Baronsmead

Baronsmead Venture Trust plc
Annual Report and Audited Financial Statements for the year ended 30 September 2021

Gresham House
Since 1857
Specialist asset management

About Baronsmead Venture Trust plc

Our investment objective

Baronsmead Venture Trust plc (the "Company") is a tax efficient listed company which aims to achieve long-term investment returns for private investors, including tax-free dividends.

Investment policy

- To invest primarily in a diverse portfolio of UK growth businesses, whether unquoted or traded on AIM.
- Investments are made selectively across a range of sectors in companies that have the potential to grow and enhance their value.

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 Annual General Meeting in February/March.
- The Board will use, as a guide, when setting the dividends for a financial year, a sum representing 7 per cent of the opening net asset value of that financial year.

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 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 the management resources are in place to deliver profitable growth. The aim is to build on the business model and grow the company into an attractive target which can be sold or potentially floated in the medium term.

A more detailed explanation of how the investment policy and business model are applied is provided in the Other Matters section of the Strategic Report on pages 25 to 29. The full investment policy can be found on page 81.

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Example investments

IWP (unquoted)
IWP is a leading consolidator of independent wealth planning businesses. The Baronsmead investment provided growth capital for the business before it began its acquisition strategy, enabling it to establish its integrated investment management practice. To date, the business has acquired 30 businesses and has a healthy pipeline of potential acquisitions.

Access Intelligence (quoted)
Access Intelligence delivers SaaS solutions to over 6,000 organisations, providing marketing insights that support initiatives to improve strategy, manage reputation and public relations and improve engagement with key stakeholders.

TPX Impact Holdings (Quoted)
TPX Impact is a technology-enabled services company focused on digital transformation. The business is being increasingly recognised as a leading alternative digital transformation provider to the UK public services sector, representing 70% of its client base.

Metrion (Unquoted)
Metrion Biosciences is a UK-based specialist provider of high quality ion channel drug discovery services, serving pharma companies and biotechs who are looking to develop novel drugs. Metrion provides two main services:

1) cardiac safety screening where all drug candidates must be assessed for potential adverse effects, including the risk of heart attack; and

2) support services to pharma/biotechs developing new medicines which specifically target ion channels.

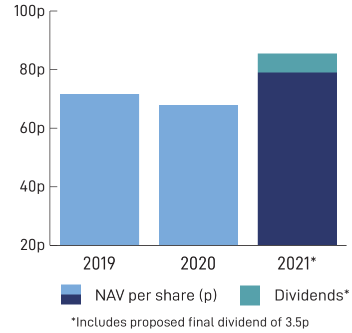
If you have sold or otherwise transferred all of your shares in Baronsmead Venture Trust plc, please forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was, or is being,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

Strategic report

Financial highlights

+25.8%

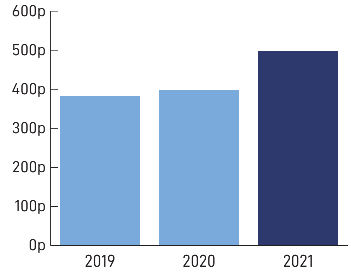
Increase in net asset value per share[1,2]
(12 months to 30 September 2021)



Net Asset Value ("NAV") per share increased 25.8 per cent to 85.4p before the deduction of dividends for the financial year ended 30 September 2021.

496.2p

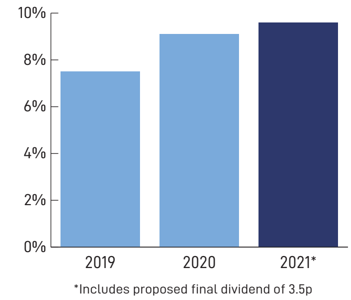
Net asset value total return[1]
(as at 30 September 2021)



NAV total return to shareholders for every 100.0p invested at launch (April 1998).

9.6%

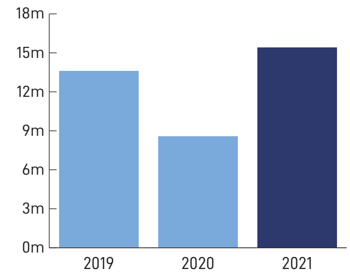
Annual tax free dividend yield[1]
(12 months to 30 September 2021)



Annual tax free dividend yield based on 6.5p dividends paid (including proposed final dividend of 3.5p) and opening NAV of 67.9p.

£15.4m

New investments[3]
(12 months to 30 September 2021)



Investments made into ten new and five follow-on opportunities during the year.

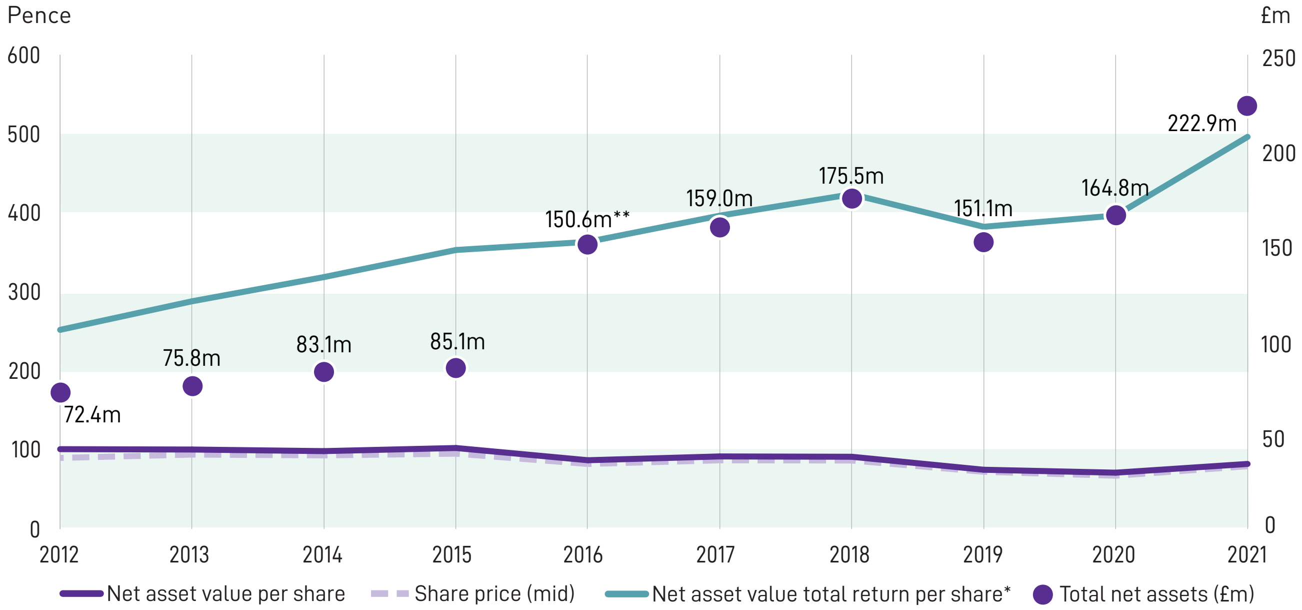
Unquoted: **£11.7m**

Quoted: **£3.7m**

1. Alternative Performance Measures ("APM")/Key Performance Indicators ("KPIs") – please refer to glossary on page 86 for definitions.
2. Please refer to table on page 4 for breakdown of NAV per share movement.
3. Direct investments only.

Performance summary

Ten year performance record



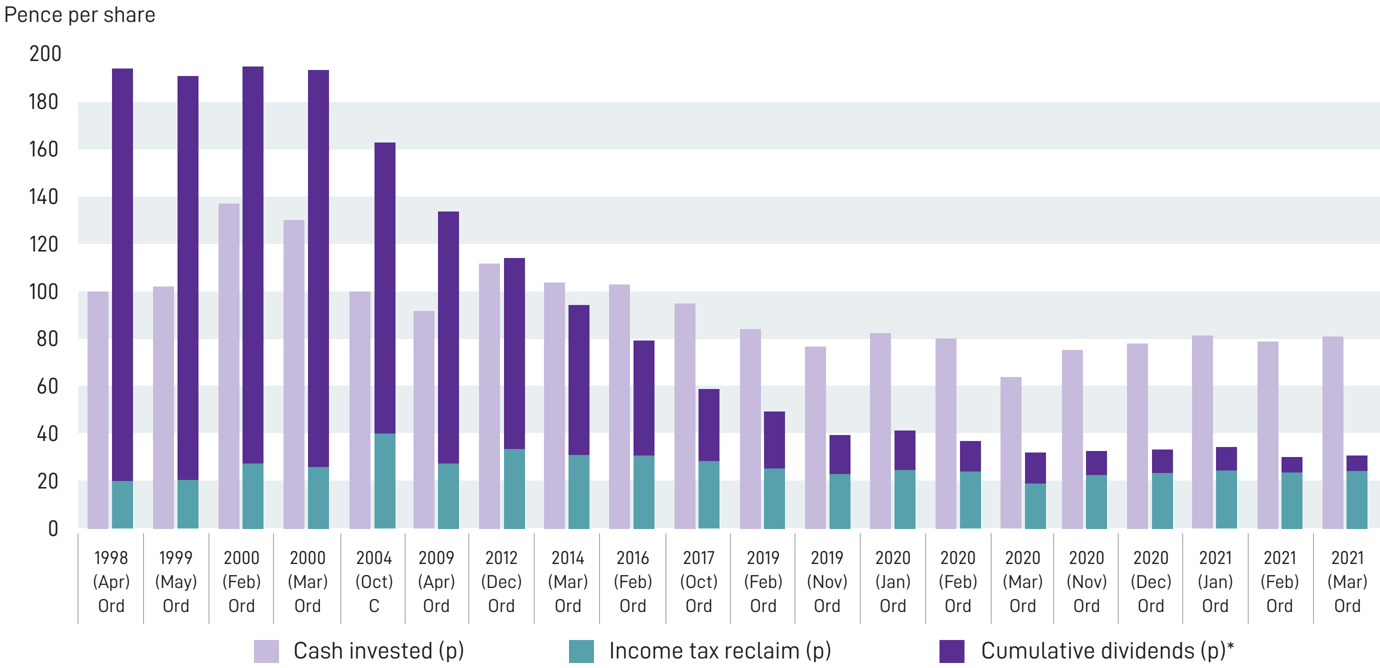
** Net asset value total return (gross dividends reinvested) rebased to 100p.*

*** Net asset value increase following the merger of Baronsmead VCT plc & Baronsmead VCT2 plc in February 2016*

Source: Gresham House Asset Management Ltd

Cash returned to shareholders by date of investment

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



**Includes proposed final dividend of 3.5p*

Strategic report

The Chairman's statement forms part of the strategic report.

Chairman's statement

Peter Lawrence
Chairman

I am delighted to be able to report an increase of 25.8 per cent in the Company's NAV per share, before dividend payments, for the financial year.

Despite the significant volatility seen in public markets during 2020, we have seen excellent performance from our AIM-traded investments in the year to 30 September 2021. The unquoted portfolio has also performed well, led by a strong performance from investments in software and technology enabled services companies as well as a recovery in the value of the multi-site restaurant businesses.

Results

	Pence per ordinary share
NAV as at 1 October 2020 (after final dividend)	67.9
Valuation increase (25.8 per cent)	17.5
NAV as at 30 September 2021 before dividends	85.4
Less:	
Interim dividend paid on 10 September 2021	(3.0)
Proposed final dividend of 3.5p payable, after shareholder approval, on 4 March 2022	(3.5)
Illustrative NAV as at 30 September 2021 after proposed dividend	78.9

Portfolio review

At 30 September 2021, the Company's direct investment portfolio was valued at £129 million and comprised investments in a total of 84 companies of which 37 are unquoted and 47 are quoted. The unquoted portfolio has increased to 37 companies with 7 new investments and 2 realisations. The Company's investments in the LF Gresham House UK Micro Cap Fund, LF Gresham House UK Multi Cap Income Fund and now, since our investment in August 2021, in the LF Gresham House UK Smaller Companies Fund were valued at £55 million at 30 September 2021. These investments provide further diversity, giving investment exposure to an additional 98 AIM-traded and fully listed companies and thus spreading investment risk across 182 portfolio companies.

During the 12 months to 30 September 2021, the underlying value of the unquoted portfolio increased by 28 per cent, reflecting the continued strong performance of the majority of investments. The portfolio of directly held AIM investments increased by 53 per cent during the year, recovering significantly from the early impact of the COVID-19 pandemic on public markets.

The strong uplift in the value of the AIM traded holdings emphasises the benefits of having a portfolio with both private unquoted and publicly listed companies. Over the long-term, the returns profile of the quoted and unquoted portfolios has proved complementary, with both asset classes delivering robust performances.

Investments and divestments

The Board is pleased to report that the Company has continued to make new investments despite the disruption of COVID-19 and has invested a total of £15 million in 15 companies over the year. Further details of the new investments made are included in the Manager's review. The requirement to make new investments in earlier stage opportunities may result in greater volatility of returns over time. We have highlighted this in the past, and it remains true. In addition to the number of holdings, the portfolio is well diversified by sector, with a weighting towards technology, healthcare, and recurring revenue business models.

There have been several realisations from both the unquoted and quoted portfolio during the year, reflecting the Manager's continued focus on driving liquidity to create realised capital profits to fund current and future dividends for shareholders. For example, the sale of Pho, from the unquoted portfolio, delivered total proceeds of £4.8 million for a gross money multiple of 2.5x cost. The Manager also realised its investment in Wey Education, from the quoted portfolio, which delivered proceeds of £5.8 million for a total gross money multiple of 13.6x cost. The Manager has made a select number of profitable partial realisations in the quoted portfolio during the year, including Cerillion plc, resulting in the receipt of proceeds of £2.6 million at an aggregate of 5.6x cost. The Company's investment into Storyshare was also rolled into Evotix, a much larger business, in July 2021, to build critical mass and improve its future returns prospect, given that the investment is currently being held at 0.4x cost.

The Manager's acquisition of the Mobeus VCTs

In September 2021, the Company's Manager, Gresham House, acquired the VCT business of Mobeus Equity Partners LLP. This acquisition enhances Gresham House's position within the VCT market, increasing the funds under management across its VCT range to approximately £850 million as at 30 September. The existing Gresham House VCT team is now working alongside the newly acquired Mobeus VCT team in managing the Company's portfolio and the Board is pleased with the progress made thus far in relation to the integration of the two teams.

The Board is supportive of these developments as the acquisition enlarges the Gresham House VCT team significantly and the Board believes that the combined platform will enhance the Manager's ability to identify and manage attractive early-stage unquoted investments. The Board believes that this will benefit the Company through more consistent and increased rates of investment which will ultimately support the delivery of attractive long-term performance for the Company's shareholders.

Dividends

The Board is pleased to declare a final dividend of 3.5p per share for the year to 30 September 2021, payable on 4 March 2022. This is in addition to the 3.0p interim dividend paid in September and means that the total dividends for the year are 6.5p. This is a 9.6 per cent yield based on the opening NAV per share of 67.9p and is above the target policy of 7 per cent of the NAV per share at the start of the year.

The Company has good levels of realised reserves available to fund future dividends and the Manager continues to focus on consistently selling investments and generating realised profits across the portfolio which help to sustain the payment of dividends.

Environmental, Social and Governance ("ESG") matters

Environmental, social and governance analysis is embedded into the Company's investment processes by the Manager in order to build and protect long-term value for investors. A framework based on ten key ESG themes is used to analyse, monitor and report on ESG risks and opportunities across the lifecycle of investments. Further information in relation to the Manager's integration of ESG factors in the management of the Company's portfolio is set out on pages 20 to 24 of the strategic report.

Fundraising

In August 2021, the Board announced its intention to raise new funds to enhance the Company's resources available for new and follow-on investments over the next two to three years. Consequently, in November 2021 the Company launched an offer for subscription to raise £25 million (before costs) with an additional £12.5 million over-allotment facility (before costs) available if required. As at the date of this statement investors had subscribed £19.0 million and the offer remains open until 29 March 2022 unless fully subscribed or closed earlier. We would like to thank those existing shareholders who have already subscribed to the Company's offer for their continued support and to welcome new shareholders.

Annual General Meeting ("AGM")

The Company's last AGM was held as a hybrid meeting on 16 February 2021, due to government restrictions on public gatherings at that time. This year, pending any future changes in restrictions, we look forward to holding an AGM in person on 16 February 2022 at Saddlers' Hall, 40 Gutter Lane, London, EC2V 6BR. The Manager will deliver a presentation at 12.00pm, followed by some light refreshments,

Chairman's statement continued

after which I will present my own review of the year as usual at 1.30pm.

For any shareholders that do not wish to attend in person, we will be live streaming the AGM and Manager's presentation. Registration details for the live stream will be included in the Notice of AGM. Voting will not be available via the online streaming service and we encourage shareholders to exercise their votes by submitting their proxy electronically or by post. The Directors appreciate the engagement with shareholders that takes place at the AGM and encourage shareholders to submit any questions to the Board in advance of the meeting. Shareholders can submit questions up until noon on 15 February 2022 in the following ways:

- By email: send your questions to baronsmeadvcts@greshamhouse.com
- By telephone: contact Investor relations on 020 7382 0999

Succession planning

During the year, the Board began the processes of implementing its succession plan. We have welcomed two new directors to the Board this year, Michael Probin and Fiona Miller Smith. Michael has over 30 years of experience in the tax efficient investment industry, and Fiona brings over 25 years of experience in investing in and leading growth companies. We look forward to working with both Michael and Fiona.

Following the end of the financial year, Valerie Marshall retired from the Board, effective 31 October 2021. Valerie served as a director of Baronsmead VCT plc from November 2009 and then continued as a director of Baronsmead

Venture Trust plc after the merger in 2016. I would like to thank Valerie for her huge contribution and sound advice given to the Company over this time and we wish her all the best with her future endeavours. It is my intention, that I too will retire from the Board at an appropriate time during the course of the current financial year.

Outlook

Although the UK has been efficient in its vaccination program, the COVID-19 pandemic continues to impact us all. We continue to monitor developments and any potential impact on the portfolio but we are encouraged by the level of resilience already demonstrated by our management team, investee companies and our key service providers.

The disruption and market dislocation has also provided, and will keep on providing, investment opportunities and the Manager remains focused on investing in businesses with strong fundamental characteristics which should continue to grow consistently throughout the economic cycle.

Overall, the economy has rebounded strongly following the sharp decline in activity and fall in public markets immediately after the first national lockdown in March 2020. However, the ongoing recovery is likely to be uneven as the UK government's COVID-19 support packages continue to be withdrawn and inflationary and supply chain pressures flow through the economy. The Manager anticipates this will lead to increased public market volatility and, for those sectors reliant on physical goods, more uncertainty over the deliverability of short-term sales forecasts, while operating margin pressure will be felt due to wage inflation.

Despite the potential economic headwinds, the Board continues to believe it is a good time to be investing in earlier stage, innovative and high growth potential businesses, looking to take advantage of technology-driven changes in consumer behaviour and the disruption of traditional supply chains. The level of interesting investment opportunities being reviewed by the Manager continues to be strong. As the earlier stage portfolio continues to mature, there is also an increase in existing high potential portfolio companies looking for follow-on capital to support future growth.

Peter Lawrence
Chairman

6 December 2021

Strategic report

Manager's review

Bevan Duncan
Fund Manager
Managing Director, Strategic Equity

Ken Wotton
Fund Manager
Managing Director, Public Equity

Tania Hayes
Finance Director, VCTs

Andrew Hampshire
Chief Operating Officer

This year has seen a strong overall performance from the investment portfolio despite continued uncertainty caused by COVID-19. The portfolio is well diversified, with exposure to 182 quoted and unquoted companies, and has delivered an increase in net asset value of 25.8 per cent over the year.

Portfolio review

Overview

The net assets of £223 million were invested as follows:

Asset class	NAV (£m)	% of NAV*	Number of investees**	% return in the year***
Unquoted	52	23	37	28
AIM-traded companies	77	35	47	53
LF Gresham House UK Micro Cap Fund	40	18	51	46
LF Gresham House UK Multi Cap Income Fund	7	3	47	32
LF Gresham House UK Smaller Companies Fund	8	4	49	1
Liquid assets#	39	17	N/A	–
Totals	**223**	**100**	**231**	**–**

* *By value as at 30 September 2021.*
** *Includes investee companies with holdings by more than one fund. Total number of individual companies held is 182.*
*** *Return includes interest received on unquoted realisations during the year.*
# *Represents cash, OEICs and net current assets.*

The tables on pages 12 to 13 show the breakdown of new investments and realisations over the course of the year and below is a commentary on 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, £15.4 million was invested in 15 companies including ten new additions to the portfolio and five follow on investments. Below are descriptions of some of the new investments made;

- Investments were made into **eConsult Ltd** (unquoted) and **Metrion Biosciences Ltd** (unquoted), both specialist healthcare providers. eConsult provides a clinically led online consultation service to digitally triage patients, reducing the number of face-to-face consultations required, while Metrion is a Contract Research Organisation focused on delivering a range of high-quality ion channel drug discovery services.
- Investments into **RevLifter Ltd** (unquoted), **Scurri Web Services Ltd** (unquoted) and **Patchworks Ltd** (unquoted) follow our focus on companies supporting the shift to e-commerce. RevLifter has developed an Artificial Intelligence ("AI") platform using advanced behavioural analytics to deliver tailored promotions to consumers, Scurri provides a cloud-based logistics management platform, and Patchworks provides integration software to the multiple operational systems used by e-commerce businesses.
- Three new quoted investments were completed during the year. These companies also operate in our core investment focus areas of niche software and pharmaceutical outsourced service providers. **Crimson Tide plc** provides a field service management software platform and service; **Crossword Cybersecurity plc** sources and develops academic ideas into commercial cyber security products and services; and **Deepverge plc** is a software tool that joins technology platforms with partners in AI, clinical research, medical devices, life science and environmental science.

The Company made additional investments into five existing portfolio companies, one quoted and four 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.

Unquoted portfolio

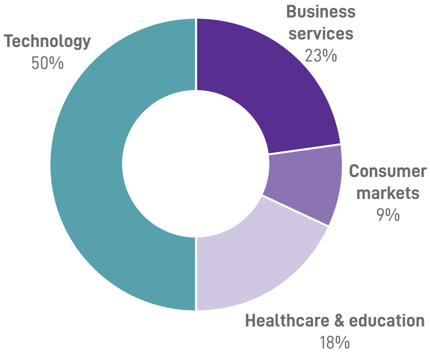
Performance

The unquoted portfolio performed well during the year, increasing in value by 28 per cent. There has been ongoing disruption due to COVID-19, particularly affecting our multi-site nursery chain, travel businesses and casual dining restaurants, driven by the national lockdowns and social distancing requirements. However revenues have bounced back strongly since the economy reopened. In aggregate, we have seen consistently robust performance in our technology, healthcare and services companies within the portfolio, especially those with recurring or contracted revenue business models with good visibility over future revenues and cashflows.

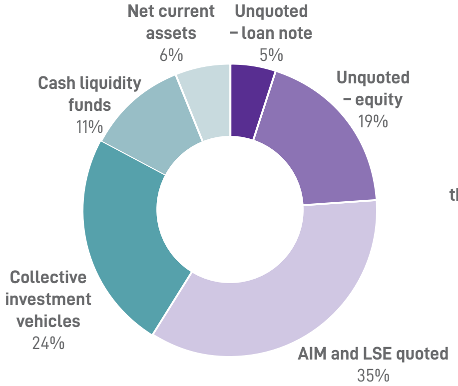
As Manager we remain highly engaged with the management teams within the portfolio, sharing insight and best practice to help them both manage risk and spot opportunities in a quickly changing environment. We have continued to invest in our in-house talent and technology functions to support our portfolio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

Investment diversification at 30 September 2021 by value

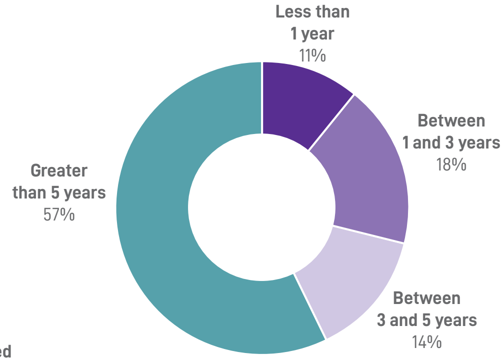
Sector



Total assets



Length of time investments held



Strategic report

Manager's review continued

Divestments

The Company successfully realised its investment in Pho in August 2021, delivering £4.8 million in proceeds and an initial investment return of 2.5x[1]. The deal includes an earn-out structure that could increase the total deal return to an estimated 3.0x[1] original invested cost. Pho is a casual dining restaurant chain serving Vietnamese street food, and although it was significantly affected by the government restrictions during the COVID-19 pandemic, its differentiated consumer proposition and rapidly growing sales in the home delivery channel, resulted in a strong trading recovery. The Company also successfully realised its investment in Ten10 in October 2020, delivering proceeds of £5.9 million and an overall investment return of 3.7x[1].

During the year, the Company also rolled its investment in Storyshare Holdings Limited into Evotix Limited. The Storyshare product integrates well with the Evotix offering and we believe that customer synergies and the larger scale of the SHE business will enhance investment return prospects for the Company's shareholders, as this investment is currently being held at 0.4x[1] cost.

Quoted portfolio (AIM-traded investments)

Performance

The quoted portfolio has performed exceptionally well, increasing 53 per cent over the course of the year. This was driven by the larger and more established AIM holdings, with particular emphasis on those in resilient parts of the market where their businesses benefited from trends such as digital transformation that have been accelerated by the pandemic. Significant positive contributions came from: Cerillion, driven by robust results and forecast upgrades during the year underpinned by new business; Netcall, as revenue growth accelerated and earnings quality improved due to an increasing proportion of contracted recurring income; and Ideagen, which re-rated positively due to strong resilient earnings and increased scale in its recurring revenue base.

Detractors from performance were: LoopUp, due to earnings underperforming market expectations; Cloudcall Group, a telephony software provider to the recruitment sector which was significantly impacted by COVID-19; and Rosslyn Data Technologies which

1. *All multiples are quoted gross.*

underperformed market expectations although we remain positive about the long term opportunity as it evolves its management team and go-to-market strategy with support from the Manager.

We closely monitor our AIM portfolio with a rolling programme of independent reviews of the most significant AIM holdings and 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

Proceeds totalled £9.0 million during the year following two full and one partial realisation. Collagen Solutions was fully realised following a takeover by Rosen's Diversified, returning 1.3x cost in November 2020. The Company's investment in Wey Education was also fully realised following a takeover by Inspired Education Holdings, a private equity backed trade buyer, returning 13.6x cost, the highest money multiple return in the history of the Company, and delivering proceeds of £5.8m. The opportunity to crystallise some profits was taken for Cerillion plc; over the course of the year proceeds of £2.6m were realised at 5.6x cost.

Collective Investment Vehicles

The Manager believes that the Company's investments in the LF Gresham House UK Micro Cap Fund ("Micro Cap"), LF Gresham House UK Multi Cap Income Fund ("Multi Cap"), and, newly, in the LF Gresham House UK Smaller Companies Fund ("Small Cap") are a core component of the Company's portfolio construction. These investments provide shareholders with additional diversification through exposure to an additional 98 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, Micro Cap delivered a 46 per cent return and Multi Cap delivered 32 per cent. The Company's investment into Small Cap, made in August 2021, has also increased by 0.5 per cent.

Micro Cap and Multi Cap are both highly rated by independent ratings agencies. Each fund has performed well on an absolute basis during the year, although has slightly lagged its respective peer group. Micro Cap's long term cumulative performance has been consistently top quartile within the IA UK Smaller Companies sector and is the sixth best performing fund over the past 10 years. Multi Cap has been the top performing fund within the IA UK Equity Income sector over three years and since launch in June 2017. Small Cap has also achieved top quartile cumulative performance since launch in 2019, and once it has a three-year track record it will be marketed externally.

Liquid assets (cash and near cash)

The Company had cash and liquidity OEICs of approximately £42.6 million at the year-end. This asset class is conservatively managed to take minimal or no capital risk.

ESG highlights

The Manager has continued to invest in its sustainable investment team, with the addition of two new members during the year. The first ESG survey of our unquoted portfolio companies was completed during the year. The survey identified common challenges across the portfolio as well as establishing benchmark metrics for future development and reporting. Further details on our ESG approach and policies can be found on pages 20 to 24 of the strategic report.

Outlook

Despite the economic and social challenges over the past 12 months, the opportunity to invest and support growth in entrepreneurial earlier-stage UK businesses remains strong.

Our focus on investing in parts of the economy which are experiencing structural growth and in sectors where we have extensive talent networks and domain expertise continues to identify attractive investment opportunities. Many of our management teams are innovating to accelerate growth and take advantage of the changes and disruption across the market. We expect the rate of follow-on investment to increase across the portfolio as these companies scale and require additional capital to realise their growth plans.

As expected, several parts of the portfolio have faced trading headwinds. Demand within our consumer travel and several other service-based businesses remain impacted by the shift in consumer and corporate spending driven by COVID-19. In certain sectors, we expect more variability in company trading and a general increase in wage inflation and supply chain disruption going forward. However, the portfolio continues to be highly diversified and overall is defensively positioned.

Following the integration of the Mobeus VCT team during October 2021, the deal team consists of over 20 investment professionals. Significant investment has also been made to strengthen our in-house talent and technology capability to help convert new deal opportunities and to add value to our portfolio companies post investment. We remain extremely positive in the ability of more agile, fast moving earlier stage companies to outperform in an uncertain economic environment and in our ability to invest capital and deliver attractive long-term returns for the Company.

Gresham House Asset Management Ltd
Investment Manager

6 December 2021

Investments in the year

Company	Location	Sector	Activity	Book cost £'000
Unquoted investments				
New				
eConsult Ltd	Surrey	Healthcare & Education	Online consultation provider used by GP practices and hospitals	2,400
Scurri Web Services Ltd	London	Technology	Cloud-based delivery management platform	2,033
Patchworks Ltd	Nottingham	Technology	Leading integration platform for fast-growing retail and ecommerce businesses	1,583
Airfinity Ltd	London	Healthcare & Education	Provides real time life science intelligence as a subscription service	1,439
Metrion Biosciences Ltd	Cambridge	Healthcare & Education	Ion channel drug discovery and safety assessment services provider	1,057
Counting Ltd	London	Business Services	Banking and accounting software for small businesses	940
RevLifter Ltd	London	Technology	AI platform using advanced behavioural analytics to deliver tailored promotions to users	719
Follow-on				
Glisser Ltd	London	Business Services	Audience engagement software	705
TravelLocal Ltd	London	Consumer Markets	Online travel agent specialising in tailor-made holidays	470
Equipsme (Holdings) Ltd	London	Business Services	SME health insurance plans provider	329
Munnypot Ltd	West Sussex	Technology	Automated online investment platform	13
Total unquoted investments				**11,688**
AIM-traded investments				
New				
Deepverge plc	York	Healthcare & Education	Environmental and life sciences group	1,410
Crossword Cybersecurity plc	London	Technology	Commercialisation of university research-based cyber security software and consulting	1,184
Crimson Tide plc	Kent	Technology	Mobile business solutions	592
Follow-on				
CloudCall Group plc	Leicester	Technology	Provides cloud software and integrated communications services	495
Total AIM-traded investments				**3,681**
Total investments in the year				**15,369**

Realisations in the year

Company		First investment date	Original book cost* £'000	Proceeds‡ £'000	Overall multiple return
Unquoted realisations					
Ten10 Group Ltd	Full trade sale	Feb 15	1,908	5,933	3.7†
Pho Holdings Ltd	Full trade sale	Jul 12	1,982	4,829	2.5†
Total unquoted realisations			**3,890**	**10,762**	**2.8†**
AIM-traded realisations					
Wey Education plc	Takeover	Dec 15	428	5,802	13.6
Cerillion plc	Market sale	Nov 15	462	2,568	5.6
Collagen Solutions plc	Takeover	Mar 17	450	586	1.3
Total AIM-traded realisations			**1,340**	**8,956**	**6.7**
Total realisations in the year			**5,230**	**19,718**	**3.8**

* *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.*

Strategic report

Ten largest investments

The top ten investments by current value at 30 September 2021 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 monthly management accounts and has access to draft but unpublished annual audited accounts. 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

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 across c.45 countries, 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: £2,974,000
Total equity held: 13.3%

Baronsmead Venture Trust only
Original cost: £1,338,000
Valuation: £13,559,000
Valuation basis: Bid Price
Income recognised in the year: £110,000
% of equity held: 6.0%
Voting rights: 6.0%

Year ended 30 September

	2020 £ million	2019 £ million
Sales:	20.8	18.8
Pre-tax profits:	2.6	2.4
Net Assets:	16.0	15.5
No. of Employees:	235	203

Source: Cerillion plc, Annual Report and Accounts 30 September 2020

2 Carousel Logistics Ltd

Sittingbourne
Unquoted
www.carousel.eu

Carousel Logistics based in Kent, designs and manages bespoke supply chain management solutions for clients with time critical, challenging or high touch customer care needs. Carousel has a wide range of international clients for whom it delivers a complete integrated service including e-fulfilment, procurement, warehousing, distribution, reverse logistics and international in-night services. Following several acquisitions, Carousel now has a pan-European presence, which has supported strong revenue growth since investment in 2013.

All funds managed by Gresham House
First investment: October 2013
Total original cost: £4,246,000
Total equity held: 26.7%

Baronsmead Venture Trust only
Original cost: £1,910,000
Valuation: £8,753,000
Valuation basis: Earnings Multiple
Income recognised in the year: £172,000
% of equity held: 12.0%
Voting rights: 12.0%

Year ended 31 December

	2020 £ million	2019 £ million
Sales:	51.3	51.6
Pre-tax profits:	(0.3)	(2.3)
Net Assets:	(5.6)	(6.4)
No. of Employees:	225	283

Source: Carousel Logistics Holdings Limited, Annual Report and Financial Statement 31 December 2020

3 Netcall plc

Hertfordshire
Quoted
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 increased 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: 23.9%

Baronsmead Venture Trust only

Original cost: £1,738,000
Valuation: £8,616,000
Valuation basis: Bid Price
Income recognised in the year: £25,000
% of equity held: 6.6%
Voting rights: 6.6%

Year ended 30 June

	2021 £ million	2020 £ million
Sales:	27.2	25.1
Pre-tax profits:	1.0	0.5
Net Assets:	24.6	22.9
No. of Employees:	235	234

Source: Netcall plc, Annual Report and Accounts, 30 June 2021

† Includes Baronsmead VCTs only

4 Ideagen plc

Nottinghamshire
Quoted
www.ideagen.com

Ideagen is a governance, risk management and compliance ("GRC") software and solutions provider, serving highly regulated industries such as life sciences, healthcare, banking and finance and insurance, helping to reduce corporate risks and ensure operational discipline. Since the Baronsmead VCTs invested, the company has successfully executed a buy-and build strategy in the GRC software market to add capability and build its market leadership.

All funds managed by Gresham House

First investment: January 2013
Total original cost: £1,309,000
Total equity held: 1.9%

Baronsmead Venture Trust only

Original cost: £589,000
Valuation: £6,891,000
Valuation basis: Bid Price
Income recognised in the year: £7,000
% of equity held: 0.9%
Voting rights: 0.9%

Year ended 30 April

	2021 £ million	2020 £ million
Sales:	65.6	56.6
Pre-tax profits:	0.8	(0.1)
Net Assets:	125.6	76.9
No. of Employees:	612	537

Source: Ideagen plc, Annual Report and Accounts, 30 April 2021

5 IWP Holdings Ltd

Jersey
Unquoted
www.iwpuk.co.uk

IWP is a leading national independent financial advisory business which was founded in 2019 shortly before the Baronsmead VCTs invested. The VCTs' investment provided the business with growth capital to establish the central platform, enable the hiring of key management team members and to establish its integrated investment management practice. The company has grown significantly since investment and now serves clients throughout the UK, with growth driven by organic client growth and via acquisitions.

All funds managed by Gresham House

First investment: July 2019
Total original cost: £3,000,000
Total equity held: 9.0%

Baronsmead Venture Trust only

Original cost: £1,407,000
Valuation: £5,036,000
Valuation basis: Earnings Multiple
Income recognised in the year: £nil
% of equity held: 3.7%
Voting rights: 3.7%

Year ended 31 March

A full set of accounts is not publicly available as the company is registered in Jersey.

IWP has a network of 24 IFA businesses and has a turnover of c. £24 million (year ended 31 March 2021).

Ten largest investments continued

6 IDOX plc

Reading
Quoted
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: 4.9%

Baronsmead Venture Trust only

Original cost: £614,000
Valuation: £4,502,000
Valuation basis: Traded price
Income recognised in the year: £19,000
% of equity held: 1.4%
Voting rights: 1.4%

Year ended 31 October

	2020 £ million	2019 £ million
Sales:	68.0	65.5
Pre-tax profits:	2.7	(0.0)
Net Assets:	47.0	44.6
No. of Employees:	637	671

Source: IDOX plc, Annual Report and Accounts, 31 October 2020

† Includes Baronsmead VCTs only

7 Bioventix plc

Surrey
Quoted
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. Since the Baronsmead VCTs first invested in 2013, the company has more than tripled its revenues and quadrupled profits.

All funds managed by Gresham House

First investment: June 2013
Total original cost: £562,000†
Total equity held: 4.9%

Baronsmead Venture Trust only

Original cost: £253,000
Valuation: £3,758,000
Valuation basis: Bid Price
Income recognised in the year: £143,000
% of equity held: 1.9%
Voting rights: 1.9%

Year ended 30 June

	2021 £ million	2020 £ million
Sales:	10.9	10.3
Pre-tax profits:	8.1	8.2
Net Assets:	11.8	12.5
No. of Employees:	17	16

Source: Bioventix plc, Annual Report and Financial Statements 30 June 2021

† Includes Baronsmead VCTs only

8 Inspired plc

Lancashire
Quoted
www.inspiredplc.co.uk

Inspired is a consultancy business providing energy procurement, management and advisory services to optimise energy usage and more broadly measure and manage ESG impact. The Baronsmead VCTs first invested as a cornerstone investor in the 2011 IPO and since then, Inspired has grown revenues by more than 16x. Growth is underpinned by structural tailwinds in the market, as increasingly corporates are required to monitor, report on and manage energy consumption and other ESG risks.

All funds managed by Gresham House

First investment: November 2011
Total original cost: £1,435,000†
Total equity held: 19.8%

Baronsmead Venture Trust only

Original cost: £574,000
Valuation: £3,248,000
Valuation basis: Bid Price
Income recognised in the year: £40,000
% of equity held: 1.9%
Voting rights: 1.9%

Year ended 31 December

	2020 £ million	2019 £ million
Sales:	46.1	43.7
Pre-tax profits:	(4.5)	3.1
Net Assets:	66.3	59.3
No. of Employees:	521	423

Source: Inspired Energy plc, Annual Report and Accounts 2020

† Includes Baronsmead VCTs only

9 eConsult Ltd

Surrey
Unquoted
www.econsult.net

eConsult provides a clinically led online consultation service to digitally triage patients, reducing the number of face-to-face consultations required. This builds on the structural imbalance of a growing and ageing population and an increasing scarcity in healthcare professionals.

The Company's investment of £5 million has enabled the business to develop its product offering for the secondary market, in addition to supporting sales and marketing activity.

All funds managed by Gresham House

First investment: October 2020
Total original cost: £5,000,000
Total equity held: 11.4%

Baronsmead Venture Trust only

Original cost: £2,400,000
Valuation: £3,223,000
Valuation basis: Earnings Multiple
Income recognised in the year: £nil
% of equity held: 4.8%
Voting rights: 5.9%

Year ended 31 March

	2021 £ million	2020 £ million
Sales:	6.3	3.1
Pre-tax profits:	1.0	(0.1)
Net Assets:	7.6	(0.0)
No. of Employees:	58	42

Source: Econsult Health Limited Directors' Report and Financial Statements 31 March 2021

10 Happy Days Ltd

Cornwall
Unquoted
www.happydaysnurseries.com

Happy Days is a leading child day care and early years education provider operating from 18 settings across the South West. The business focusses on delivering outstanding quality childcare in premium settings within its target geographic markets.

We are currently carrying this investment at 0.8x cost, reflecting the fact that large parts of the nursery estate have experienced full or partial closures due to lockdown and social distancing restrictions introduced following the outbreak of COVID-19 last year. However occupancy levels and trading have subsequently bounced back ahead of expectations.

All funds managed by Gresham House

First investment: April 2012
Total original cost: £7,600,000
Total equity held: 64.9%

Baronsmead Venture Trust only

Original cost: £3,420,000
Valuation: £2,872,000
Valuation basis: Earnings Multiple
Income recognised in the year: £nil
% of equity held: 29.2%
Voting rights: 25.2%

Year ended 31 December

	2020 £ million	2019 £ million
Sales:	8.9	11.1
Pre-tax profits:	(3.0)	(1.3)
Net Assets:	(12.7)	(9.7)
No. of Employees:	386	393

Source: H. Days Holdings Limited Annual Report and Financial Statements, 31 December 2020

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.

Principal Risk	Context	Specific risks we face
Loss of approval as a Venture Capital Trust	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 its VCT status could result in the loss of that status.
Legislative	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 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.
Investment performance	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. The COVID-19 pandemic continues to have a significant impact on the performance of the consumer markets sector in particular, with an uneven recovery across all other sectors.	Investment in poor quality companies with the resultant risk of a high level of failure in the portfolio.
Economic, political and other external factors	Whilst the Company invests in predominantly UK businesses, the UK economy relies heavily on Europe as one of 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. In addition, the impact of leaving the European Union remains uncertain. The risks posed by the ongoing COVID-19 pandemic impact on all the economic, political and other external factors the Company faces.	Events such as fiscal policy changes, Brexit, 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.
Regulatory and compliance	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 FCA 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 FCA and/or financial penalties and sanction by the regulator or a qualified audit report.
Operational	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.

The financial risks faced by the Company are covered within the Notes to the Financial Statements on pages 68 to 80.

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 20 to 24.

The Board considers the COVID-19 pandemic and Brexit to be factors which exacerbate existing risks, rather than new emerging risks. Their impact is considered within the relevant risks below.

Possible impact	Mitigation
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 Committee on their findings.
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.
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. In light of the COVID-19 pandemic, the Manager has undertaken a thorough risk review of the portfolio companies which has been reviewed by the Board. This has highlighted the uneven recovery across different sectors, with many businesses facing inflationary and supply chain pressures. The Manager has engaged with management teams to develop plans to mitigate the impact of these pressures.
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.
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. The Company Secretary provides a regulatory update at each Board meeting.
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 the General Data Protection Regulation.	The Board has appointed an audit committee which reviews 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 have 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 during the COVID-19 pandemic, where increased use of out-of-office working and online communication continues to be required. To date, the operational arrangements have proven robust.

Strategic report

Sustainable investing

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 impact of its investments on the environment as well as its social and corporate governance responsibilities. The Board and the Manager believe that sustainable 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 indirectly with ESG requirements through its monitoring of the ESG impact of its investee companies.

Environmental, Social and Governance update from the Manager

The Manager is committed to sustainable investment as an integral part of its business strategy. During 2021, the Manager has taken further steps to formalise its approach to sustainability and has put in place several policies and processes to ensure environmental, social and governance ("ESG") factors and stewardship responsibilities are built into asset management across all funds and strategies, including venture capital trusts.

The Manager published its inaugural Sustainable Investment Report in 2021, that along with existing asset specific policies, including the Public Equity Policy and the Private Equity Policy, can be found on the Gresham House website. These reports and policies cover the Manager's sustainable investment commitments, how the investment processes meet these commitments and the application of the sustainable investment framework. The Gresham House Board and Management Committee assess adherence to the commitments in the Sustainable Investment Policies on an annual basis.

Sustainable Investing Committee

The Manager formed a Sustainable Investing Committee (SIC) at the start of 2020. It meets monthly and drives sustainability related deliverables, whilst providing a forum to share best practice, ideas and education. The Committee is chaired by the Director of Sustainable Investment and has representation from the Gresham House Management Committee, each asset division, sales and marketing.

Embedding ESG analysis

A framework based on 10 key ESG themes is used to structure analysis, monitor and report on ESG risks and opportunities across the lifecycle of investments.

The 10 themes are the basis of the ESG Decision Tool which supports the investment team in implementing the commitments made in the sustainable investment policies. The ESG Decision Tool is completed as part of the due diligence process prior to investment for all VCT investments.

The Tool will not tell the Manager whether to invest or not, instead it aims to provide a rational and replicable assessment of key ESG risks which should be considered prior to investment, and to help rank the significance of each risk. It is up to the Manager to decide whether it is

sufficiently comfortable with these risks to proceed with an investment.

The Manager believes the "G" (Governance) of ESG is the most important factor in its investment processes for public and private equity. Board composition, governance, control, company culture, alignment of interests, shareholder ownership structure, remuneration policy etc. are important elements that will feed into the Manager's analysis and the company valuation.

The "E" and "S" (Environmental and Social) are assessed as risk factors during due diligence to eliminate companies that face environmental and social risks that cannot be mitigated through engagement and governance changes.

Where material ESG risks are identified, these are reviewed by the Manager and a decision on how to proceed is documented. The Manager will then proactively follow up with the investee company management team and ensure appropriate corrective and preventative action is taken and any material issues or incidents are recorded by the Manager.

Sustainable investing – Baseline ESG survey

The Manager has been working over the last year to better understand how well portfolio companies understand relevant ESG risks and how they are addressing them as part of their operations.

Earlier in 2021, the Manager conducted an ESG survey on the unquoted investments to identify a baseline understanding of how portfolio companies think about ESG, and which ESG data is already being reported and monitored.

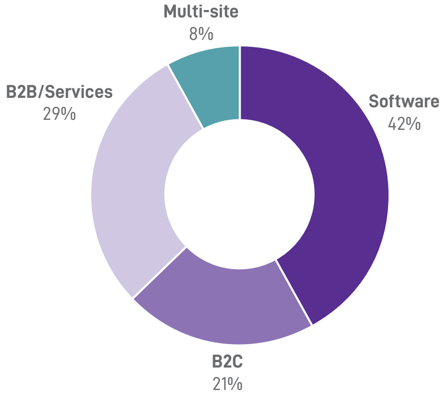
88% of portfolio companies completed the survey

Assessment approach

The Manager asked 74 questions across a range of material environmental, social and governance factors, receiving over 1,500 responses. Companies were asked to indicate the relevance of a range of material ESG factors to their business, as well as their ability to influence these factors.

To assess responses and make comparisons across the fund, the Manager segregated companies into four business models. The split of responses across each business model is shown in the chart to the right.

Business model



The results were analysed by the Manager's Sustainable Investment team and overlayed with a well-known sustainability materiality assessment to understand if companies were aware of the most significant ESG risks to their business types.

Sustainable investing continued

Actions

The findings from the ESG survey will be used by the Manager to;

1. Assess each company against their relevant peer group and communicate findings to management teams
2. Support portfolio companies to better understand the material ESG risks inherent in their business operations
3. Set relevant objectives for improvement on ESG matters, which the Manager will then engage with the portfolio companies on over the next 12 months and longer term
4. Deliver educational webinars for management teams to enhance their knowledge on different ESG factors

This is the first time the Manager has issued the ESG survey. The findings have been extremely insightful and will inform the actions the Manager takes to better manage ESG risks and opportunities across the portfolio over the next year. The Manager will then issue the survey again in 2022 to assess improvements in disclosure, understanding and action across the portfolio.

Results

Below are some of the core findings, how they compare with the Sustainable Investment Team's best practice recommendations, and consequently the actions the investment teams will take to address any material areas of divergence.

Governance

Just under half of companies indicated that governance factors were very relevant to their business, and nearly the same proportion said that governance was an area upon which they could have a high level of impact.

Looking to specific governance factors, the Manager was encouraged to see a high level of focus on areas such as cyber security and GDPR breaches, with 80-90% of responses indicating these topics were very relevant to their business.

The survey also identified several areas where improvements could be made. For example, 40% of businesses said that an anti-harassment policy was very relevant to their business, while just 32% suggested that measuring gender pay gap was very relevant. These areas have been identified by the Manager as material topics for all business types in the portfolio. Anti-harassment policies help prevent incidents of workplace harassment, while improving the working conditions of employees and mitigating material reputational risks that arise from incidents of harassment.

Similarly, measuring a company's gender pay gap is the first step in helping organisations to understand the size and cause of pay gaps, and identifying issues that need to be addressed. More broadly, monitoring and closing the gender pay gap benefits women and can improve attraction and retention of a diverse workforce.

The Manager is currently working with its portfolio companies to improve board packs to include greater focus on the importance of good governance. The Manager will also be creating individual company reports based on the ESG survey to highlight areas of material divergence from good governance best practice.

Environmental

The story on environmental factors was almost the opposite of governance factors for most portfolio companies. Over half of companies responded that environmental factors were not relevant to their business, with just 4% suggesting that they were very relevant.

The responses for the environmental questions are not well aligned with the increasing focus on the importance of companies understanding the climate related risks and opportunities inherent across their business operations. The UK government has set a roadmap towards mandatory climate-related disclosures and many companies will therefore have to disclose a Task Force on Climate-Related Financial Disclosures (TCFD) report, within which they should disclose climate-related metrics, such as carbon footprints.

A carbon footprint calculates the amount of carbon dioxide released into the atmosphere because of business activities. Just 10% of portfolio companies indicated that measuring a carbon footprint was a very relevant factor for their business. The Manager regards carbon footprint measurement as a material sustainability issue that will come into sharp relief with the upcoming TCFD reporting requirements. Early adoption of carbon footprinting is an important issue for companies to understand before the requirements become mandatory.

Over the next year the Manager will run educational webinars for management teams to better understand the importance of a range of sustainability issues. Within these the Manager intends to highlight the relevance and importance of upcoming climate related regulations and subsequent requirements for companies to calculate and reduce their carbon footprint. The Manager will encourage portfolio companies to assess their carbon footprint and identify actions that can be taken to reduce the portfolio companies' impact on the environment.

Social

Since the start of the Covid-19 pandemic, social issues have increased in priority for many companies and investors are looking to better understand the social risks and opportunities across their investments. The Manager was therefore pleased to see that a third of responses claimed that social topics are very relevant and that a quarter believed they had a high impact on such factors.

The results highlighted a clear focus on the importance of hiring and retaining staff, with two thirds of responses suggesting that the number of leavers was very relevant for their business. The Manager agrees that the number of leavers is an important metric that allows a business to gauge its culture as a well-defined and communicated culture improves the retention and attraction of staff.

However, just a third of responses indicated that the percentage of the workforce that was female or ethnic minorities was very relevant to the business, with 20-25% of responses saying that these areas were not relevant. The Manager regards recruiting and managing a diverse workforce as a fundamental pillar of any business as it drives a strong and inclusive culture and greater levels of innovation and business performance.

Using the results of this survey, the Manager we will present each company with a profile of their responses relative to their sector and sustainability best practice and will engage with them to highlight the importance of a diverse workforce.

When the Manager presents back to management teams its findings, it intends to engage with companies in areas where it feels best practice is currently being observed, and where there is room for improvement. The Manager hopes to show a positive progression in these core ESG areas by the time of our 2022 ESG survey.

Quoted portfolio

As the ESG survey was only shared with unquoted investments, the Manager has started a project to assess potential external providers who can support the analysis of relevant ESG metrics for the quoted portfolio. This project will progress throughout the remainder of 2021 and into 2022. The outcome of this project will be to improve the monitoring of ESG metrics across the quoted portfolio and findings can then be integrated into the engagement activities of the Manager, as described below.

Stewardship Responsibilities

As an active investor, the Manager acts as a long-term steward of the assets in which it invests. Active ownership responsibilities include engagement and voting, which are used to protect and create value. The Manager will almost always take a board seat or become a board observer, which ensures sufficiently frequent levels of communication with the management team.

The Manager has published its Engagement and Voting Policy on its website, which sets out the Manager's approach and explains how integrated these activities are to its business practices and investment processes.

Engagement

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 outset of the holding period onwards. The Manager encourages an open and honest dialogue with the companies as this is an essential part of effective stewardship.

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 in a company. The Manager will generally work more closely with the management teams of private equity investments and meet on a more frequent basis. These meetings form the basis for the ongoing monitoring of a company's strategy, financial performance and ESG considerations.

Defining engagement objectives

The Manager will usually identify and agree strategic milestones that it expects a company to deliver on over the holding period. The Manager will typically identify three or four key strategic milestones that are bespoke to the organisation and its business development, aiming to keep the directors focused and ensure continued progress.

Objectives may change over time depending on several factors, including business priorities, market forces and stakeholder considerations. Example of engagement objectives include:

- Board composition
- Improvements to governance arrangements
- Product or geographic expansion or variance, including due to ESG related market forces
- Staff retention and reduction of absence rates
- Implementing compliance programmes with forthcoming ESG legislation
- Improvements to reporting, including ESG factors

The identified objectives provide a framework which forms the basis of the Manager's discussions with companies during regularly scheduled engagements.

Voting

Voting is an important part of the Manager's investment strategy and Gresham House is a signatory to the UK Stewardship Code and the Principles of Responsible Investment ('PRI').

Sustainable investing continued

The Manager's voting decisions are based on the course of action that will be in the best interest of the investee company and 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.

For the 12 months to 30 September 2021, the Manager was subject to votes on 2,211 issues. Of these, the Manager voted for 91.1% of resolutions, against 3.3%, abstained on 0.4% and did not vote on 5.2%.

In Q3 2021, the Manager voted on all 521 resolutions, voting for on 93.9% of occasions, against on 4.6% and abstaining on 1.5%. Of the 24 votes against, nine were because the resolutions conflicted with the Manager's house policy, notably to vote against political donations, while the others were on M&A and liquidation issues that went against the investment teams' philosophy.

Voting decisions

The Manager does not have a set policy defining how voting decisions should be made on specific items, but has set the following guidelines:

1. Authority to allot shares – policy to vote against anything over 33 per cent.
2. Disapplication of pre-emption rights – policy to vote against anything over 10 per cent.
3. Authorise company to purchase own shares – policy to vote against anything over 10 per cent.
4. Political donations – policy to vote against all political donations.

Proxy voting providers

The Manager does not use any proxy voting advisory services, but will usually use proxy voting services to deliver voting decisions to the companies it invests in.

Voting against management

If the Manager plans to vote against the company decision, it will engage with the company in advance, explain the reasons for voting against management and look for ways to avoid that if possible. If a satisfactory outcome is not reached through this active dialogue with the company, the Manager will typically tell the company in advance of its intention to abstain or vote against management and clarify the reasons grounding such intention.

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 81, is designed to ensure that the Company continues to qualify and is approved, as a VCT by HM Revenue and Customs.

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 Company'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 8 to 11 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 its investments by 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 preference 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. Internally, this is monitored on a continuous basis and it is also reviewed by PricewaterhouseCooper LLP ("PwC") every six months to ensure ongoing compliance. PwC have been appointed by the Company to advise on compliance with VCT requirements, including evaluation of investment opportunities as well as 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 below. Throughout the year ended 30 September 2021, 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 value of the VCT's investments 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;

Other matters continued

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 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 Chairman's Statement on pages 4 to 7. The Board assesses the performance of the Manager in meeting the Company's objective against the KPIs highlighted on page 2 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, the Manager receives a fee of 2.0 per cent per annum of the net assets of the Company. 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 Link Alternative Fund Administrators Ltd to provide these services to the Company on its behalf. The Company is responsible for paying the fee charged by Link Alternative Fund Administrators 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 2021 was 2.2 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 will be payable to the Manager once the total return on shareholders' funds exceeds an annual threshold of the higher of 4 per cent or base rate plus 2 per cent calculated on a compound basis. 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 shall be capped at 5 per cent of shareholders' funds for that period.

A performance fee of £1.9m is payable for the year to 30 September 2021 (2020: £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. A VCT incentive scheme was introduced in November 2004 under which members of the Manager's investment team invest their own money into a proportion of the ordinary shares of each eligible unquoted investment made by the Baronsmead VCTs. The Board regularly monitors the VCT incentive scheme arrangements but considers the scheme to be essential in order to attract, retain and incentivise the best talent. The scheme is 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.

Executives have to invest their own capital in every eligible unquoted transaction and cannot decide selectively which investments to participate in. In addition, the VCT incentive scheme only delivers a return after each VCT has realised a priority return built into the structure. The shares held by the members of the VCT incentive scheme in any portfolio company can only be sold at the same time as the investment held by the Baronsmead VCTs is sold. Any prior ranking financial instruments, such as loan stock, held by the Baronsmead VCTs have to be repaid in full together with the agreed priority annual return before any gain accrues to the ordinary shares. This ensures that the

Baronsmead VCTs achieve a good priority return before profits accrue to the VCT incentive scheme.

Prior to January 2017, executives participating in the VCT incentive scheme subscribed jointly for a proportion (12 per cent) of the ordinary shares (but not the prior ranking financial instruments) available to the Baronsmead VCTs in each eligible unquoted investment. The level of participation was increased from 5 per cent in 2007 when the Manager's performance fee was reduced from 20 per cent to its current level of 10 per cent. With effect from January 2017, an additional limb was added to the VCT incentive scheme to accommodate the increasing number of "permanent equity" investments being made by the Baronsmead VCTs. "Permanent equity" investments are those in which the Baronsmead VCTs hold a relatively lower proportion of prior ranking instruments (if any at all) and a higher proportion of permanent equity or ordinary shares. This means that there are fewer prior ranking instruments yielding a priority return for the Baronsmead VCTs before any gain accrues to the ordinary shares, hence this additional limb to create a hurdle described below. The cut off to define a "permanent equity" investment is one where permanent equity is greater than 25 per cent of the total or where permanent equity is greater than £250,000.

Under the terms of the amended VCT incentive scheme, in circumstances where the Baronsmead VCTs hold a sufficient number of prior ranking financial instruments (a "Traditional Structure"), the terms are identical to those set out above. However, in circumstances where the Baronsmead VCTs make a "permanent equity" investment, the executives participating in the incentive scheme are required to coinvest pari passu alongside the Baronsmead VCTs for a proportion (currently 0.75 per cent) of all instruments available to the Baronsmead VCTs and they also receive an option over a further proportion (currently 12 per cent) of the ordinary shares available to the Baronsmead VCTs. The ordinary shares can only be sold and the option can only be exercised by the scheme participants when the investment held by the Baronsmead VCTs is sold. The option exercise price has a built in hurdle rate to ensure that the options are only "in the money" if the Baronsmead VCTs achieve a good return (equivalent to the priority return they would have to achieve prior to any value accruing to the ordinary shares in a Traditional Structure).

Since the formation of the scheme in 2004, 94 executives have invested a total of £1.1 million in 79 companies. At 30 September 2021, 48 of these investments have been realised generating proceeds of £375 million for the Baronsmead VCTs and £20 million for the VCT incentive scheme. For Baronsmead Venture Trust, the average money multiple on these 48 realisations was 1.8x times cost. Had the VCT incentive scheme shares been held instead by the Baronsmead VCTs, the extra return to shareholders would have been the equivalent of 3.5p a share over 17 years (based on the current number of shares in issue). The Board considers this small cost to

Strategic report

Other matters continued

retain quality people to be in the best interests of shareholders.

Advisory and Directors' fees

During the year, Gresham House Asset Management Ltd received £212,000 (2020: £182,000) advisory fees, £321,000 (2020: £310,000) directors' fees for services provided to companies in the investment portfolio and incurred abort costs of £8,000 (2020: £10,000) 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 AIFM under the AIFMD.

Viability statement

In accordance with principle 21 of the Association of Investment Companies Code of Corporate Governance ("AIC Code"), the Directors have assessed the prospects of the Company over the three-year period to 30 September 2024.

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
- The liquidity of the Company's portfolio
- Market falls and gains, with particular reference to the COVID-19 pandemic
- 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 18 and 19.

The Board also paid particular attention to the impact of the COVID-19 pandemic on the economic, regulatory and political environment as well as its direct impact upon the Company. The Board has also evaluated the ability of third party suppliers to continue to deliver services to the Company. The Board has considered the ability of the Company to raise finance and deploy capital. The Board's 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.19 per cent of the NAV and reflected 19 per cent of the 30 September 2021 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 2024.

Returns to investors

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.

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.

- Fund raising | 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 currently has an Offer open to raise up to £25 million, with an additional £12.5 million over allotment facility available as required.
- 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 1,902,000 shares were bought in this way during the year to 30 September 2021.
- 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 the likely impact on shareholders as a whole, the funding requirements of the Company and market conditions at the time, 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 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 1,146,000 shares were bought by investors in the Company's existing shares in the year to 30 September 2021.

Strategic 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 from the Manager on a regular basis.

The Directors have access to the advice and services of the Company Secretary, and a range of other reputable 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 from the Board, including their statutory and regulatory responsibilities. Both the Schedule of Matters Reserved for the Board and the Committees' Terms of Reference are reviewed at least on an annual basis.

The Audit 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 31 to 35.

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 Association of Investment Companies ("AIC")
- A range of reputable 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.	The Board is committed to maintaining open channels of communication with shareholders and during the year has developed various meaningful ways of engaging with shareholders to understand their views. These include: ■ **Annual General Meeting ("AGM")** – The Company welcomes and encourages attendance and participation from shareholders at the AGM and values any feedback and questions it may receive. The Company successfully held its first virtual AGM on 16 February 2021. The AGM was held virtually due to government restrictions on public gatherings imposed at that time. Shareholders were invited to raise questions in advance of, during and after the AGM and the Company was delighted to answer those questions received. The Chairman presented on the Company's performance during the financial year and its outlook for 2021 and a joint investment management presentation to shareholders of the Company and Baronsmead Second Venture Trust Plc was held on the same day. ■ The Company's forthcoming AGM will take place on 16 February 2022. The Company intends to hold this AGM in person, with shareholders who are unable to attend in person given the option to watch the AGM live. It must be noted that those who participate virtually will not be able to vote during the course of the AGM and are asked to submit their votes by proxy in advance of the AGM. ■ Further information regarding the 2022 AGM can be found in the Chairman's Statement on pages 5 and 6 and within the Notice of AGM which is being sent to shareholders separately from this Annual Report. ■ **Publications** – The Company's Annual and Half-Yearly Reports are made available on the Company's website (www.baronsmeadvcts.co.uk) and sent to shareholders when requested. These publications provide shareholders with information regarding the Company's business model, strategy and investment portfolio and provide a clear understanding of the Company's financial position. This is supplemented by the monthly publication of the NAV on the Company's website and quarterly factsheets. 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. ■ **Shareholder communication and shareholder concerns** – 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 Chairman at the registered office. Fiona Miller Smith, as Senior Independent Director, is also available to shareholders if they have concerns that contact through the normal channel of the Chairman has failed to resolve or for which such contact is inappropriate.

Directors' duties continued

Stakeholder Group	Importance	Board Engagement
The Manager	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, including tax-free dividends.	The Board invites the Manager to attend Valuation Forums, Board meetings and Committee meetings to update 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 Chairman regularly meets with the Manager to ensure a close dialogue is maintained. In line with the Company's culture, the Board recognises the importance of working together with the Manager in such a way that: ■ encourages open, honest, and collaborative discussions at all levels, allowing time and space for original and innovative thinking; ■ draws on Board members' individual experience and knowledge to support and challenge the Manager in its monitoring of and engagement with portfolio investee companies; ■ ensures that the impact on the Manager is fully considered and understood before any business decision is made; and ■ ensures that any potential conflicts of interest are avoided or managed effectively.
The portfolio of investee companies	The Company invests in growth businesses, whether unquoted or traded on AIM, which are primarily based in the UK. Investments are made selectively across a range of sectors to meet the Company's investment objectives and 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. At each scheduled Valuation Forum, the Board receives detailed updates from the Manager covering the portfolio construction and performance, progress and trading within the underlying portfolio companies and valuation recommendations. The Board is also provided with investment pipeline reports, covering both new deals and potential follow-on investments at Board meetings.

Stakeholder Group	Importance	Board Engagement
External service providers	To function as a VCT with a premium listing on the London Stock Exchange, the Company relies on a diverse range of highly regarded advisors 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 continuing appointment to ensure that they continue to function at an acceptable level and are appropriately remunerated to deliver the expected level of service. The Audit Committee reviews and evaluates the control environments in place at each service provider as appropriate. In particular, during the COVID-19 lockdown environment, the Manager and Audit Committee received confirmation that all service providers had effectively implemented their Business Continuity Plans and were able to work remotely, with no impact to the services provided to the Company or to the internal controls in place at the providers.
HMRC and governing bodies	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 shorter and in the longer-term. In particular, the Audit Committee receives confirmation from its VCT status adviser regarding compliance with HMRC's VCT rules and at every board meeting the Board is presented with a Company Secretarial Report outlining the latest governance updates 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 reports from the Manager and Auditor on their respective regulatory compliance and any inspections or reviews that are commissioned by regulatory bodies.

Directors' duties continued

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
Consideration of the Company's culture, purpose and values	Establishing and maintaining a healthy corporate culture within the Company will aid delivery of its long-term strategy.	During the reporting period, the Board considered the Company's culture, purpose and values. The Company seeks to invest in innovative, high growth quoted and unquoted companies, providing capital and expertise at a critical stage of their development. The Company believes that the successful development of these companies will be crucial to the advancement of the UK economy. The Manager has an extensive entrepreneurial network and specialist skills which are utilised both to source new investment opportunities as well as in supporting our portfolio company management teams to deliver their growth plans. The investment strategy is based on backing the highest potential companies operating in sectors and markets which are benefiting from long-term structural growth trends, whilst recognising the risk management benefits of diversification in portfolio construction. The Company has several policies in place to maintain a culture of good governance including those relating to Directors' conflicts of interest and Directors' dealings in the Company's shares. The Board assesses and monitors compliance with these policies as well as the general culture of the Board during the annual Board evaluation process which is undertaken by each Director. This is a formal internal process coordinated by the Chairman, given the small size of the Board.
Continued focus on the Manager's ESG impact	The Board recognises that sound ESG policies, when embedded with appropriate governance and responsible business practices, help generate long-term financial performance and contribute to the wider community.	The Board has continued its focus on responsible business practices and the impact of ESG matters. The Board notes that the Manager has added to resources in this area and has significantly developed its ESG policy, its ESG investment tool and processes in the past 12 months. The Board has received a detailed presentation from the Manager's sustainable investment director on its responsible business practices and the methods used to evaluate ESG risks as part of its investment processes. The Board acknowledges and supports the increased focus by the Manager on ensuring new and existing investee companies are adopting sound ESG policies and will continue to monitor the Manager's progress.
Board succession planning	Effective succession planning, leading to the refreshment of the Board and its diversity is necessary for the long-term success of the Company.	The Board has approved and adopted a Tenure and Reappointment Policy, noting that the Board will seek to recruit a new Director on average every 3-4 years so as to regularly bring the challenge of fresh thinking into the Board's discussions. Succession planning was a significant focus for the Board during the year ended 30 September 2021 and further detail regarding changes to the Board can be found in the Nomination Committee report on pages 50 and 51. Details of the composition of the Board can also be found in the corporate governance statement on page 44.

Principal Decision	Long-Term impact	Stakeholders and Engagement
Approval of fundraising	Providing shareholders and potential new investors the opportunity to subscribe for shares in BVT, which in turn provides opportunities for Company growth and increased investor engagement.	In deciding to launch a fundraising during the reporting period, the Board considered: ■ the ability to adhere to the Company's dividend policy; ■ the effect on the NAV and the ability of the Company to be able to meet HMRC's VCT investment rules and timelines; ■ the new investment pipeline; ■ the costs involved in issuing a prospectus and of fundraising; and ■ the advantages and disadvantages of a joint prospectus across the two Baronsmead VCTs which Gresham House advises.

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

On behalf of the Board

Peter Lawrence
Chairman

6 December 2021

Directors' report

The Corporate Governance statement on pages 41 to 51 forms part of the Directors' report.

Board of Directors

Peter Lawrence	**Chairman**
Appointed:	8 February 2016
Experience:	Peter was, until the merger on 8 February 2016, a non-executive Director of Baronsmead VCT plc having been appointed in November 1999 and becoming Chairman in 2009. Peter was also a prior Chairman of Baronsmead VCT 5 plc before retiring in 2010. Peter was formerly Chairman of ECO Animal Health Group plc, an AIM-traded company which he founded in 1972 and of Anpario plc also an AIM-traded company. Peter is currently the Chairman of Amati AIM VCT plc.
Beneficial Shareholding:	1,056,285* ordinary shares

**Including shares of Persons Closely Associated to Mr Lawrence*

Susannah Nicklin	**Non-Executive Director and Nomination Committee Chairman**
Appointed:	21 February 2018
Experience:	Susannah is an experienced non-executive director and financial services professional with 25 years of experience in executive roles in investment banking, equity research and wealth management at Goldman Sachs and Alliance Bernstein in the US, Australia and the UK. She has also worked in the impact investment sector, with Bridges Ventures and the Global Impact Investment Network. Susannah retired as a non-executive director and senior independent director of Pantheon International plc on 27 October 2021. She is Chairman of the Schroder BSC Social Impact Trust plc, and a non-executive director of Amati AIM VCT plc, Ecofin Global Utilities and Infrastructure Trust plc, and The North American Income Trust plc. She was previously a non-executive director of Baronsmead VCT plc and City of London Investment Group plc. She holds the Chartered Financial Analyst qualification.
Beneficial Shareholding:	33,372* ordinary shares

**Including shares of Persons Closely Associated to Ms Nicklin*

Les Gabb	**Non-Executive Director and Audit Committee Chairman**
Appointed:	8 February 2016
Experience:	Les served as a Director of Baronsmead VCT plc from May 2014 until the merger on 8 February 2016. For 10 years from 1990 Les was the Managing Director of the London subsidiary of the Bank of Bermuda with responsibility for the finance function of the Bank's European group. Since 2015 Les has been Finance Partner at Felix Capital Partners, a venture capital manager specialising in digital technology, and previously from 2000 held a similar role at Advent Venture Partners. Les is an ACA and an Associate of the Institute of Taxation, and a previous member of the BVCA Legal and Technical committee and the EVCA Venture Capital Council.
Beneficial Shareholding:	111,721 ordinary shares

Fiona Miller Smith	Non-Executive Director and Senior Independent Director
Appointed:	1 September 2021
Experience:	Fiona is the CEO of Barts Charity a health foundation with a £550m financial investment and commercial property portfolio. Barts Charity funds transformational medical research and innovation in healthcare delivery and technology. Over the last five years, Barts has also allocated 25% of its portfolio to private equity and venture funds including early stage venture and life sciences funds. Fiona brings to Baronsmead a wealth of experience, spanning over 25 years, in investing in and leading growth companies. Her early career was in finance and private equity at Goldman Sachs and Murray Johnson Private Equity, and she then had a successful entrepreneurial career prior to joining Barts Charity in 2016 including five years at Social Finance UK, a leading impact investing and advisory firm. Fiona is Trustee of John Lyons, Chair of Lifting Limits and sits on the Barts Life Sciences Advisory Board. Fiona has an MBA from INSEAD.
Beneficial Shareholding:	Nil ordinary shares

Michael Probin	Non-Executive Director and Management Engagement and Remuneration Committee Chairman
Appointed:	14 June 2021
Experience:	Michael has over 30 years' experience in executive roles within the tax efficient investment industry. He worked on Business Expansion Scheme products at AXA Sun Life Group for 10 years before joining the management team at Livingbridge LLP, where he gained extensive knowledge of the VCT industry. Before retiring from his role at Livingbridge LLP in 2018, he worked extensively with the VCT industry trade and representative bodies and stakeholders of all forms. Michael has a BSc (Econ) and M.Sc (Econ) (Urban and Regional Planning) from the London School of Economics and EMBA from London Business School.
Beneficial Shareholding:	40,531 ordinary shares

Valerie Marshall retired as Senior Independent Director and Nomination Committee Chair effective 31 October 2021.

Valerie was appointed to the Board on 8 February 2016 following the merger with Baronsmead VCT plc where she served as a Director from November 2009. She invested growing companies with both 3i plc and the Scottish Development Agency for nearly 20 years, and was then Corporate Finance Director of stockbrokers Greig Middleton and Co Ltd.

Directors' report

The Directors of Baronsmead Venture Trust plc (Reg: 03504214) present their twenty-third Annual Report and Audited Financial Statements of the Company for the year ended 30 September 2021.

Shares and shareholders

Share capital

Pursuant to the prospectus published by the Company on 17 September 2020 in conjunction with Baronsmead Second Venture Trust plc in relation to an offer for subscription to each raise up to £20 million (before costs) with an over-allotment facility to each raise up to a further £17.5 million, the Company issued a total of 42,321,229 ordinary shares during the year ended 30 September 2021 by way of five allotments, raising approximately £32.5 million (before costs). Details of these allotments are as set out below:

- On 10 November 2020, the Company issued 17,488,428 ordinary shares under the first allotment at an issue price of 75.20p per share. The shares were admitted to trading on 16 November 2020.
- On 17 December 2020, the Company issued 5,472,719 ordinary shares under the second allotment at an issue price of 78.00p per share. The shares were admitted to trading on 22 December 2020.
- On 29 January 2021, the Company issued 11,131,503 ordinary shares under the third allotment at an issue price of 81.30p per share. The shares were admitted to trading on 4 February 2021.
- On 26 February 2021, the Company issued 5,751,377 ordinary shares under the fourth allotment at an issue price of 78.80p per share. The shares were admitted to trading on 4 March 2021.
- On 18 March 2021, the Company issued 2,477,202 ordinary shares under the fifth allotment at an issue price of 80.90p per share. The shares were admitted to trading on 23 March 2021.

At the AGM held on 16 February 2021, 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 37,980,559 ordinary shares. During the year, the Company bought back a total of 3,529,899 ordinary shares to be held in Treasury, representing 1.4 per cent of the issued share capital as at 30 September 2020, with an aggregate nominal value of £352,989. The total amount paid for these shares was £2,687,929. Since 30 September 2021, no shares have been bought back by the Company. The Company has remaining authority to buy back 35,796,970 shares under the resolution approved at the AGM in 2021.

During the year, the Company sold 650,000 ordinary shares from Treasury. The total amount received by the Company for these shares was £490,398. Shares will not be sold out of Treasury at a discount wider than the discount at which the shares were initially bought back by the Company.

As at the date of this report, the Company's issued share capital was as follows:

Shares	Total	% of Shares in issue	Nominal Value
In issue	295,007,034	100	£29,500,703.40
Held in Treasury	24,548,754	8.32	£2,454,875.40
In circulation	270,458,280	91.68	£27,045,828.00

The total voting rights as at 30 September 2021 were 270,458,280 and there have been no changes to this figure between 30 September 2021 and 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 participate in 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 2021, all of which remain valid, can be found in the last 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 ended 30 September 2021:

Dividends	£'000
Interim dividend of 3.0p per ordinary share paid on 10 September 2021	8,118
Final dividend of 3.5p per ordinary share to be paid on 4 March 2022*	9,466
Total dividends paid for the year	**17,584**

** Calculated on shares in circulation as at 30 September 2021.*

Subject to shareholder approval at the AGM, a final dividend of 3.5p per share will be paid on 4 March 2022 to shareholders on the register at 4 February 2022. The ex-dividend date will be 3 February 2022.

Annual General Meeting

The AGM will be held on 16 February 2022. A separate Notice convening the AGM will be posted to shareholders and will be separate to the Annual Report. The Notice will include an explanation of the items to be considered at the AGM and will be uploaded to the Company's website in due course.

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 pages 36 and 37 and in the Corporate Governance Statement.

Directors are entitled to a payment in lieu of three-month 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 and do not take part in discussions which relate to any of their conflicts.

The Board is aware that Peter Lawrence and Susannah Nicklin also serve together on the Board of Amati AIM VCT Plc. Having considered the circumstances, the Board agrees that this does not represent a conflict of interest and does not impair the independence of either Mr Lawrence or Ms Nicklin.

Financial instruments

The Company's financial instruments comprise equity and fixed interest investments, cash balances and liquid resources including debtors and

Directors' report

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 that the COVID-19 outbreak has had a significant adverse impact globally and that this has caused substantial volatility in financial markets. 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 2021, the Company held cash balances and investments in readily realisable securities with a value of £42.6 million,

representing 19.1 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 Chairman's Statement on page 7.

Listing rule disclosure

The Company confirms that there are no items which require disclosure under Listing Rule 9.8.4R in respect of the year ended 30 September 2021.

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.

Post balance sheet events

Post balance sheet events are disclosed in note 3.8 of the accounts.

By Order of the Board
Gresham House Asset Management Ltd
Company Secretary
5 New Street Square, London EC4A 3TW

6 December 2021

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 ("ESG") and complied with the provisions of the corporate governance code to which they are subject. 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.

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 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 paragraph 9.8.6 of the Listing Rules. The AIC Code can be viewed at www.theaic.co.uk where it includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

Compliance

Throughout the year ended 30 September 2021, the Company complied with the principles and provisions of the AIC Code which incorporates the UK Code. The Board attaches great importance to the matters set out in the Code and strives to observe its principles. The table on the following pages reports on the Company's compliance with the AIC Code and provides explanation where the Company has not complied.

It should be noted that as an externally managed VCT, all the Directors are non-executive and therefore provisions of the AIC Code related to the Chief Executive Officer and Executive Director remuneration are not relevant to the Company. Furthermore, the systems and procedures of the Manager and the provision of services provided by the Company's VCT Status Adviser, PwC, give the Board full confidence that an internal audit function is not necessary. The Company has therefore not reported further in respect of these provisions.

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; and
- 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
BOARD LEADERSHIP AND PURPOSE		
A.	**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.**	Directors are fully engaged and committed to use their collective, extensive experience to foster healthy debate and drive business strategy for the long-term, sustainable success of the Company. 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 newly created ESG Decision Tool.

Corporate governance

AIC Code	Principle	Compliance Statement
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.**	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. Investments are made selectively across a range of sectors in companies that have the potential to grow and enhance their value. 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. The Board has discussed the culture of the Board during the year under review and have acknowledged the importance of enhancing its integrity, adaptability and vigorous intellect. 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.
C.	**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.**	The Board and Audit 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. At each quarterly meeting, the Board receives a report on Company performance, the performance of its investments and the VCT sector (including its competitors) and any industry issues. The report outlines the Company's adherence to VCT compliance tests and includes forecasts for future periods, highlighting investment opportunities, operational matters and regulatory developments. The Board has agreed with the Manager specific KPIs that enable both parties to monitor compliance with the agreed investment policy and risk management framework. Directors regularly seek additional information from the Manager to supplement these reports and formally review the performance measures and KPIs at their annual strategy meeting. 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, systems and controls employed by them.

AIC Code	Principle	Compliance Statement
D.	**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.**	The Board understands its responsibility to shareholders and stakeholders and considers the opinions of all such parties when making any decision. The Board considers that, other than its shareholders, its stakeholders are the Manager, the portfolio of investee companies, HMRC and the Company's governing bodies, the AIC and its range of reputable advisors and service providers. The Board always considers the impact that any decision will have on any relevant stakeholder. 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 Chairman at the Company's Registered Office. All Directors make themselves available to meet shareholders at the Company's AGM whilst ensuring the Company adheres to any government social distancing restrictions that might be in force. This year the Company's AGM will be held in person, with shareholders who are unable to attend in person given the option to watch the AGM live. It must be noted that those who participate virtually will not be able to vote during the course of the AGM and are asked to submit their votes by proxy in advance of the AGM. The Directors' Statement on meeting their responsibilities under Section 172 of the Companies Act 2006 can be found on pages 30 to 35.
DIVISION OF RESPONSIBILITIES		
F.	**The chairman 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 chairman facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.**	There is a clear division of responsibility between the Chairman, the Directors, the Manager, and the Company's other third-party service providers. In addition, the Board has approved a policy which sets out the responsibilities of the Chairman and Senior Independent Director which is available on the Company's website. The Chairman is responsible for leading the Board and is responsible for its overall effectiveness in directing the affairs of the Company. The Chairman 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 Chairman also takes a leading role in ensuring effective communications with shareholders and other stakeholders. Further details on the Company's engagement with shareholders and other stakeholders can be found in the Section 172 Statement on pages 30 to 35. The Board meets regularly throughout the year and representatives of the Manager are in attendance, when appropriate, at Board and/or Committee meetings. Prior to each Board and Committee meeting, Directors are provided with a comprehensive set of papers giving detailed information on the Company's transactions and financial position and all Directors have timely access to all relevant management, financial and regulatory information.

Corporate governance

AIC Code	Principle	Compliance Statement
G.	**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.**	The Board comprised six Non-Executive Directors as at 30 September 2021. Since the year end, Valerie Marshall retired from the Board with effect from 31 October. As at the date of this report, the Board comprises of 3 male and 2 female Directors. The AIC Code provides that cross-directorships may be an indication that Directors are not independent. The Board is aware that Peter Lawrence and Susannah Nicklin also serve together on the Board of Amati AIM VCT plc. Having considered the circumstances, the Board has resolved that this does not impair the independence of either Mr Lawrence or Ms Nicklin. Having also considered the performance and independence of each remaining Director, the Board has determined that they are also 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. Additionally, 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.
H.	**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.**	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. As a result of the Board evaluation, 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.
I.	**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.**	The Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are in place and followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties.
COMPOSITION, SUCCESSION AND EVALUATION		
J.	**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.**	The Board has established a Nomination Committee, which leads the appointment process of new Directors as and when vacancies arise and as part of the Directors' ongoing succession planning. The Board believes that diversity of experience and approach, including gender diversity, amongst board members is of great importance and the Nomination Committee and Board consider issues of Board balance and diversity when making new appointments. As a result of the Board evaluation held during the year, Directors emphasised the continued focus on diversity when considering future appointments to the Board. However, the Board ensures that all appointments are made on merit and the Board is committed to ensuring that any Board vacancies are filled by the most qualified candidates and therefore no formal diversity policy is in place. Further details regarding the outcomes of the Company's Board evaluation can be found on page 50.

AIC Code	Principle	Compliance Statement
K.	**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.**	The Directors' biographical details are set out on pages 36 and 37. These demonstrate the wide range of skills and experience that each Director brings to the Board. The Board has approved a tenure policy, which encompasses the whole Board and Chairman, to ensure that the Board continues to have the right balance of skills and experience. The Board recognises the value of the regular refreshing 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. Both the Nomination Committee and the Board regularly consider the composition of the Board and the succession plans for each Director. This ensures that the Board's membership includes longer-serving directors who provide a balance of knowledge and experience that is not present in the absence of executive directors. 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
L.	**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.**	The Board evaluates its own performance and that of its Committees and the Chairman on an annual basis. For the period under review, this was carried out by way of a questionnaire and subsequent discussions. The Chairman 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 Chairman. A separate evaluation of the Chairman was led by Valerie Marshall, the Senior Independent Director at the time that the Chairman evaluation took place. Directors provided constructive feedback regarding the Chairman directly to Ms Marshall who then met with Mr Lawrence to discuss this and address any points of action. Ms Marshall retired from the Board and her role as Senior Independent Director with effect from 31 October 2021. Ms Miller Smith was appointed Senior Independent Director with effect from the same date and shall lead the evaluation of the Chairman in future. The Nomination Committee receives relevant points from the performance evaluation process and considers the information when making a recommendation to the Board regarding the election and re-election of Directors. More information regarding the proposed election and re-election of each Director can be found in the Notice of AGM. The results of the annual Board Evaluation process conducted during the period can be found on page 50.

Corporate governance

AIC Code	Principle	Compliance Statement
AUDIT, RISK AND INTERNAL CONTROL		
M.	**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.**	The Audit 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 Committee or the Board. This enables the Audit Committee to ensure that the external auditor remains fully independent. The Committee considers that the implementation of this policy has ensured that division is maintained going forward. No non-audit services have been provided by BDO LLP during the period, therefore the Committee continues to believe that BDO LLP remains independent. Further information regarding the work of the Audit Committee can be found on pages 47 to 49.
N.	**The board should present a fair, balanced and understandable assessment of the company's position and prospects.**	The Audit Committee has considered the Audited Annual Report and Financial Statements as a whole and agreed that it presents a fair, balanced, and understandable assessment of the Company's position and prospects.
O.	**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.**	Risks faced by the business are considered, monitored and assessed on a regular basis. For details in respect to the Company's principal risks and uncertainties and the appropriate measures taken to mitigate each risk can be found on pages 18 and 19. The Audit Committee receives service provider internal control reports which are collated by the Manager. The performance of all third party service providers are reviewed at least annually by the Management Engagement and Remuneration Committee. Further details can be found on page 52.
REMUNERATION		
P.	**Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.**	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. As stated in the Remuneration Report on page 53, 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.
Q.	**A formal and transparent procedure for developing policy remuneration should be established. No director should be involved in deciding their own remuneration outcome.**	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 2020. Further details on the Directors' remuneration is contained in the Directors' Remuneration Report on pages 52 to 56. No Director is involved in deciding their own remuneration.
R.	**Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.**	All Directors of the Company are independent Non-Executive Directors, and all Directors are members of the Management Engagement and Remuneration Committee. Any decision about remuneration is taken after considering the performance of the Company and the current market conditions.

The Board's Committees

The Board has delegated certain responsibilities to its Audit, Management Engagement and 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 established formal terms of reference for each of the Committees which are available on the Company's website and from the Company Secretary upon request. An outline of the remit of each of the Committees and their activities during the year are set out below:

Audit Committee report

Chairman: Mr Les Gabb

I am pleased to present the Audit Committee report for the year ended 30 September 2021.

Membership

As reported above, given the size and nature of the Board, it is felt appropriate that all Directors are members of the Audit Committee. This includes the Chairman, Peter Lawrence. All Audit Committee members consider that, individually and collectively, they are each appropriately experienced to fulfill their role on the Audit Committee. Each member contributes recent financial experience gained from senior positions in the venture capital and/or financial services sector. The Audit Committee Chairman, Mr Les Gabb, is a qualified Chartered Accountant.

Key responsibilities:

1. Reviewing the content and integrity of the Annual and Half-Yearly Financial Statements;
2. Reviewing the Company's internal control 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 regulatory requirements;
5. Ensuring auditor objectivity and independence is always safeguarded, but particularly in the provision of non-audit services; and
6. Providing a forum through which the auditor may report to the Board.

Matters considered during the year

The Audit Committee met four times during the year. At those meetings, the Audit Committee has:

- Reviewed the Company's financial statements for the half year and year end and made recommendations to the Board;
- Reviewed the Company's going concern and viability statements;
- Conducted a competitive audit tender and recommended to the Board the appointment of BDO (UK) LLP ("BDO") as external auditor with effect from 28 May 2021;
- Reviewed the impact of COVID-19 on the Company's investment portfolio and financial statements;
- Reviewed the Company's risk register reflecting 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, with particular emphasis on the potential issues caused by remote working during COVID-19;
- Agreed the audit plan for the year ended 30 September 2021 and audit fees with BDO LLP; and
- Reviewed its own performance as a Committee and its Terms of Reference.

The significant issues considered by the Committee during the year ended 30 September 2021 were:

Valuation of investments

Discussions have been held with the Manager about the Company's valuation process, its ownership of assets and the systems in place at Gresham House to ensure the accuracy of the valuation of the Company's portfolio. The Manager, the Company's Joint Valuation Forum and the Board have given additional attention to the valuation methodology applied across the portfolio as a result of the COVID-19 pandemic. The Audit Committee received assurances from the Manager around the robust valuation processes in place, monitoring all potential COVID-19 risks that could impact the Company. BDO LLP, having recently joined the Company as external auditor have also attended the Joint Valuation meetings of the Company and Baronsmead Second Venture Trust Plc and are satisfied that an appropriate and detailed level of challenge is made by the Directors and the Manager as to the quarterly valuations and valuation process.

Corporate governance

Review of Annual and Half-Yearly Financial Statements

The Audit Committee reviewed the Annual Financial Statements and the Half-Yearly Financial Statements during the period. A significant area of focus during these reviews was the valuation of the unquoted investments. The Manager confirmed to the Audit Committee that all valuations had been made in accordance with published industry guidelines and had taken account of the latest available information about the investee companies and current market data. The Board met quarterly to assess the appropriateness of the estimates and judgements made by the Manager during the valuation process and was satisfied with the approach taken and the supporting data used to finalise valuations across the portfolio.

Other areas of focus considered by the Audit Committee were:

Compliance with the VCT tests

The Company engages PwC as its VCT Status Adviser to advise on its compliance with the legislative requirements relating to VCTs. PwC attends at least one Audit Committee meeting each year and presents a VCT status monitoring report which details the Company's position against each of the VCT qualification tests.

Looking ahead to the next financial year, the Audit Committee undertakes to continue to work with the Company's advisors to ensure that the Company has the correct policies in place to provide necessary comfort and uphold full 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 the longer period of three years, particularly in light of the COVID-19 pandemic. This assessment included the review of possible declines in investment valuations and the impact of COVID-19 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 2024. Related long-term viability and going concern statements are included on pages 28 to 29 and 40.

Cyber security

The Manager has reviewed the cyber security procedures and controls of its service providers to mitigate cyber risk and the Manager's Compliance Officer has presented their cyber security procedures to the Audit Committee. The Audit Committee will continue to receive updates from, and to work with, the Manager to ensure that the procedures in place are robust and enable continuous compliance with the General Data Protection Regulation. Following formal review of the risk profile of the Company, the Audit Committee concluded that the effectiveness of the risk management and internal control systems during the year remain appropriate.

Internal controls and risk management systems

The Company is exposed to a variety of risks and uncertainties. The Board, through delegation to the Audit 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 2021, 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 18 and 19.

The Audit Committee oversees the operation of the Company's risk management and internal control systems through which procedures have been designed to identify and manage, rather than eliminate, risk. This involves the maintenance of a Risk Register which records the risks to which the Company is exposed, 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 the impact of the mitigating factors and, where necessary, corrective action is taken.

The Audit Committee receives service provider internal control reports which are collated by the Manager at each meeting, which provide an overview of the main risks identified by the Company's third-party service providers and the mitigating actions put in place for these. During the year ended 30 September 2021, the Manager assessed and continued to report to the Audit Committee on the operational risk of service providers and their ability to work remotely because of COVID-19 as the pandemic continued into the financial year. The Audit Committee was satisfied that each service provider had the ability to continue to deliver their service effectively, without disruption or issues resulting from the lockdown imposed during the COVID-19 pandemic and the gradual easing of government restrictions.

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 Committee and ultimately the Board. It is therefore felt that there is no need for an internal audit function. The need for an internal audit function is considered by the Audit Committee on an annual basis.

External Auditor

In early 2021, the Company completed an audit tender process. Three firms were invited to tender, including BDO, and each was considered to offer extensive experience of VCTs, together with accounting, tax and financial reporting and governance expertise. All three audit firms invited to the tender, presented to the Committee and as a result, on the recommendation of the Committee, the Board appointed BDO as the Company's external auditor with effect from 28 May 2021. As part of the audit strategy presentation BDO provided a clear description of the work undertaken for the audit process for the year ended 30 September 2021, including an in-depth review of the valuations. The Company anticipates repeating an audit tender in 2028 in respect of the audit required for the year ended 30 September 2029. This is in line with the latest Corporate Governance provisions and EU requirements.

In accordance with professional guidelines, the senior audit partner is rotated after five years (at most). The current senior audit partner started working with the Company this year and will therefore change in 2026. A resolution to appoint BDO as the Company's auditors will be proposed at the 2022 AGM.

The Audit Committee sought comfort from BDO that they could perform their audit safely and remotely during the challenges posed by the COVID-19 pandemic.

An audit fee of £40,000 (exclusive of VAT) has been agreed in respect of the year ended 30 September 2021.

Review of effectiveness of external audit

The Audit 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 Committee has an opportunity to question and challenge the Auditor in respect of each of these reports. In addition, at least once a year, the Audit Committee has an opportunity to discuss any aspect of the Auditor's work with the Auditor in the absence of the Manager. After each audit, the Audit Committee reviews the audit process and considers its effectiveness.

Non-audit services

Following the implementation of the EU Audit Directive and in accordance with the FRC's Guidance on Audit Committees, the Audit Committee approved a non-audit services policy in May 2017 to ensure that the auditor's independence and objectivity was not impaired. The policy 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 KPMG or BDO. Accordingly, the Audit Committee was satisfied that KPMG and BDO were considered independent.

Les Gabb

Audit Committee Chairman:

6 December 2021

Corporate governance

Nomination Committee report

Chairman: Ms Susannah Nicklin

Key responsibilities:

1. Lead the process for the appointments 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 amongst Directors.

Directorate changes

During the year, the Nomination Committee reviewed the composition of the Board and its Committees. The review determined that two new Non-Executive Directors should be appointed to the Board as part of the ongoing review of succession planning and in line with the Company's tenure policy. The Nomination Committee considered the structure, size and composition of the Board as well as the skills and experience required from prospective candidates. The Nomination Committee reviewed a long list and subsequent short list of candidates and interviews had been held with three short listed candidates. Following the interview process and the receipt of references, it was concluded that two of the candidates were suitable for the role and were selected for recommendation to the Board for appointment as independent Non-Executive Directors of the Company. It was agreed that Mr Michael Probin would be appointed with effect from 14 June 2021, and Ms Fiona Miller Smith would be appointed with effect from 1 September 2021.

On 31 October 2021, Ms Valerie Marshall retired from the Board as a Non Executive Director, Senior Independent Director and Chairman of the Nomination Committee. Ms Fiona Miller Smith was appointed Senior Independent Director, Ms Nicklin was appointed as Nomination Committee Chairman and Michael Probin was appointed Management Engagement and Remuneration Committee Chairman with effect from the same date.

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 Chairman, the Company undertakes a thorough evaluation process by way of an extensive and tailored board evaluation questionnaire, meetings between Board members and the Chairman and completion of self-evaluation questionnaires, confidentially shared between Directors and the Chairman. 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 any shortcomings and address any areas requiring improvement.

In addition, an evaluation of the Chairman's performance and effectiveness was led by Ms Valerie Marshall, the Company's Senior Independent Director, at the time that the Board evaluation took place, by way of an extensive questionnaire and via individual meetings between Board members and Ms Marshall, where deemed required. All evaluation processes are completed annually.

The results of the evaluation process indicate that the Board continues 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 Chairman. Accordingly, the Nomination Committee remains satisfied with the performance of the Board, its Committees and that of individual Directors and the Chairman. The Board is keen to keep Board succession planning as a key area of focus for the next financial year and have identified key strategic developments to achieve during the year ending 30 September 2022.

Succession planning and diversity

The Nomination Committee reviews the size and structure of the Board annually and succession planning remains a key area of focus for the Board for the year ending 30 September 2022. The Nomination Committee is also responsible for assessing the time commitment required for each Board appointment and ensuring that the present incumbents have sufficient time to undertake them.

The Nomination Committee aims to attract directors with diverse skills and experience and recommends appointments to the Board, based on merit, to ensure vacancies are fulfilled by the most qualified candidates. Candidates who complement the balance of skills, knowledge and experience needed to align with the Company's strategic aims are always considered. When considering future appointments, the Nomination Committee promotes diversity of gender, social and ethnic backgrounds as well as cognitive and personal strengths to aid effective decision making. The Committee will consider the use of external consultants when shortlisting candidates, if required.

Tenure policy

In November 2019, the Board adopted a Tenure and Reappointment Policy (the "Policy"). In accordance with the Policy, the Board will seek to recruit a Director on average every 3-4 years which will result in an average Director tenure of seven years or less. The Policy includes the Chairman within its consideration of each Director's tenure. The Board intends to maintain a range of experience from Directors who have served on the Board for varying periods. This approach aims to reserve the cumulative experience and understanding of the Company, its commitments and investment portfolio amongst Directors, while benefiting from fresh thinking and promoting diversity.

However, in accordance with the AIC Code, all Directors will stand for election/re-election at the Company's forthcoming AGM. Accordingly, resolutions to elect/re-elect all Directors are contained within the Notice of AGM.

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 entitled to attend.

	Board of Directors		Audit Committee		Management Engagement and Remuneration Committee		Nomination Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Peter Lawrence	4	4	4	4	1	1	1	1
Valerie Marshall	4	4	4	4	1	1	1	1
Les Gabb	4	4	4	4	1	1	1	1
Susannah Nicklin	4	4	4	4	1	1	1	1
Michael Probin*	1	1	1	1	–	–	–	–
Fiona Miller Smith**	–	–	–	–	–	–	–	–

* *Michael Probin was appointed as a Non-Executive Director on 14 June 2021.*
** *Fiona Miller Smith was appointed as a Non-Executive Director on 1 September 2021.*

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

Susannah Nicklin
Nomination Committee Chairman:
6 December 2021

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 of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the Independent Auditor's Report on pages 58 to 63.

An ordinary resolution to approve the Directors' Remuneration Report will be proposed at the forthcoming AGM on 16 February 2022.

Annual Statement from the Chairman of the Management Engagement and Remuneration Committee

The Management Engagement and Remuneration Committee is chaired by Michael Probin and comprises all the Directors of the Company, whose names are set out on pages 36 and 37 of the Directors' Report.

As explained in the Corporate Governance Statement on page 47, given the size and nature of the Company it is felt appropriate that all Directors are members of the Management Engagement and Remuneration Committee. The Company has no executive directors and considers all the Non-Executive Directors to be independent.

The AIC Code provides that cross-directorships may be an indication that Directors are not independent. The Board is aware that Peter Lawrence and Susannah Nicklin also serve together on the Board of Amati AIM VCT plc. Having considered the circumstances, the Board has resolved that this does not impair the independence of either Mr Lawrence or Ms Nicklin.

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

1. Determining and agreeing with the Board the remuneration policy for the Board and the fees for the Company's Chairman 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 them to account for their performance.

Manager duties

The Board delegates the execution of the Company's investment strategy and the management of assets to the Manager, by way of a 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 believes that the Manager's operations in the VCT sector are outstanding and that its ability to continue to achieve results by adapting to an ever-changing regulatory environment, and the ongoing challenges posed by the COVID-19 pandemic, has been impressive. The Board is supportive of the Manager's acquisition of the Mobeus VCTs as it significantly enlarges the Manager's VCT Team enhancing the the Manager's ability to identify and manage attractive investments in which the can Company can invest. The Board continues to work with the Manager to develop operational policies as and where relevant 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 on an annual basis.

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

Remuneration

Each year, the Committee reviews the Directors' fees to ensure they are comparative with others in the VCT industry relative to the NAV of the VCT, so that the Board can attract suitably qualified candidates to the Board. In addition, the Board has regard to the workload that individual Directors and the Chairman undertake as members of the Board, feedback from shareholders, the performance of the Company's portfolio and the prevailing rate of 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 fundraisings. 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.

Directors spend further time preparing for Board meetings, and the quarterly valuation meetings (at which a rigorous review of the unquoted investee companies is undertaken so as to arrive at the appropriate valuation) as well as a number of other ad hoc meetings. This work is in addition to the time taken up in the formal meetings of the Board.

Further details of the responsibilities of the Directors are provided in the Corporate Governance Statement on pages 43 and 44, all of which the Board believes should be considered when determining the remuneration of the Directors.

Directors' fees

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 November 2020, the Management Engagement and Remuneration Committee met to consider the level of Directors' fees for the year ended 30 September 2021. The Committee considered the amount and quality of work that Directors are required to undertake when deciding if it is appropriate to change the Directors' fees. The Committee also compares Director remuneration to that of other similar VCTs as well as recommending an annual increase in accordance with the Consumer Price Index ("CPI"). The CPI as at September 2020 was 0.7% and this was the approximate basis for the increase in Directors' fees for the reporting period. Accordingly, the Directors' fees were increased from £27,200 to £27,400 and the Chairman's fee was increased from £29,200 to £29,400. These changes were effective from 1 October 2020. No person provided advice or services in respect of their consideration of Directors' remuneration.

In November 2021, the Management Engagement and Remuneration Committee met to review the level of Directors' fees and concluded that the Directors' fees would again only increase by the rate of CPI for the year ended 30 September 2022 (3.1 per cent as at 30 September 2021). This increase would take effect from 1 October 2021 and would increase the Chairman's fee to £30,300 and the individual Directors' fees to £28,250.

In order to provide the directors flexibility and to ensure that the directors' remuneration is fair and comparable to that of other relevant venture capital trusts, the directors are seeking shareholder approval to increase the current fee cap in the Company's Articles of Association to £175,000 through a resolution to be considered at the Company's Annual General Meeting on 16 February 2022.

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.

The remuneration policy, as set out above, was approved by the members at the AGM held on 26 February 2020. There are no proposed changes to the policy and therefore it is intended that this policy will continue for the year ending 30 September 2022 and subsequent years. In accordance with the regulations, an ordinary resolution to approve the Directors' remuneration policy will be put to shareholders at least once every three years. A copy of the Company's Remuneration Policy can be obtained by writing to the Company Secretary at the Company's registered office.

Fees for any new Non-Executive Director who is appointed to the Board will be set 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 are not 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.

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 Directors' remuneration report for the year ended 30 September 2020 and the Directors' remuneration policy were approved by shareholders at the two AGMs held on 16 February 2021 and 26 February 2020 respectively. The votes cast by proxy were as follows:

Directors' remuneration report

Remuneration report (2021 AGM voting figures)

	Number of votes	Percentage of votes cast
For	16,924,840	86.91%
Discretion of the Chairman	1,574,488	8.09%
Against	974,384	5.00%
Votes withheld	604,193	

Remuneration policy (2020 AGM voting figures)

	Number of votes	Percentage of votes cast
For	12,100,160	77.08%
Discretion of the Chairman	1,648,275	10.50%
Against	1,949,981	12.42%
Votes withheld	744,682	

Annual remuneration report

Scheme interests awarded during the financial year

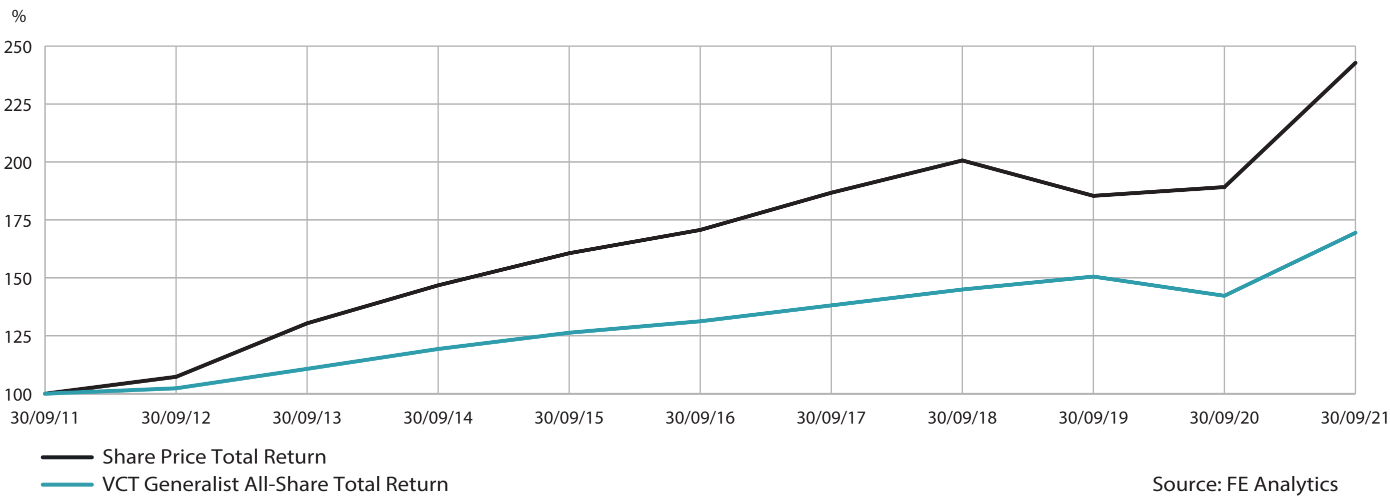
The Company does not operate a share incentive plan. None of the Directors receive any remuneration or any part of their fee in the form of shares in the Company, options to subscribe for shares, warrants or any other equity-based scheme.

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 'Report of the Directors'. The graph below compares, for the 10 years ended 30 September 2021, 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 39 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 Chairman's Statement and Manager's Review on pages 4 to 7 and 8 to 11.

At least annually, the Management Engagement and Remuneration Committee formally reviews the performance of the Manager and the appropriateness of its continuing appointment. At this meeting, they review the performance of the fund and all aspects of the service provided by the Manager. They also review the terms and conditions of the appointment, including the level of the Manager's fees.

BVT Share Price and the VCT Generalist Share Price Total Return Performance Graph



Directors' emoluments for the year (audited)

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

	Year to 30 September 2021 £	Year to 30 September 2020 £	Percentage change in Directors' fees %
Peter Lawrence	**29,400**	29,200	0.7
Les Gabb	**27,400**	27,200	0.7
Valerie Marshall	**27,400**	27,200	0.7
Susannah Nicklin	**27,400**	27,200	0.7
Michael Probin*	**8,199**	—	—
Fiona Miller Smith**	**2,283**	—	—
Total	**122,082**	110,800	

** Michael Probin was appointed as a Non-Executive Director on 14 June 2021.*

*** Fiona Miller Smith was appointed as a Non-Executive Director on 1 September 2021.*

There are no further fees to disclose as the Company has no employees, chief executive or executive directors. The figures detailed in the Directors' Remuneration Report disclose Director remuneration only.

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 in November and December 2020, January, February and March 2021.

	Year to 30 September 2021 £	Year to 30 September 2020 £	Percentage change
Total Directors' fees	**122,082**	110,800	10.2
Shares repurchased	**2,697,000**	2,160,000	24.9
Dividends	**17,350,000**	14,679,457	18.2
NAV	**222,863,000**	164,834,000	35.2

The Directors' fees as a percentage of NAV for the year to 30 September 2021 were 0.055 per cent and for the year to 30 September 2020 were 0.067 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 2021 were as follows:

Directors' remuneration report

	30 September 2021 Ordinary 10p shares	30 September 2020 Ordinary 10p shares
Peter Lawrence	**1,056,285**	760,276
Les Gabb	**111,721**	85,660
Valerie Marshall*	**83,199**	80,835
Susannah Nicklin	**33,372**	10,968
Michael Probin	**40,531**	—
Fiona Miller Smith	**—**	—
Total	**1,325,108**	937,739

* *Valerie Marshall retired from the Board on 31 October 2021.*

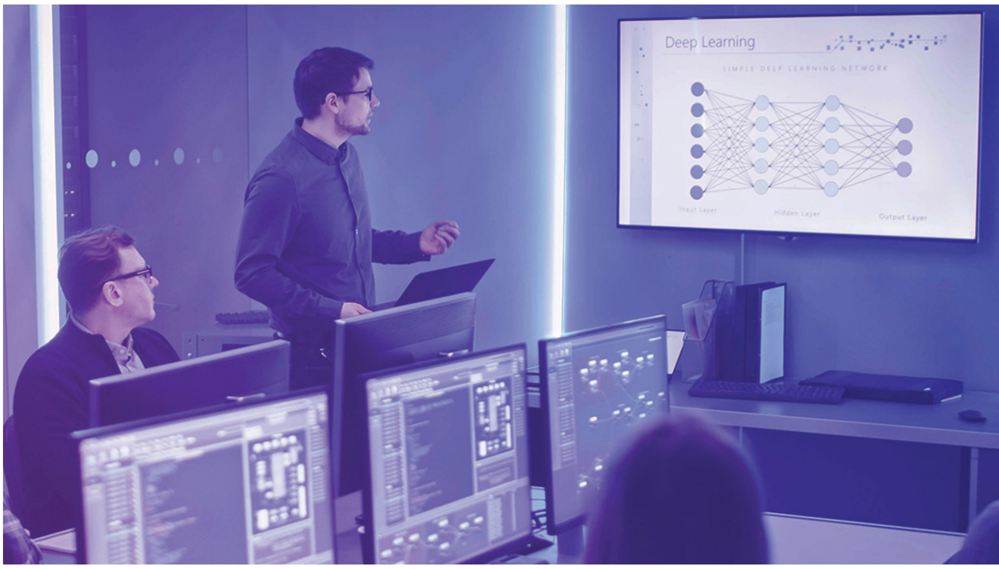
There have been no changes to these holdings between 30 September 2021 and the date of this report.

Approved by the Board of Directors and signed by:

Michael Probin
Chairman of the Management Engagement and Remuneration Committee

6 December 2021

Statement of Directors' responsibilities



Statement of Directors' responsibilities in respect of the 2021 Annual Report and 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 Annual Report includes a fair 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 that 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:

Peter Lawrence
Chairman

6 December 2021

Independent auditor's report

to the members of Baronsmead 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Baronsmead Venture Trust plc (the 'Company') for the year ended 30 September 2021 which comprise the Income statement, the Statement of change in equity, the Balance sheet, the Statement of cash flows and the 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 UK Accounting Standards, including FRS 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 ending 30 September 2021 and subsequent financial periods.
The period of total uninterrupted engagement including retenders and reappointments is 1 year, covering the years ending 30 September 2021.
We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.
The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

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

- Obtaining the VCT compliance reports 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.
- Reviewing the forecasted cash flows that support the Directors' assessment of going concern and challenging management's assumptions and judgements made in forecasts, assessing them for reasonableness. In particular we considered the available cash resources relative to the forecast expenditure.
- Evaluating management's method of assessing the going concern in light of market volatility and the present uncertainties, including COVID-19.

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 12 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

		2021
Key audit matters	Valuation of unquoted investments	✓
	Valuation of quoted investments	✓
Materiality	£3,130,000 based on 1.5% of gross investments	

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
Valuation of unquoted investments (Notes 2.3 and 3.3)	The Manager's fee is based on the value of the net assets of the fund, as stated in the Strategic Report. As the Manager is also responsible for valuing investments for the financial statements, there is a potential risk of misstatement of investment valuations. A significant number of the investments held are unquoted. There is a high level of estimation uncertainty involved in determining the unquoted investment valuations, which consist of both equity and loan stock instruments, due to the nature of the assumptions involved in assessing fair value.	We tested a risk-based sample of the unquoted investments. For equity investments held at fair value we: • Formed a determination of whether the valuation methodology is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEVCV") Guidelines; • Re-performed the calculation of investment valuations based on EBITDA or revenue multiples; • Benchmarked key inputs and estimates to independent information and our own research; • Challenged assumptions inherent in the valuations by obtaining support for their rationale and assessing the impact of the estimation uncertainty concerning these assumptions; • Considered the economic environment in which the investment operates to identify factors that could impact the valuation and considered whether these had been appropriately incorporated into the valuation • Paid particular attention to COVID-19 by challenging key assumptions made in the valuation and ensuring the methodology remains applicable. For loans held at fair value we: • Vouched the security to supporting documentation • Considered the assumption that the fair value is not significantly different to cost by challenging the assumption that there is no significant movement in the market interest rate since acquisition and considering the "unit of account" concept; • Reviewed the treatment of accrued redemption premium and other fixed returns in line with the Statement of Recommended Practice. We performed analytical procedures on the remaining unquoted investments, including checking whether the valuation was approved by the Investment Committee, checking whether the valuation methodology is permitted by the IPEVCV guidelines, checking the arithmetic accuracy of the valuation and checking whether the valuation is based on recent financial information. **Key observations:** Based on the procedures performed we noted that the methodology and assumptions used by the Manager in their unquoted investment valuations to be appropriate.

Independent auditor's report

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of quoted investments (Notes 2.3 and 3.3)	The Manager's fee is based on the value of the net assets of the fund, as stated in the Strategic Report. As the Manager is also responsible for valuing investments for the financial statements, there is a potential risk of misstatement of investment valuations. Although the quoted investments are Level 1 quoted investments, due to the proportion of the portfolio invested in quoted investments, this is considered a key audit matter.	We tested 100% of the portfolio of quoted investments by: • Confirming that bid price has been used by agreeing to externally quoted prices using our data analytics software; • Checking that there are no contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value by considering the realisation period for individual holdings; • Recalculating the valuation by multiplying the number of shares held per the statement obtained from the custodian by the valuation per share. **Key observations:** Based on the procedures performed we noted that the prices applied by the Manager for the quoted investment portfolio to be appropriate.

Our application of materiality

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

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

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

Company Financial Statements	2021 £
Materiality	3,130,000
Basis for determining materiality	1.5% of gross investments
Rationale for the benchmark applied	In setting materiality, we have had regard to the nature and disposition of the investment portfolio. Given that the VCT's portfolio is comprised of unquoted investments in addition to the quoted investments, which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 1.5% of gross investments.
Performance materiality	£2,034,500
Basis for determining performance materiality	65% of materiality
	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.

Lower testing threshold

We also determined that for items impacting the revenue return, a misstatement of less than materiality for the financial statements as a whole, could influence the economic decisions of users. As a result, we determined a lower testing threshold for these items based on 5% of gross expenditure, excluding performance fees.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £60,000. 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 Statement specified for our review.

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

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and • The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	• Directors' statement on fair, balanced and understandable; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and • The section describing the work of the audit committee

Independent auditor's report

Other Companies Act 2006 reporting

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

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In 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.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the 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:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with 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 FRS 102. We also considered the Company's qualification as a VCT under UK tax legislation.

Our tests included, but were not limited to:

- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management and those charged with governance;
- Obtaining the VCT compliance reports 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
- Review of minutes of board meetings throughout the period.

We assessed the susceptibility of the financial statements to material misstatement including fraud and considered the key fraud risk areas to be the valuation of unquoted investments and management override of controls.

Our tests included, but were not limited to:

- The procedures set out in the Key Audit Matters section above;
- Obtaining independent evidence to support the ownership of investments;
- Recalculating the investment management fees in total;
- Obtaining independent confirmation of bank balances; and
- Testing journals, based on risk assessment criteria as well as an unpredictable sample, and evaluating whether there was evidence of bias by the Manager and Directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

Use of our report

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

Vanessa Bradley (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK
Date: 6 December 2021

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

Income statement

For the year ended 30 September 2021

	Notes	Year ended 30 September 2021 Revenue £'000	Year ended 30 September 2021 Capital £'000	Year ended 30 September 2021 Total £'000	Year ended 30 September 2020 Revenue £'000	Year ended 30 September 2020 Capital £'000	Year ended 30 September 2020 Total £'000
Gains on investments	2.3	**–**	**49,591**	**49,591**	–	5,865	5,865
Income	2.5	**3,058**	**–**	**3,058**	3,679	–	3,679
Investment management fee and performance fee	2.6	**(1,009)**	**(4,969)**	**(5,978)**	(750)	(2,251)	(3,001)
Other expenses	2.6	**(618)**	**–**	**(618)**	(599)	–	(599)
Profit before taxation		**1,431**	**44,622**	**46,053**	2,330	3,614	5,944
Taxation	2.9	**(104)**	**104**	**–**	(333)	333	–
Profit for the year, being total comprehensive income for the year		**1,327**	**44,726**	**46,053**	1,997	3,947	5,944
Return per ordinary share:							
Basic and diluted	2.2	**0.51p**	**17.08p**	**17.59p**	0.90p	1.77p	2.67p

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 or 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 68 to 80 form part of these financial statements.

Statement of changes in equity

For the year ended 30 September 2021

	Notes	Non-distributable reserves			Distributable reserves		
		Called-up share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 1 October 2020		**25,268**	**49,397**	**29,590**	**58,399**	**2,180**	**164,834**
Profit after taxation		**–**	**–**	**39,173**	**5,553**	**1,327**	**46,053**
Net proceeds of share issues, share buybacks & sale of shares from treasury		**4,233**	**27,314**	**–**	**(2,221)**	**–**	**29,326**
Dividends paid	2.4	**–**	**–**	**–**	**(15,483)**	**(1,867)**	**(17,350)**
At 30 September 2021		**29,501**	**76,711**	**68,763**	**46,248**	**1,640**	**222,863**

For the year ended 30 September 2020

	Notes	Non-distributable reserves			Distributable reserves		
		Called-up share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 1 October 2019		22,053	28,397	26,909	72,401	1,309	151,069
Profit after taxation		–	–	2,681	1,266	1,997	5,944
Net proceeds of share issues, share buybacks & sale of shares from treasury		3,215	21,000	–	(1,715)	–	22,500
Dividends paid	2.4	–	–	–	(13,553)	(1,126)	(14,679)
At 30 September 2020		25,268	49,397	29,590	58,399	2,180	164,834

The notes on pages 68 to 80 form part of these financial statements.

Balance sheet

As at 30 September 2021

Company Number: 03504214

	Notes	As at 30 September 2021 £'000	As at 30 September 2020 £'000
Fixed assets			
Investments	2.3	**208,816**	154,292
Current assets			
Debtors	2.7	**91**	469
Cash at bank and on deposit		**17,453**	11,042
		17,544	11,511
Creditors (amounts falling due within one year)	2.8	**(3,497)**	(969)
Net current assets/(liabilities)		**14,047**	10,542
Net assets		**222,863**	164,834
Capital and reserves			
Called-up share capital	3.1	**29,501**	25,268
Share premium	3.2	**76,711**	49,397
Capital reserve	3.2	**46,248**	58,399
Revaluation reserve	3.2	**68,763**	29,590
Revenue reserve	3.2	**1,640**	2,180
Equity shareholders' funds		**222,863**	164,834
Net asset value per share			
– Basic and diluted	2.1	**82.40p**	71.35p

The notes on pages 68 to 80 form part of these financial statements.

The financial statements were approved, and authorised for issue, by the Board of Directors of Baronsmead Venture Trust plc on 6 December 2021 and were signed on its behalf by:

Peter Lawrence
Chairman

Statement of cash flows

For the year ended 30 September 2021

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Cash flows from operating activities		
Investment income received	**3,311**	3,348
Investment management fees paid	**(3,736)**	(2,932)
Other cash payments	**(632)**	(595)
Net cash outflow from operating activities	**(1,057)**	(179)
Cash flows from investing activities		
Purchases of investments	**(46,299)**	(36,649)
Disposals of investments	**41,497**	30,221
Net cash outflow from investing activities	**(4,802)**	(6,428)
Financing activities		
Gross proceeds of share issues	**33,007**	24,900
Gross proceeds from sale of shares from treasury	**490**	492
Gross cost of share buybacks	**(2,403)**	(2,160)
Costs of share issues	**(1,460)**	(685)
Costs of share buybacks	**(14)**	(11)
Equity dividends paid	**(17,350)**	(14,679)
Net cash inflow from financing activities	**12,270**	7,857
Increase in cash	**6,411**	1,250
Reconciliation of net cash flow to movement in net cash		
Increase in cash	**6,411**	1,250
Opening cash position	**11,042**	9,792
Closing cash at bank and on deposit	**17,453**	11,042
Reconciliation of profit before taxation to net cash outflow from operating activities		
Profit before taxation	**46,053**	5,944
Gains on investments	**(49,591)**	(5,865)
Income reinvested	**(131)**	–
Decrease/(increase) in debtors	**378**	(329)
Increase in creditors	**2,234**	71
Net cash outflow from operating activities	**(1,057)**	(179)

The notes on pages 68 to 80 form part of these financial statements.

Notes to the financial statements

For the year ended 30 September 2021

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 updated in January 2017, February 2018, October 2019 and April 2021 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 it is reasonable to expect 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 significant adverse effect that the COVID-19 outbreak has had globally, 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 2021 number	30 September 2020 number	**30 September 2021 pence**	30 September 2020 pence	**30 September 2021 £'000**	30 September 2020 £'000
Ordinary shares (basic)	**270,458,280**	231,016,950	**82.40**	71.35	**222,863**	164,834

2.2 Return per share

	Weighted average number of ordinary shares		Return per ordinary share		Net profit after taxation	
	30 September 2021 number	30 September 2020 number	**30 September 2021 pence**	30 September 2020 pence	**30 September 2021 £'000**	30 September 2020 £'000
Revenue	**261,864,661**	222,939,528	**0.51**	0.90	**1,327**	1,997
Capital	**261,864,661**	222,939,528	**17.08**	1.77	**44,726**	3,947
Total			**17.59**	2.67	**46,053**	5,944

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 present value.

Investments are subsequently measured at fair value through profit and loss. For AIM-traded securities this is either bid price or the last traded price, depending on the convention of the exchange 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 closing 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 guidelines ("IPEV Guidelines").

Judgements

The key judgements in the fair valuation process are:

i) The Manager's determination of the appropriate application of the IPEV Guidelines to each unquoted investment;

ii) 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 76 to 78. 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:

i) Cost of recent investment

ii) Earnings multiple

iii) Offer less 10 per cent

The Earnings 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 Cost of recent investment approach involves holding the investment at the price set in the latest available funding round.

The key assumptions for the Multiples approach are that the selection of comparable companies on which to determine earnings multiple (chosen on the basis of their business characteristics and growth patterns) and using either historic or forecast revenues (as considered most appropriate) provide a reasonable basis for identifying relationships between enterprise value and growth to apply in the determination of fair value. Other assumptions include the appropriateness of the discount magnitude applied for reduced liquidity and other qualitative factors. The assumption of offer less 10 per cent is in line with our internal valuation methodology.

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.

Notes to the financial statements

2 Investments, performance and shareholder returns (continued)

2.3 Investments (continued)

Assumptions (continued)

The nature of the unquoted portfolio currently 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. 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.

All investments are initially recognised and subsequently measured at fair value. Changes in fair value are recognised in the Income statement. The details of which are set out in the box above.

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 2021 £'000	As at 30 September 2020 £'000
Level 1		
Investments traded on AIM	**77,380**	53,820
Level 2		
Investments listed on LSE	**24**	29
Investments traded on AIM	**–**	1,866
Collective investment vehicles	**79,400**	59,390
Level 3		
Unquoted investments	**52,012**	39,187
	208,816	154,292

For the year ended 30 September 2021

	Level 1	Level 2			Level 3	
	Traded on AIM £'000	Listed on LSE £'000	Traded on AIM £'000	Collective investment vehicles £'000	Unquoted £'000	Total £'000
Opening book cost	40,287	2,315	4,481	44,412	33,207	124,702
Opening unrealised appreciation/(depreciation)	13,533	(2,286)	(2,615)	14,978	5,980	29,590
Opening fair value	53,820	29	1,866	59,390	39,187	154,292
Transfer between levels	4,481	–	(4,481)	–	–	–
Purchases at cost	3,681	–	–	31,061	11,688	46,430
Sale – proceeds	(8,956)	–	–	(24,362)	(8,179)	(41,497)
Sale – realised gains/(losses) on sales	6,076	–	–	–	(3,575)	2,501
Unrealised gains realised during the year	1,510	–	–	–	6,407	7,917
Increase/(decrease) in unrealised appreciation	16,768	(5)	2,615	13,311	6,484	39,173
Closing fair value	**77,380**	**24**	**–**	**79,400**	**52,012**	**208,816**
Closing book cost	47,079	2,315	–	51,111	39,548	140,053
Closing unrealised appreciation/(depreciation)	30,301	(2,291)	–	28,289	12,464	68,763
Closing fair value	**77,380**	**24**	**–**	**79,400**	**52,012**	**208,816**
Equity shares	77,380	24	–	–	32,774	110,178
Preference shares	–	–	–	–	8,949	8,949
Loan notes	–	–	–	–	10,289	10,289
Collective investment vehicles	–	–	–	79,400	–	79,400
Closing fair value	**77,380**	**24**	**–**	**79,400**	**52,012**	**208,816**

For the year ended 30 September 2020

	Level 1	Level 2			Level 3	
	Traded on AIM £'000	Listed on LSE £'000	Traded on AIM £'000	Collective investment vehicles £'000	Unquoted £'000	Total £'000
Opening book cost	45,024	–	6,520	33,091	31,171	115,806
Opening unrealised appreciation/(depreciation)	3,347	–	(650)	13,702	10,510	26,909
Opening fair value	48,371	–	5,870	46,793	41,681	142,715
Transfer between levels	(1,010)	2,315	(2,039)	–	734	–
Purchases at cost	2,330	–	–	27,300	6,303	35,933
Sale – proceeds	(10,601)	–	–	(15,979)	(3,641)	(30,221)
Sale – realised gains/(losses) on sales	1,229	–	–	–	(1,451)	(222)
Unrealised gains realised during the year	3,315	–	–	–	91	3,406
Increase/(decrease) in unrealised appreciation	10,186	(2,286)	(1,965)	1,276	(4,530)	2,681
Closing fair value	**53,820**	**29**	**1,866**	**59,390**	**39,187**	**154,292**
Closing book cost	40,287	2,315	4,481	44,412	33,207	124,702
Closing unrealised appreciation/(depreciation)	13,533	(2,286)	(2,615)	14,978	5,980	29,590
Closing fair value	**53,820**	**29**	**1,866**	**59,390**	**39,187**	**154,292**
Equity shares	53,820	29	1,866	–	23,319	79,034
Preference shares	–	–	–	–	2,757	2,757
Loan notes	–	–	–	–	13,111	13,111
Collective investment vehicles	–	–	–	59,390	–	59,390
Closing fair value	**53,820**	**29**	**1,866**	**59,390**	**39,187**	**154,292**

The AIM-traded investments held in Level 2 as at 30 September 2020 have been transferred to Level 1 after recent trading activity in the period.

The gains and losses included in the above table have all been recognised in the Income statement on page 64.

Notes to the financial statements

2 Investments, performance and shareholder returns (continued)

2.3 Investments (continued)

The Company received £17.1 million (2020: £16.8 million) from investments sold in the year, excluding liquidity funds redeemed of £24.4 million (2020: £16.0 million). The book cost of these investments when they were purchased was £6.7 million (2020: £9.4 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

In accordance with FRS 102, dividends are recognised as a liability in the period in which they are declared.

	Year ended 30 September 2021			Year ended 30 September 2020		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Amounts recognised in the year:						
For the year ended 30 September 2021						
Interim dividend of 3.0p per ordinary share paid on 10 September 2021	**812**	**7,306**	**8,118**	–	–	–
For the year ended 30 September 2020						
Final dividend of 3.5p per ordinary share paid on 4 March 2021	**1,055**	**8,177**	**9,232**	–	–	–
Interim dividend of 3.0p per ordinary share paid on 11 September 2020	**–**	**–**	**–**	461	6,453	6,914
For the year ended 30 September 2019						
Final dividend of 3.5p per ordinary share paid on 3 March 2020	**–**	**–**	**–**	665	7,100	7,765
	1,867	**15,483**	**17,350**	1,126	13,553	14,679

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 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 (2020: £nil) was received for the year ended 30 September 2021.

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 2021			Year ended 30 September 2020		
	Quoted securities £'000	**Unquoted securities £'000**	**Total £'000**	Quoted securities £'000	Unquoted securities £'000	Total £'000
Income from investments						
Dividend income	**724**	**158**	**882**	506	72	578
Interest income	**1**	**2,175**	**2,176**	67	3,034	3,101
Total income	**725**	**2,333**	**3,058**	573	3,106	3,679

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 capital.

	Year ended 30 September 2021			Year ended 30 September 2020		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**1,009**	**3,028**	**4,037**	750	2,251	3,001
Performance fee	**–**	**1,941**	**1,941**	–	–	–
	1,009	**4,969**	**5,978**	750	2,251	3,001

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

The Manager, Gresham House Asset Management Ltd, receives a fee of 2 per cent per annum of the net assets of the Company, calculated and payable on a quarterly basis. The collective investment vehicles, UK Micro Cap, Multi Cap and Small Cap, 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 if at the end of any calculation period, the total return on shareholders' funds exceeds the threshold of the higher of 4 per cent or base rate plus 2 per cent on shareholders' funds (calculated on a compound 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 shareholders' funds at the end of the period.

Amounts payable to the Manager at the year end are disclosed in note 2.8.

Other expenses

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Directors' fees	**122**	111
Secretarial and accounting fees paid to the Manager	**126**	154
Remuneration of the auditors and their associates:		
– current auditors	**48**	–
– previous auditors	**30**	58
Other	**292**	276
	618	599

Information on directors' remuneration is given in the directors' emoluments table on page 55. During the year there was no remuneration due to the auditors for non-audit services (2020: £nil).

2.7 Debtors

	As at 30 September 2021 £'000	As at 30 September 2020 £'000
Prepayments and accrued income	**91**	469
	91	469

2.8 Creditors (amounts falling due within one year)

	As at 30 September 2021 £'000	As at 30 September 2020 £'000
Management, secretarial and accounting fees due to the Manager	**3,102**	865
Amounts due to brokers	**294**	–
Other creditors	**101**	104
	3,497	969

Notes to the financial statements

2 Investments, performance and shareholder returns (continued)

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 underlying timing differences can be deducted.

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

	Year ended 30 September 2021			Year ended 30 September 2020		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Profit before taxation	**1,431**	**44,622**	**46,053**	2,330	3,614	5,944
Corporation tax at a rate of 19.0 per cent (2020: 19.0 per cent)	**272**	**8,478**	**8,750**	443	687	1,130
Effect of:						
Non-taxable gains	**–**	**(9,422)**	**(9,422)**	–	(1,114)	(1,114)
Non-taxable dividend income	**(168)**	**–**	**(168)**	(110)	–	(110)
Losses carried forward	**–**	**840**	**840**	–	94	94
Tax charge/(credit) for the year	**104**	**(104)**	**–**	333	(333)	–

At 30 September 2021, the Company had unrealised losses of £17,163,683 (2020: £12,752,410). A deferred tax asset of £3,261,100 (2020: £2,422,958) has not been recognised because the Company is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period. 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 2021	£'000
252,685,805 ordinary shares of 10p each listed at 30 September 2020	25,268
42,321,229 ordinary shares of 10p each issued during the year	4,233
295,007,034 ordinary shares of 10p each listed at 30 September 2021	**29,501**
21,668,855 ordinary shares of 10p each held in treasury at 30 September 2020	(2,166)
3,529,899 ordinary shares of 10p each repurchased during the year and held in treasury	(354)
650,000 ordinary shares of 10p each sold from treasury during the year	65
24,548,754 ordinary shares of 10p each held in treasury at 30 September 2021	**(2,455)**
270,458,280 ordinary shares of 10p each in circulation* at 30 September 2021	**27,046**

For the year ended 30 September 2020	£'000
220,533,675 ordinary shares of 10p each listed at 30 September 2019	22,053
32,152,130 ordinary shares of 10p each issued during the year	3,215
252,685,805 ordinary shares of 10p each listed at 30 September 2020	**25,268**
19,247,982 ordinary shares of 10p each held in treasury at 30 September 2019	(1,924)
3,090,873 ordinary shares of 10p each repurchased during the year and held in treasury	(309)
670,000 ordinary shares of 10p each sold from treasury during the year	67
21,668,855 ordinary shares of 10p each held in treasury at 30 September 2020	**(2,166)**
231,016,950 ordinary shares of 10p each in circulation* at 30 September 2020	**23,102**

** Carrying one vote each.*

The 42,321,299 (2020: 32,152,130) ordinary shares were issued at an average price of 77.991p (2020: 76.675p).

During the year, the Company bought back 3,529,899 (2020: 3,090,873) ordinary shares and sold from treasury 650,000 (2020: 670,000) shares, representing 1.3 (2020: 1.4) per cent of the ordinary shares in circulation at the beginning of the financial year.

Treasury shares
When the Company reacquires its own shares, they are held as treasury shares and not cancelled.

Shareholders have authorised the Board to sell 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 2021

	Distributable reserves			Non-distributable reserves		
	Capital reserve £'000	Revenue reserve £'000	Total £'000	Share premium £'000	Revaluation reserve* £'000	Total £'000
At 1 October 2020	58,399	2,180	60,579	49,397	29,590	78,987
Gross proceeds of share issues	–	–	–	28,774	–	28,774
Purchase of shares for treasury	(2,697)	–	(2,697)	–	–	–
Sale of shares from treasury	490	–	490	–	–	–
Expenses of share issue and buybacks	(14)	–	(14)	(1,460)	–	(1,460)
Reallocation of prior year unrealised gains/losses#	7,917	–	7,917	–	(7,917)	(7,917)
Realised gain on disposal of investments#	2,501	-	2,501	–	–	–
Net increase in value of investments#	–	–	–	-	47,090	47,090
Management fee charged to capital#	(4,969)	–	(4,969)	–	–	–
Taxation relief from capital expenses#	104	-	104	–	–	–
Profit after taxation#	–	1,327	1,327	–	–	–
Dividends paid in the year	(15,483)	(1,867)	(17,350)	–	–	–
At 30 September 2021	**46,248**	**1,640**	**47,888**	**76,711**	**68,763**	**145,474**

Notes to the financial statements

3 Other required disclosures (continued)

3.2 Reserves (continued)

For the year ended 30 September 2020

	Distributable reserves			Non-distributable reserves		
	Capital reserve £'000	Revenue reserve £'000	Total £'000	Share premium £'000	Revaluation reserve* £'000	Total £'000
At 1 October 2019	72,401	1,309	73,710	28,397	26,909	55,306
Gross proceeds of share issues	–	–	–	21,685	–	21,685
Purchase of shares for treasury	(2,160)	–	(2,160)	–	–	–
Sale of shares from treasury	456		456	–	–	–
Expenses of share issue and buybacks	(11)	–	(11)	(685)	–	(685)
Reallocation of prior year unrealised gains/losses#	3,406	–	3,406	–	(3,406)	(3,406)
Realised loss on disposal of investments#	(222)	–	(222)	–	–	–
Net increase in value of investments#	–	–	–	–	6,087	6,087
Management fee charged to capital#	(2,251)	–	(2,251)	–	–	–
Taxation relief from capital expenses#	333	–	333	–	–	–
Profit after taxation#	–	1,997	1,997	–	–	–
Dividends paid in the year	(13,553)	(1,126)	(14,679)	–	–	–
At 30 September 2020	**58,399**	**2,180**	**60,579**	**49,397**	**29,590**	**78,987**

 # The total of these items is £46,053k (2020: 5,944k), which agrees to the total profit for the year.

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

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.

Share premium is recognised net of issue costs.

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 Audited Annual Report and Financial Statements of the Strategic Report.

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 2.3 above).

Price risk sensitivity

As at 30 September 2021, each unquoted company has been classified as having a higher, medium or lower level of estimation uncertainty by considering a range of factors including the availability and extent of cash resources, and the potential disruption to business activities caused by the COVID-19 pandemic and associated government intervention. In addition, the impact of COVID-19 on the relevant industry, liquidity concerns for the specific company, and operational impacts on the business were also considered in arriving at the level of estimation uncertainty. For example, we have classified investments in the casual dining and travel sectors as higher risk as the impact of COVID-19 on these industries has been particularly severe. There is higher uncertainty around the estimated sustainable earnings of these businesses, and the extent of their cash resources, and therefore there are a larger range of possible outcomes from the valuation of these investments.

A greater sensitivity factor has been applied to those investments assessed as having a higher level of estimation uncertainty. The sensitivities applied illustrate the impact of varying the key inputs by the levels specified, however it is possible that by applying reasonable alternative assumptions to individual investments, the fair value may vary to a greater extent than that illustrated. A higher sensitivity of 30 per cent has been applied to the companies considered to have the highest level of estimation uncertainty, to reflect that their valuation is much more uncertain and challenging to predict than for the medium and lower risk companies, where a sensitivity of between 20 per cent and 5 per cent has been applied.

The table below has split out each risk category and applied both upside and downside sensitivities to the key variable inputs. The sensitivities give an indication of the effect of changing one or more of the inputs to these valuations, and the impact of increased volatility depending on exposure to the future and current effects of COVID-19. The valuation has then been recalculated using this adjusted key variable input, in order to determine the impact on the fair value of the Company's investment. The structure of the investment will vary between investee companies, and therefore the impact on the investment's fair value will vary. For example, the Company holds a preferred, or priority position, in many of the investee companies and therefore in these cases may be more protected from severe downside scenarios.

As at 30 September 2021

						Positive impact		Negative impact	
Security	**Valuation basis**	**Key variable inputs**	**Risk Level**	**Sensitivity %**	**Fair Value £'000s**	**£'000s**	**% of net assets**	**£'000**	**% of net assets**
Unquoted	Earnings multiple	Estimated sustainable earnings							
		Selection of comparable companies	High	+/–30	4,174	1,875	0.8	(1,967)	(0.9)
		Application of illiquidity discount	Medium	+/–20	23,734	5,580	2.5	(6,044)	(2.7)
		Probability estimation of Liquidation event	Low	+/–10	17,792	1,265	0.6	(1,228)	(0.6)
	Price of recent investment	Latest funding round price	Medium	+/–10	1,338	134	0.1	(134)	(0.1)
			Low	+/–5	4,699	319	0.1	(403)	(0.2)
	Other		Low	+/–5	273	14	0.0	(14)	(0.0)

A sensitivity has also been performed for quoted AIM investments, which are valued at the latest share price set by the market. A sensitivity of +/–20 per cent has been applied to the fair value of £77.4 million (2020: £55.7 million), reflecting the level of volatility in financial markets in 2021 and 2020. A movement of +/–20 per cent would cause an increase or decrease of £15.5 million to the fair value of the quoted AIM investments (2020: £11.1 million).

A sensitivity has also been performed for the Company's investments into the Micro Cap, Multi Cap and Small Cap funds, which are valued at the latest share price set by the market. A sensitivity of +/– 20 per cent has been applied to the fair value of £54.2 million (2020: £29.9 million), reflecting the level of volatility in financial markets in 2021 and 2020. A movement of +/– 20 per cent would cause an increase or decrease of £10.8 million to the fair value of these investments (2020: £6.0 million).

Notes to the financial statements

3 Other required disclosures (continued)

3.3 **Financial instruments risks** (continued)

As at 30 September 2020

Security	Valuation basis	Key variable inputs	Risk Level	Sensitivity %	Fair Value £'000s	Positive impact £'000s	Positive impact % of net assets	Negative impact £'000	Negative impact % of net assets
Unquoted	Earnings multiple	Estimated sustainable earnings							
		Selection of comparable companies	High	+/−30	7,582	1,957	1.2	(3,872)	(2.3)
		Application of illiquidity discount	Medium	+/−20	14,250	5,467	3.3	(3,463)	(2.1)
		Probability estimation of Liquidation event	Low	+/−10	4,698	560	0.3	(361)	(0.2)
	Price of recent investment	Latest funding round price	Low	+/−5	6,895	3,774	2.3	(384)	(0.2)
	Other		Low	+/−5	5,762	288	0.2	(288)	(0.2)

**Latest share price is set by the market.*

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 earnings

The selection of sustainable revenue or earnings 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 earnings where deemed appropriate. The valuation approach will typically assess companies based on the prior year actuals or last 12 months of revenue or earnings, 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 earnings going forward, then a forecast or budget will be deemed most appropriate.

Selection of comparable companies

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

The earnings 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. The illiquidity discount applied can range from 10 per cent to 30 per cent, depending upon the ownership percentage the Company holds in the investment and the Company's alignment with other institutional investors.

Probability estimation of liquidation event

A liquidation event is typically a company sale or an Initial Public Offering (IPO). The probability of a company sale versus an IPO is typically estimated from the outset to be 50:50 if there has been no indication by the company of pursuing either of these routes. This weighting is then adjusted as either scenario becomes more or less likely to occur.

Interest rate risk

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

	As at 30 September 2021			As at 30 September 2020		
	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	**10,289**	**7.60**	**3.28**	13,111	7.82	2.02
Floating rate sterling liquidity funds	**25,180**	**–**	**–**	29,462	–	–
Cash at bank and on deposit	**17,453**	**–**	**–**	11,042	–	–
	52,922			53,615		

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, due to interest rate income received from floating rate notes being wholly immaterial.

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 2021 £'000	As at 30 September 2020 £'000
Cash at bank and on deposit	**17,453**	11,042
Interest, dividends and other receivables	**91**	469
	17,544	11,511

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 Manager will seek to move the cash holdings to another bank.

There were no significant concentrations of credit risk to counterparties at 30 September 2021 or 30 September 2020. No individual investment exceeded 6.1 per cent of the net assets attributable to the Company's shareholders at 30 September 2021 (2020: 4.4 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.

3 Other required disclosures (continued)

3.3 Financial instruments risks (continued)

The Company's liquidity risk is managed on an ongoing basis by the 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 £3,497,000 (2020: £969,000). All financial liabilities were due within three months and were undiscounted (2020: same).

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 30 September 2021, these investments were valued at £42.6 million (2020: £40.5 million).

3.4 Investments in associates

The Company has chosen not to rebut the presumption that the following holdings are investments in associates, owing to the proportion of equity held and representation on the Board representing significant influence over the operations of the company. The investments held are held as part of an investment portfolio, and are therefore measured at fair value through profit and loss, as detailed in note 2.3, rather than using the equity method, as permitted by Section 14 of FRS 102:

Name	Location	Class of Shares held	% of Equity	Profit (£m)	Net Assets (£m)	Results for year ended
Happy Days Consultancy	UK	A Ordinary	29.2%	(3.0)	(12.7)	31 December 2020

3.5 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 pages 26 and 27, whereby members and staff of the Manager are entitled to participate in all eligible unquoted investments alongside the Company.

During the year, Gresham House Asset Management Ltd received £212,000 (2020: £182,000) of advisory fees, £321,000 (2020: £310,000) of directors' fees for services provided to companies in the investment portfolio and incurred abort costs of £8,000 (2020: £10,000) with respect to investments attributable to BVT.

A related party relationship exists between Baronsmead Venture Trust and Happy Days Consultancy, owing to the significant influence held over the operations of the company. As at 30 September 2021, the loan from the VCT to the company stood at £2,872,000, including £918,000 of capitalised interest.

The Company also holds an investment in Gresham House plc, as part of its quoted portfolio. This investment was made in November 2014, prior to the change of Manager. For further details on this please refer to the Full Investment Portfolio in the Appendices.

3.6 Segmental reporting

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

3.7 Commitments

As at 30 September 2021, the Company has commitments to invest up to £1.0 million. The full £1.0 million has been drawn as at the date of this report.

3.8 Post balance sheet events

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

→ One follow-on investment, into Airfinity, completed totalling £1.0 million

→ Partial realisations in Cerillion plc were made in November, realising proceeds of £0.8 million and making a return of 11.4x cost.

Appendices

Investment policy

The Company's 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, inter alia, 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 Second Venture Trust plc in unquoted and quoted companies sourced by the Manager.

Following the Manager's acquisition of the Mobeus VCTs in September 2021, the Company will also co-invest 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 Second Venture Trust plc.

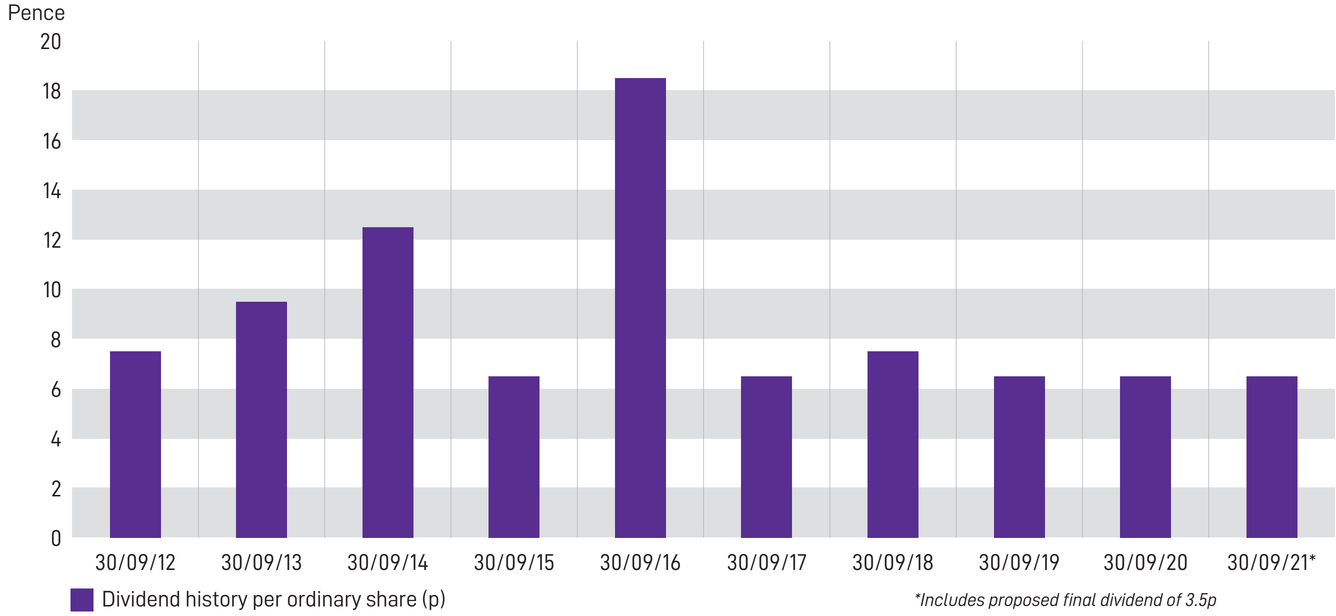
The Manager's staff invest in unquoted investments alongside the Company. This arrangement is in line with current practice of private equity houses and its objective is to attract, recruit, retain and incentivise the Manager's team and is made on terms which align the interests of shareholders and the 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.

Appendices

Dividend history in last ten years



Source: Gresham House Asset Management Ltd

Dividends paid since launch

	Ordinary share				
Year ended	Revenue (p)	Capital (p)	Dividend history per ordinary share (p)	Cumulative dividends (p)	Average total dividend per ordinary share (p)
6mths to 30/09/1998	1.00	0.00	1.00	1.00	0.50
30/09/99	3.80	0.00	3.80	4.80	3.20
30/09/00	3.60	0.00	3.60	8.40	3.36
30/09/01	3.50	0.00	3.50	11.90	3.40
30/09/02	2.50	0.00	2.50	14.40	3.20
30/09/03	1.70	10.20	11.90	26.30	4.78
30/09/04	1.40	3.50	4.90	31.20	4.80
30/09/05	2.50	7.70	10.20	41.40	5.52
30/09/06	1.80	9.20	11.00	52.40	6.16
30/09/07	2.10	6.40	8.50	60.90	6.41
30/09/08	2.80	4.20	7.00	67.90	6.47
30/09/09	0.70	4.80	5.50	73.40	6.38
30/09/10	1.50	4.00	5.50	78.90	6.31
30/09/11	2.65	4.35	7.00	85.90	6.36
30/09/12	0.50	7.00	7.50	93.40	6.44
30/09/13	2.85	6.65	9.50	102.90	6.64
30/09/14	1.40	11.10	12.50	115.40	6.99
30/09/15	1.30	5.20	6.50	121.90	6.97
30/09/16	0.27	18.23	18.50	140.40	7.59
30/09/17	0.68	5.82	6.50	146.90	7.53
30/09/18	0.15	7.35	7.50	154.40	7.53
30/09/19	0.75	5.75	6.50	160.90	7.48
30/09/20	0.70	5.80	6.50	167.40	7.44
30/09/21*	0.40	6.10	6.50	173.90	7.40

** Includes proposed final dividend of 3.5p. Estimated revenue & capital split based on number of shares at 30 September 2021.*

Performance record since launch

Year end	Total net assets (£)	Ordinary share NAV per share (p)	Mid share price (p)	NAV TR* per share (p)	Ongoing charges (%)†
31/03/99	9.5	95.65	85.00	104.44	2.90
31/03/00	31.0	119.59	125.00	134.62	3.40
31/03/01	45.0	112.30	125.00	130.66	3.10
31/03/02	41.2	100.54	92.50	120.15	2.70
31/03/03	36.7	89.65	80.00	115.49	2.70
31/03/04	41.1	100.63	90.00	141.80	2.70
31/03/05	69.6	116.92	100.50	168.70	2.70
31/03/06	69.6	114.62	100.50	190.51	2.90
30/09/07	68.7	112.19	101.00	209.62	3.00
30/09/08	54.8	91.68	84.50	184.02	2.85
30/09/09	61.2	89.06	77.50	183.81	2.66
30/09/10	63.7	94.79	81.25	208.25	2.58
30/09/11	65.0	95.15	86.25	231.26	2.44
30/09/12	72.4	101.10	90.00	252.04	2.49
30/09/13	75.8	100.63	94.25	288.19	2.49
30/09/14	83.1	98.62	93.25	318.80	2.39
30/09/15	85.1	102.56	95.38	353.05	2.46
30/09/16	150.6	87.09	82.38	363.36	2.30
30/09/17	159.0	91.90	87.00	396.46	2.28
30/09/18	175.5	91.47	86.75	423.65	2.20
30/09/19	151.1	75.05	72.50	382.40	2.21
30/09/20	164.8	71.35	67.50	396.69	2.20
30/09/21	222.9	82.40	79.50	496.20	2.20

** Net asset value total return (Gross dividends reinvested) rebased to 100p. Source: Gresham House Asset Management Ltd.*
† Figures from 30 September 2012 onwards are based on the AIC guidelines for that calculation of ongoing charges.

Cash returned to shareholders since launch

The table below shows the cash returned 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# (p)	Return on cash invested (%)
1998 (April)	100.0	20.0	80.0	173.9	193.9
1999 (May)	102.0	20.4	81.6	170.4	187.1
2000 (February)	137.0	27.4	109.6	167.2	142.0
2000 (March)	130.0	26.0	104.0	167.2	148.6
2004 (October) - C Shares*	100.0	40.0	60.0	122.7	162.7
2009 (April)	91.6	27.5	64.1	106.0	145.7
2012 (December)	111.8	33.5	78.3	80.5	102.0
2014 (March)	103.8	31.1	72.7	63.0	90.7
2016 (March)	102.8	30.8	72.0	48.5	77.1
2017 (October)	94.8	28.4	66.3	30.5	62.1
2019 (February)	84.2	25.3	58.9	24.0	58.6
2019 (November)	76.8	23.0	53.8	16.5	51.4
2020 (January)	82.4	24.7	57.7	16.5	50.0
2020 (February)	80.1	24.0	56.1	13.0	46.2
2020 (March)	63.8	19.1	44.7	13.0	50.3
2020 (November)	75.2	22.6	52.6	10.0	43.4
2020 (December)	78.0	23.4	54.6	10.0	42.8
2021 (January)	81.3	24.4	56.9	10.0	42.3
2021 (February)	78.8	23.6	55.2	6.5	38.2
2021 (March)	80.9	24.3	56.6	6.5	38.1

** C Share dividend calculated using conversion ratio of 0.9657 which is the rate the c shares were converted into ordinary shares.*
 # Includes proposed final dividend of 3.5p.

Appendices

Full investment portfolio

Company	Sector	Original book cost† £'000	Accounting book cost† £'000	**30 September 2021 fair value £'000**	30 September 2020 fair value £'000	% of net assets	% of equity held by Baronsmead Venture Trust plc	% of equity held by all funds#
Unquoted								
Carousel Logistics Ltd	Business Services	1,910	2,287	**8,753**	6,488	3.9	12.0	26.7
IWP Holdings Ltd	Business Services	1,407	1,407	**5,036**	1,455	2.3	3.7	9.0
eConsult Ltd	Healthcare & Education	2,400	2,400	**3,223**	–	1.5	4.8	11.4
Happy Days Consultancy Ltd	Healthcare & Education	3,420	3,591	**2,872**	2,721	1.3	29.2	64.9
Custom Materials Ltd	Technology	1,994	1,994	**2,692**	3,758	1.2	6.3	14.1
Clarilis Ltd	Technology	1,679	1,679	**2,514**	1,679	1.1	7.0	16.7
Yappy Ltd	Consumer Markets	846	846	**2,361**	1,817	1.1	10.2	24.7
Scurri Web Services Ltd	Technology	2,033	2,033	**2,068**	–	0.9	6.1	14.7
Rezatec Ltd	Technology	1,380	1,380	**1,637**	1,478	0.7	–	–
SecureCloud+ Ltd	Technology	700	700	**1,610**	1,359	0.7	7.8	16.6
Patchworks Ltd	Technology	1,583	1,583	**1,583**	–	0.7	10.5	25.0
Airfinity Ltd	Healthcare & Education	1,439	1,439	**1,439**	–	0.7	5.5	13.0
SilkFred Ltd	Consumer Markets	790	790	**1,396**	790	0.6	2.3	5.1
Metrion Bioscience Ltd	Healthcare & Education	1,057	1,057	**1,391**	–	0.6	11.7	28.2
Tribe Digital Holdings Ltd	Technology	946	946	**1,386**	838	0.6	3.1	6.7
Glisser Ltd	Business Services	1,292	1,292	**1,374**	587	0.6	6.7	16.2
Armstrong Craven Ltd	Business Services	543	922	**1,349**	–	0.6	8.4	18.7
CISIV Ltd	Technology	700	700	**1,173**	673	0.5	8.1	17.3
Vinoteca Ltd	Consumer Markets	934	934	**953**	628	0.4	5.9	14.3
Counting Ltd	Business Services	940	940	**936**	–	0.4	2.2	5.3
Pointr Ltd	Technology	466	466	**868**	721	0.4	2.4	5.1
Equipsme (Holdings) Ltd	Business Services	842	842	**842**	513	0.4	6.3	14.0
Your Welcome Ltd	Technology	914	914	**773**	914	0.4	7.4	15.6
Revlifter Ltd	Technology	719	719	**748**	–	0.3	4.3	10.2
TravelLocal Ltd	Consumer Markets	1,175	1,175	**470**	176	0.2	1.7	4.2
Munnypot Ltd	Technology	460	460	**460**	422	0.2	1.2	2.7
Panthera Biopartners Ltd	Healthcare & Education	239	239	**404**	239	0.2	3.7	8.8
Evotix Ltd	Technology	375	375	**375**	–	0.2	0.6	1.3
Funding Xchange Ltd	Business Services	705	705	**353**	705	0.2	3.3	8.0
Rainbird Technologies Ltd	Technology	700	700	**350**	350	0.2	3.0	6.3
Rockfish Group Ltd	Consumer Markets	700	700	**350**	350	0.2	5.8	12.5
Key Travel Ltd	Business Services	209	209	**273**	253	0.1	–	–
CMME Group Ltd	Consumer Markets	931	931	**–**	739	0.0	1.9	4.2
Samuel Knight International Ltd	Business Services	705	705	**–**	–	0.0	6.2	15.0
		37,133	**38,060**	**52,012**		**23.4**		
Delisted (previously AIM)								
InterQuest Group plc	Business Services	620	754	–	–	0.0	2.2	4.3
Mi-Pay Group plc	Business Services	800	474	–	–	0.0	1.4	2.8
MXC Capital Ltd	Business Services	221	260	–	–	0.0	0.3	0.6
		1,641	**1,488**	**–**	**–**			
Total unquoted		**38,774**	**39,548**	**52,012**		**23.4**		
AIM								
Cerillion plc	Technology	1,338	1,338	**13,559**	7,247	6.1	6.0	13.3
Netcall plc	Technology	1,738	3,246	**8,616**	3,664	3.9	6.6	23.9
Ideagen plc	Technology	589	792	**6,891**	4,200	3.1	0.9	1.9
IDOX plc	Technology	614	614	**4,502**	2,917	2.0	1.4	4.9
Bioventix plc	Healthcare & Education	253	669	**3,758**	3,855	1.7	1.9	4.9
Inspired plc	Business Services	574	1,542	**3,248**	2,555	1.5	1.9	19.8
Anpario plc	Healthcare & Education	304	768	**2,551**	1,716	1.1	1.9	6.0
Access Intelligence plc	Business Services	586	586	**2,157**	1,093	1.0	1.1	7.3
PCI-PAL plc	Technology	1,101	1,101	**2,092**	1,255	0.9	4.9	10.9
Diaceutics plc	Healthcare & Education	1,410	1,410	**2,022**	2,059	0.9	2.2	11.4
TPX Impact Holdings plc	Technology	585	585	**1,976**	870	0.9	0.9	2.0
IXICO plc	Healthcare & Education	675	675	**1,880**	2,242	0.8	5.0	11.1

Company	Sector	Original book cost† £'000	Accounting book cost† £'000	**30 September 2021 Valuation £'000**	30 September 2020 Valuation £'000	% of net assets	% of equity held by Baronsmead Venture Trust plc	% of equity held by all funds#
AIM (continued)								
Property Franchise Group plc	Consumer Markets	686	806	**1,866**	1,303	0.8	2.1	7.9
CloudCall Group plc	Technology	2,630	2,547	**1,659**	2,004	0.7	6.1	13.5
Belvoir Lettings plc	Consumer Markets	752	671	**1,521**	900	0.7	1.7	7.7
Begbies Traynor Group plc	Business Services	433	474	**1,488**	933	0.7	0.7	3.7
Everyman Media Group plc	Consumer Markets	782	825	**1,302**	689	0.6	1.0	4.0
Beeks Financial Cloud Group plc	Technology	337	337	**1,296**	608	0.6	1.2	2.7
Crossword Cybersecurity plc	Technology	1,184	1,184	**1,263**	–	0.6	5.3	11.0
Open Orphan plc	Healthcare & Education	1,180	1,245	**1,236**	1,130	0.6	0.9	1.9
Vianet Group plc	Business Services	1,292	1,144	**1,170**	932	0.5	3.6	16.8
SEEEN plc	Technology	1,410	1,410	**1,159**	595	0.5	6.3	13.3
Driver Group plc	Business Services	1,126	1,306	**1,092**	1,026	0.5	4.2	20.3
Deepverge Plc	Healthcare & Education	1,410	1,410	**1,081**	–	0.5	2.2	4.6
Eden Research plc	Business Services	1,125	1,125	**1,002**	878	0.4	3.3	7.3
Rosslyn Data Technologies plc	Technology	1,151	1,151	**935**	1,438	0.4	7.1	28.3
Fusion Antibodies plc	Healthcare & Education	540	540	**811**	1,006	0.4	2.6	5.7
One Media iP Group plc	Technology	825	778	**733**	700	0.3	4.8	10.8
SysGroup plc	Technology	1,292	1,310	**725**	642	0.3	4.2	28.3
Merit Group plc	Technology	2,546	2,546	**535**	–	0.2	4.7	11.7
Crimson Tide plc	Technology	592	592	**533**	–	0.2	3.0	6.4
Staffline Group plc	Business Services	174	4,614	**456**	161	0.2	0.4	10.3
Science In Sport plc	Consumer Markets	288	263	**370**	175	0.2	0.4	0.8
Gresham House plc*	Business Services	112	116	**353**	292	0.2	0.1	0.2
Scholium Group plc	Consumer Markets	900	626	**270**	270	0.1	6.6	14.7
Poolbeg Pharma	Healthcare & Education	44	44	**198**	–	0.1	0.4	0.9
Tasty plc	Consumer Markets	1,188	2,832	**188**	51	0.1	1.9	14.2
Gama Aviation plc	Business Services	776	1,002	**162**	139	0.1	0.7	1.7
Totally plc	Healthcare & Education	70	170	**142**	72	0.1	0.2	0.5
KRM22 plc	Technology	450	450	**126**	162	0.1	1.7	3.7
LoopUp Group plc	Technology	504	504	**124**	1,008	0.1	0.9	2.0
Zoo Digital Group plc	Technology	788	442	**117**	59	0.0	0.1	0.2
Fulcrum Utility Services Ltd	Business Services	102	100	**95**	163	0.0	0.2	5.0
RUA Life Sciences plc	Healthcare & Education	509	289	**41**	38	0.0	0.1	0.1
CloudCoco Group plc	Technology	438	338	**40**	31	0.0	0.4	0.8
I-nexus Global plc	Technology	563	562	**39**	36	0.0	2.4	5.4
Total AIM		**37,966**	**47,079**	**77,380**		**34.7**		
Listed on LSE								
Hawkwing plc	Business Services	1,466	2,315	**24**	29	0.0	0.7	28.3
Total listed		**1,466**	**2,315**	**24**		**0.0**		
Collective investment vehicle								
LF Gresham House UK Micro Cap Fund		7,050	12,450	**39,510**	27,041	17.7		
BlackRock Sterling Liquidity Fund		12,590	12,590	**12,590**	14,731	5.6		
JPMorgan Sterling Liquidity Fund		12,590	12,590	**12,590**	14,731	5.6		
LF Gresham House UK Smaller Companies Fund		8,113	8,113	**8,151**	–	3.7		
LF Gresham House UK Multi Cap Income Fund		5,368	5,368	**6,559**	2,887	3.0		
Total collective investment vehicle		**45,711**	**51,111**	**79,400**		**35.6**		
Total investments		**123,917**	**140,053**	**208,816**		**93.7**		
Net current assets				**14,047**		**6.3**		
Net assets				**222,863**		**100.0**		

† *The original book cost column provides the combined cost of investments made by BVCT & BVCT2 prior to the merger of the two VCTs to become BVT. This is included for information purposes for shareholders reviewing the portfolio.*

The accounting cost column ties into the investment note on page 71 of these accounts. For investments owned before the assets of BVCT were acquired by BVCT 2, the accounting book cost is the sum of the original cost of the investment held in BVCT 2 and the market value of the investment in BVCT at the date of the merger.

\# *All funds managed by Gresham House Asset Management Ltd.*

* *Acquired November 2014, pre change of Manager on 30 November 2018.*

Glossary

AIM	The Alternative Investment Market, a sub-market of the London Stock Exchange, designed to help smaller companies access capital from the public market.
Annual Dividend Yield	The ratio of dividend paid/declared for financial year divided by opening net asset value per share.
Book Cost (Original)	Total acquisition value, including transaction costs, less the value of any disposals or capitalised distributions allocated on a weighted average cost basis.
Book Cost (Accounting)	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.
Collective Investment Vehicle	An entity which allows investors to pool their money, investing the pooled funds on their behalf.
Discount/Premium	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.
EBITDA	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.
IFA	Independent Financial Advisors, professionals who offer independent advice to their clients and recommend suitable financial products.
Key Performance Indicators ("KPIs")	A measurable value that demonstrates how effectively the Company is achieving core business objectives.
NAV	The total value of all the Company's assets, at current market value, having deducted all liabilities at their carrying value.
NAV per share	Total Net Asset Value divided by the number of shares.
NAV total return	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.
Return on Cash Invested to shareholders	The amount of cash returned to shareholders through income tax reclaimed, and cumulative dividends paid, expressed as a percentage of the initial investment.
Shares Held in Treasury	Shares in the Company repurchased by itself, reducing the number of freely traded shares.
SME	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.
Total Assets	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.
VCT Value	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.
80 per cent test	Ensuring that the Company meets the requirement to hold 80 per cent of its investments in qualifying holdings.

Glossary

NAV total return reconciliation	Q1	Q2	Q3	Q4
Opening NAV Total return (p)	396.7	431.3	460.1	496.4
NAV movement (p)	8.5	2.1	7.7	(3.5)
Dividend (p)	0.0	4.4	0.0	3.5
Total return (p)	8.5	6.5	7.7	(0.0)
Change in NAV Total return (p)	34.6	28.8	36.3	(0.2)
Closing NAV Total return (p)	**431.3**	**460.1**	**496.4**	**496.2**

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	2021	2020
Interim dividend	3.0p	3.0p
Recommended final dividend	3.5p	3.5p
Total dividend	6.5p	6.5p
Opening NAV (after final dividend)	67.9p	71.6p
Dividend yield	**9.6%**	**9.1%**

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, Computershare, 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 to ensure they are authorised (or 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), 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 Venture Trust plc** is Computershare Investor Services PLC ("Computershare").

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

- Change of address
- Latest share price
- Your current shareholding balance

- Your payment history including any outstanding payments
- Your payment options (cheque, direct payment to your bank/building society account, reinvestment)
- Paper or electronic communications
- Request replacement cheques or share certificates (for which there may be additional administrative and other charges)

You can contact Computershare with your queries in several ways:

Telephone:	0800 923 1533	• This is an automated self-service system • It is available 24 hours a day, 7 days a week • You should have your Shareholder Reference Number ("SRN") to hand, which is available on your share certificate and dividend tax voucher and which you should always keep confidential for security reasons • Press '0' if you wish to speak to someone • The Contact Centre in Bristol is available on UK business days between 8.30am – 5.00pm Monday to Friday
On-line:	Investor Centre www.investorcentre.co.uk	• Computershare's secure website, Investor Centre, allows you to manage your own shareholding online • You will need to register to use this service on the Investor Centre web site • You should have your SRN to hand, which is available on your share certificate and dividend tax voucher and which you should always keep confidential for security reasons
Email:	web.queries@computershare.co.uk	
Post:	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ	

Share price

The Company's ordinary shares are listed on the London Stock Exchange. Share price information can be obtained from the link on the Company's website and many financial websites.

Calendar

16 February 2022 Annual General Meeting.

May/June 2022 Announcement and posting of interim report for the six months to 31 March 2022.

November/December 2022 Announcement and posting of final results for year to 30 September 2022.

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 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.

Shareholder information and contact details

Secondary market in the shares of Baronsmead 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 through a stockbroker.

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

Panmure Gordon 020 7886 2500

Winterflood 020 3400 0251

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

Peter Lawrence (Chairman)
Les Gabb*
Susannah Nicklin†
Michael Probin[††]
Fiona Miller Smith[Δ]

Secretary

Gresham House Asset Management Ltd

Registered Office

5 New Street Square
London EC4A 3TW

Investment Manager

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

Registered Number

03504214

* *Chairman of the Audit Committee*
† *Chairman of the Nomination Committee*
†† *Chairman of the Management Engagement and Remuneration Committee*
Δ *Senior Independent Director*

Registrars and Transfer Office

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Tel: 0800 923 1533

Brokers

Panmure Gordon & Co
One New Change
London EC4M 9AF
Tel: 020 7886 2500

Auditor

BDO LLP
55 Baker Street
London W1U 7EU

Solicitors

Dickson Minto W.S.
Broadgate Tower
20 Primrose Street
London EC2A 2EW

VCT Status Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Website

www.baronsmeadvcts.co.uk

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