro Cap, Multi Cap Income or Small Cap.
<b>Discount/Premium</b>	If the share price is lower than the NAV per share, it is said to be trading at a discount. The size of the Company's discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium.
<b>EBITDA</b>	Earnings before Interest, Tax, Depreciation and Amortisation – a proxy for the cash flow generated by a business, most commonly used for businesses that do not (yet) generate operating or shareholder profits.
<b>IFA</b>	Independent Financial Advisers, professionals who offer independent advice to their clients and recommend suitable financial products.
<b>Key Performance Indicators ("KPIs")</b>	A measurable value that demonstrates how effectively the Company is achieving core business objectives.
<b>NAV</b>	The total value of all the Company's assets, at current market value, having deducted all liabilities at their carrying value.
<b>NAV per share</b>	Total Net Asset Value divided by the number of shares.
<b>NAV total return</b>	A measure showing how the Net Asset Value has performed over a period of time, taking into account both capital returns and dividends paid to shareholders, assuming that dividends paid were reinvested at the NAV of the Company at the time the shares were quoted ex-dividend.
<b>Return on Cash Invested to shareholders</b>	The amount of cash returned to shareholders through income tax reclaimed, and cumulative dividends paid, expressed as a percentage of the initial investment.
<b>Shares Held in Treasury</b>	Shares in the Company repurchased by itself, reducing the number of freely traded shares.
<b>SME</b>	Small and medium-sized entities. These are independent companies which meet two of the three recognition criteria for small or medium companies according to EU Legislation.
<b>Total Assets</b>	All assets, both current and non-current. An asset is an economic resource owned by an entity that can lead to an increase in economic value.
<b>VCT Value</b>	The value of an investment when acquired, rebased if the holding is added to or any payment is made which causes an increase or decrease in its value.
<b>WS Gresham House Equity Funds</b>	Includes WS Gresham House UK Micro Cap Fund ("Micro Cap"), WS Gresham House UK Multi Cap Income Fund ("Multi Cap") and WS Gresham House UK Smaller Companies Fund ("Small Cap").
<b>80 per cent test</b>	Ensuring that the Company meets the requirement to hold 80 per cent of its investments in qualifying holdings.



NAV total return reconciliation	Q1	Q2	Q3	Q4
Opening NAV total return (p)	318.5	335.1	329.7	342.3
NAV movement (p)	5.4	(5.3)	3.8	(4.0)
Dividend (p)	0.0	3.7	0.0	2.8
Total return (p)	5.4	(1.6)	3.8	(1.2)
Change in NAV total return (p)*	16.6	(5.4)	12.6	(4.6)
Closing NAV total return (p)	335.1	329.7	342.3	337.7

\* The change in NAV total return is the sum of the monthly total returns calculated on a compound basis.

AIC methodology: The NAV total return to the investor, including the original amount invested (rebased to 100) from launch, assuming that dividends paid were reinvested at the NAV of the Company at the time the shares were quoted ex-dividend.

Annual dividend yield reconciliation	2024	2023	2022
Interim dividend	1.75p	2.25p	3.0p
Recommended final dividend	2.25p	2.25p	3.0p
Total dividend	4.0p	4.5p	6.0p
Opening NAV (after final dividend)	55.6p	62.1p	84.3p
Dividend yield	7.2%	7.2%	7.1%





# 05 Information

## Shareholder information and contact details

### Warning to Shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from “brokers” based overseas who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers for free company reports.

Please note that it is very unlikely that either the Company or the Company’s Registrar, The City Partnership (UK) Ltd, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment “advice”.

If you are in any doubt about the veracity of an unsolicited phone call, please call either the Company or the Registrar at the numbers provided below.

### Protect Yourself

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money or share certificates:

- 1 Get the name of the person and organisation contacting you.
- 2 Check the FCA Register at [www.fca.org.uk/register](http://www.fca.org.uk/register) to ensure they are authorised (or [www.fca.org.uk/publication/systems-information/aifmd-small-register.pdf](http://www.fca.org.uk/publication/systems-information/aifmd-small-register.pdf)).
- 3 Use the details on the FCA Register to contact the firm.
- 4 Call the FCA Consumer Helpline on 0800 111 6768 (freephone) from 8.00am to 6.00pm, Monday to Friday (except public holidays) and 9.00am to 1.00pm, Saturday (from abroad call +44 20 7066 1000) if there are no contact details on the Register or you are told they are out of date.
- 5 Search the FCA’s list of unauthorised firms and individuals to avoid doing business with.
- 6 REMEMBER: if it sounds too good to be true, it probably is!

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service (<https://www.financial-ombudsman.org.uk/>) or Financial Services Compensation Scheme (<https://www.fscs.org.uk/>) if things go wrong.

### Report a Scam

If you are approached about a share scam, you should tell the FCA using the Share Fraud Reporting Form ([www.fca.org.uk/consumers/report-scam-unauthorised-firm](http://www.fca.org.uk/consumers/report-scam-unauthorised-firm)), where you can find out about the latest investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768.

If you have already paid money (or otherwise dealt with share fraudsters), you should contact ActionFraud on 0300 123 2040 or use the ActionFraud (<https://www.actionfraudalert.co.uk/>) Online Reporting Tool.

More detailed information on this or similar activity can be found on the FCA web site.



## Shareholder account queries

The Registrar for **Baronsmead Second Venture Trust plc** is The City Partnership (UK) Limited ("City").

The Registrar will deal with all of your queries with regard to your shareholder account, such as:

- Change of address
- Latest net asset value
- Your current shareholding balance
- Your payment history including any outstanding payments and reissue requests
- Your payment options (cheque, direct payment to your bank/building society account, reinvestment)
- Paper or electronic communications
- Request replacement share certificates (for which there may be additional administrative and other charges)

You can contact City with your queries in several ways:

<b>On-line:</b>	Investor Hub <a href="https://gresham-house-vcts.cityhub.uk.com/">https://gresham-house-vcts.cityhub.uk.com/</a>	<ul style="list-style-type: none"> <li>▪ City's secure website, Investor Hub, allows you to manage your own shareholding online</li> <li>▪ You will need to register to use this service on the Investor Hub.</li> <li>▪ You should have your Access Token to hand, which is available on the Change in Registrar letter, any recently issued share certificates and the quarterly DRIP statement (if applicable) which you should always keep confidential for security reasons.</li> </ul>
<b>Telephone:</b>	01484 240 910	<ul style="list-style-type: none"> <li>▪ Lines are open 9.00am to 5.30pm, Monday to Friday, excluding public holidays in England and Wales.</li> <li>▪ Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate.</li> </ul>
<b>Email:</b>	<a href="mailto:registrars@city.uk.com">registrars@city.uk.com</a>	
<b>Post:</b>	The City Partnership (UK) Limited Mending Rooms, Park Valley Mills, Meltham Road, Huddersfield HD4 7B	

## Share price

The Company's shares are listed on the London Stock Exchange (LSE). The LSE code for the Company is "BMD". The mid-price of the Company's shares is given daily in the Financial Times in the Investment Companies section of the London Share Service. Share price information can also be obtained from the link on the Company's website and many financial websites.

## Calendar

February 2025	Quarterly factsheet to 31 December 2024.
14 February 2025	FY24 final dividend record date.
12 March 2025	Annual General Meeting.
17 March 2025	FY24 final dividend payment, subject to shareholder approval at the AGM on 12 March 2025.
May/June 2025	Announcement and posting of interim report for the six months to 31 March 2025.
August 2025	Quarterly factsheet to 30 June 2025.
December 2025	Announcement and posting of final results for year to 30 September 2025.

## Additional information

The information provided in this report has been produced in order for shareholders to be informed of the activities of the Company during the period it covers. Gresham House Asset Management Limited does not give investment advice and the naming of companies in this report is not a recommendation to deal in them.

Baronsmead Second Venture Trust plc is managed by Gresham House Asset Management Limited which is authorised and regulated by the FCA. Past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities and smaller companies, their potential volatility may increase the risk to the value of, and the income from, the investment.

## Secondary market in the shares of Baronsmead Second Venture Trust plc

The Company's shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange via a stockbroker.

The market makers in the shares of Baronsmead Second Venture Trust plc are:

Panmure Liberum	020 3100 2000 (the Company's broker)
Winterflood	020 3100 0000

Qualifying investors\* who invest in the existing shares of the Company can benefit from:

- Tax free dividends;
- Realised gains are not subject to capital gains tax (although any realised losses are not allowable);
- No minimum holding period; and
- No need to include VCT dividends in annual tax returns.

The UK tax treatment of VCTs is on a first in first out basis and therefore tax advice should be obtained before shareholders dispose of their shares and also if they deferred a capital gain in respect of new shares acquired prior to 6 April 2004.

\* UK income tax payers, aged 18 or over, who acquire no more than £200,000 worth of VCT shares in a tax year.

# Corporate information

## Directors

Sarah Fromson (Chair)<sup>†</sup>  
Graham McDonald  
Timothy Farazmand\*\*  
Malcolm Groat\*\*  
Adriana Stirling

## Secretary

Gresham House Asset Management Ltd

## Registered Office

5 New Street Square  
London EC4A 3TW

## Investment Manager

Gresham House Asset Management Ltd  
5 New Street Square  
London EC4A 3TW

## Registered Number

04115341

## Registrars and Transfer Office

The City Partnership (UK) Ltd  
The Mending Rooms  
Park Valley Mills  
Meltham Road  
Huddersfield HD4 7BH  
Tel: 01484 240 910

<sup>†</sup> Chair of the Nomination Committee

<sup>\*</sup> Chair of the Audit & Risk Committee

<sup>\*\*</sup> Chair of the Management Engagement & Remuneration Committee

<sup>†</sup> Senior Independent Director

## Brokers

Panmure Liberum  
Ropemaker Place, Level 12  
25 Ropemaker Street  
London EC2Y 9LY  
England  
Tel: 020 3100 2000

## Auditor

BDO LLP  
55 Baker Street  
London W1U 7EU

## Solicitors

Howard Kennedy LLP  
1 London Bridge  
London SE1 9BG

## VCT Status Adviser

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

## Contact the Chair

[chair@baronsmeadvcts.com](mailto:chair@baronsmeadvcts.com)

## Website

[www.baronsmeadvcts.co.uk](http://www.baronsmeadvcts.co.uk)





**Gresham House**

Specialist investment