

Baronsmead Second Venture Trust plc

Half-yearly report for the six months ended 31 March 2024

The Directors of Baronsmead Second Venture Trust plc are pleased to announce the unaudited half-yearly financial report for the six months to 31 March 2024. Copies of the half-yearly report can be obtained from the following website: www.baronsmeadvcts.co.uk.

Our investment objective

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

Investment policy¹

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

Dividend policy²

- The Board will, where possible, seek to pay two dividends to shareholders in each financial year, typically an interim dividend 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.

1. This is a summary of the Company's investment policy that is set out on page 99 of the Company's Annual Report and Financial Statements for the year ended 30 September 2023.

2. This is a summary of the Company's dividend policy that is set out on page 36 of the Company's Annual Report and Financial Statements for the year ended 30 September 2023.

Key elements of the business model

Access to an attractive, diverse portfolio

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

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

The Manager's approach to investing

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

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

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

The Manager as an influential shareholder

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

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

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

Financial highlights

329.7p Net Asset Value ("NAV") total return to shareholders for every 100.0p invested at launch (January 2001).

NAV per share increased **3.8** per cent. to **57.7p** before the deduction of dividends in the six months to 31 March 2024.

£25.0mn raised in the period (before costs).

£7.3mn Investments made into four new and six follow-on opportunities during the period. (Unquoted: £6.2mn, Quoted: £1.1mn).

Cash returned to shareholders

The table below shows the cash returned to shareholders that invested in **Baronsmead Second Venture Trust plc** dependent on their subscription cost, including the income tax available to be reclaimed on the subscription.

Year subscribed	Cash invested (p)	Income tax reclaim (p)	Net cash invested (p)	Cumulative dividends paid [#] (p)	Return on cash invested [#] (%)
2001 (January)	100.00	20.00	80.00	166.55	186.6
2005 (March) - C Share*	100.00	40.00	60.00	121.12	161.1
2010 (March)	103.09	30.93	72.16	118.25	144.7
2012 (December)	117.40	35.22	82.18	100.25	115.4
2014 (March)	112.40	33.72	78.68	80.25	101.4
2016 (February)	107.20	32.16	75.04	63.75	89.5
2017 (October)	97.48	29.24	68.24	43.75	74.9
2019 (February)	85.30	25.59	59.71	36.25	72.5
2019 (November)	78.90	23.67	55.23	28.75	66.4
2020 (January)	84.80	25.44	59.36	28.75	63.9
2020 (February)	82.50	24.75	57.75	25.25	60.6
2020 (March)	64.30	19.29	45.01	25.25	69.3
2020 (November)	77.90	23.37	54.53	22.25	58.6
2020 (December)	80.90	24.27	56.63	22.25	57.5
2021 (January)	84.40	25.32	59.08	22.25	56.4
2021 (February)	82.20	24.66	57.54	18.75	52.8
2021 (March)	84.90	25.47	59.43	18.75	52.1
2021 (December)	88.10	26.43	61.67	15.75	47.9
2022 (January)	87.10	26.13	60.97	15.75	48.1
2022 (March)	76.60	22.98	53.62	12.25	46.0
2023 (January)	68.19†	20.46	47.73	9.25	43.6
2023 (March)	65.72†	19.72	46.00	6.25	39.5
2023 (April)	62.96†	18.89	44.07	6.25	39.9
2024 (January)	61.05†	18.32	42.74	4.00	36.6
2024 (February)	60.63†	18.19	42.44	1.75	32.9
2024 (April)	60.67†	18.20	42.47	1.75	32.9

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

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

Includes interim dividend of 1.75p per share payable 9 September 2024.

† Average effective offer price. Shares were allotted pursuant to the 2023 & 2024 Offers at individual prices for each investor in accordance with the allotment formula as set out in each Offers Securities Note.

Chair's statement

I am pleased to announce that, despite the volatile market conditions witnessed over the last six months, the Company's net asset value increased by 2.1p per share to 57.7p. As described more fully below, the strong performance of the Company's listed portfolio outweighed the weakness in the value of the Company's unquoted investments and this once again highlights the benefits of the Company's investment policy of having a combination of unquoted and listed assets. This approach supports the Company's aim of providing a more consistent total return to shareholders over the medium to long term. After the period end, the NAV has continued to increase through further

shareholders over the medium to long term. After the period end, the NAV has continued to increase through further good performance of the listed portfolio, as reported on below.

Over the six months to 31 March 2024, whilst the Bank of England base rate remained at 5.25%, the highest level in 15 years, hostilities in the Middle East intensified global uncertainty. However, continued reductions in headline inflation and the stable base rate supported a rebound in UK equity performance during the latter part of 2023, with markets pricing in expectations of continued moderating inflation and falling interest rates in 2024. In the first months of 2024, inflation fell by more than many economists predicted but the benefits were felt unevenly across the UK equity market. Large cap stocks outperformed their smaller counterparts over the period and this was partly attributable to investors' lack of confidence in this section of the market and the further outflows of money from UK funds investing in smaller cap companies.

As we enter the new quarter, it's fair to say that consumer and business confidence remain fragile with elevated macroeconomic and geopolitical uncertainty expected to continue to drive market volatility over the coming months. However, your Board continues to believe that, in aggregate, the fundamentals of the underlying portfolio companies remain robust and the growth prospects for the majority of investee companies continue to be positive over the medium term.

Results

During the six months to 31 March 2024, the Company's NAV per share increased 3.8 per cent. from 55.6p to 57.7p after the payment of a final dividend of 2.25p per share on 8 March 2024. The table below breaks down the movement in NAV over the 6 months.

	Pence per ordinary share
NAV as at 1 October 2023 (after deducting the final dividend of 2.25p)	55.6
Valuation increase (3.8 per cent.)	2.1
NAV as at 31 March 2024	57.7

The Board is pleased to report as at 31 May 2024, the NAV was 59.8p per share, a 3.6 per cent. increase over the NAV as at 31 March 2024. This was driven by firmer quoted markets and further increases in the value of the Company's listed investments.

Dividends

The Board has declared an interim dividend of 1.75p per share to be paid on 9 September 2024 to shareholders on the register as of 9 August 2024. The Board is aware that dividends are an important part of the total return to the shareholders' investment in the Company. As such, the Board is aiming to achieve its dividend policy objective of an annual yield of 7.0 per cent. based on the NAV at the beginning of the financial year. I must of course remind shareholders this is not a guarantee and that payment dates and the amount of future dividends depend on the level and timing of profitable realisations.

Portfolio review

The table below provides a summary of each asset class and the return generated during the period under review.

Asset class	NAV (£mn)	% of NAV*	Number of investee companies**	% return in the period***
Unquoted	53	25	40	(4)
AIM- traded companies	83	38	42	8
WS Gresham House UK Equity Funds	68	32	90	8
Liquid assets [#]	11	5	N/A	3
Total	215	100	172	4

* By value at 31 March 2024.

** Includes investee companies held in more than one fund. Total number of individual companies held is 159.

*** Return includes interest received on unquoted realisations during the period.

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

The value of the unquoted portfolio decreased 3.8 per cent. in the six months to 31 March 2024. The drop in value was driven by the reduction in value of one key asset, with the remaining portfolio showing an increase in value over the period.

The value of the Company's portfolio of investments directly held in AIM-traded companies increased 8.2 per cent. in the six months to 31 March 2024. The value of the Company's investment into the WS Gresham House UK Micro Cap Fund ("Micro Cap") increased by 6.7 per cent., the WS Gresham House UK Smaller Companies Fund increased by 9.2 per cent. and the WS Gresham House UK Multi Cap Income Fund ("Multi Cap Income") increased by 7.4 per cent. in the period. This was primarily due to positive news flow from individual companies across the portfolio being well received by the markets with a number of trading updates demonstrating better than expected financial performance.

In the Manager's regular reporting to the Board, the Directors were pleased to learn that in the 6 months to 31 March 2024, a number of companies in our listed portfolio reported in-line or positive news flow in terms of their financial performance. This is welcome given the economic and political environment which we are facing.

Investments and divestments

The Company's investments and divestments during the period are set out below.

Investments

I am pleased to report that the Company made four new investments totalling £4.4mn and six follow-on investments with a combined value of £2.9mn in the six months to 31 March 2024. Below are descriptions of the new investments made:

- **Azarc (unquoted)** - Cross border customs automation software provider
- **CitySwift (unquoted)** - Passenger transport data and scheduling software provider
- **Ozone API (unquoted)** - Open banking software developer
- **SciLeads (unquoted)** - Life Sciences data and lead generation provider

Following the period end, a total of £2.1mn was invested as follows:

- follow-on investment of £0.2mn into Rockfish, a chain of fish restaurants, which is in our unquoted portfolio
- follow-on investment of £0.2mn into Yappy, a supplier of customisable pet products, which is in our unquoted portfolio
- follow-on investment of £0.5mn into Counting, a banking and software provider for small businesses, which is in our unquoted portfolio
- new unquoted investment of £1.2mn into OnSecurity Technology, a penetration testing provider

Realisations

During the period, in the unquoted portfolio, Funding Xchange, a SME lending marketplace, was acquired resulting in a gross money multiple of 0.1x original cost and Armstrong Craven, a recruitment company, went into administration. The business had experienced very challenging trading conditions over the past year and its valuation had already been written down to zero.

In the listed portfolio, Gresham House was acquired via a recommended cash offer resulting in a gross money multiple of 3.9x original cost. The Manager also continued to take profits from partial sales of the Company's holding of Cerillion plc resulting in proceeds of £4.1mn, and a gross money multiple of 21.0x original cost.

Fundraising

I am pleased to report that, shortly after the period end, the Company successfully raised £25.0mn (before costs) through an offer for subscription which became fully subscribed in April 2024. The Directors are pleased to welcome the 800 new shareholders who invested during the offer period and are appreciative of the continued support of 556 pre-existing shareholders.

The Board will consider whether to raise new funds in the 2024/25 tax year. This will be determined by the Company's cashflow and its anticipated requirements to fund new and follow-on investments over the next two to three years. The Board appreciates that shareholders would like plenty of notice of its fundraising intentions and will ensure that shareholders are informed of any such fundraising at the earliest practical time.

Consumer Duty

The FCA's Consumer Duty came into force on 31 July 2023 and, in summary, requires firms to which this applies to act to deliver good outcomes for their retail customers. The Consumer Duty regulations apply to the regulated and ancillary activities of all FCA authorised firms under the Financial Services and Markets Act 2000, the Payment Services Regulations 2017 and the Electronic Money Regulations 2011. The Company is not a FCA authorised firm and accordingly does not fall within scope of these regulations. However, the Company's Manager, Gresham House Asset Management Ltd, being an FCA authorised firm, is covered by the regulations and the Board is cognisant of the Manager's obligations to comply with the Consumer Duty. The Board receives regular updates from the Manager on the delivery of its obligations under the Consumer Duty and is satisfied that the Manager is complying with all appropriate regulation.

VCT Regulation - Financial Health Test

Since the various VCT rule changes in both 2015 and 2018, VCT qualifying investments have become focussed on smaller, younger companies. As a result, when the Manager makes a new investment, they expect to make further follow-on investments as the investee company progresses and where the business case for the investment is justified. These follow-on investments are subject to the same VCT compliance rules as new deals and both rely on certain criteria being met, including the Financial Health Test.

The Financial Health Test is not something new and was primarily introduced as an anti-abuse regulation. However, following amendment to HMRC's guidance, there has been an effective tightening of the interpretation the Financial Health Test. This is resulting in the restriction of potential follow-on VCT investment to support certain portfolio companies.

This has the potential to negatively impact shareholders' returns as a result of portfolio companies going into administration when they might otherwise have gone on to be successful. Furthermore, as this is an industry wide issue, this measure increases the uncertainties small companies face at a particularly difficult time and may well result in unnecessary job losses and hardship to employees and their families and has the potential to reduce the overall tax efficiency of the VCT scheme as a whole.

In December 2023, the Venture Capital Trust Association ("VCTA") held a meeting with government officials to discuss the recent difficulties with the application of the new guidance. The meeting was successful with the government officials acknowledging the difficulties. They clarified that going forward, while the 50% rule (i.e. amount of raised capital converted to retained losses) will remain the first line of assessment of financial health, businesses will be given the opportunity to explain why they should be recognised as financially healthy even if they do not meet this rule.

The Board continues to monitor developments in this area carefully and supports the representations being made by the Association of Investment Companies ("AIC") and the VCTA to HMRC and HM Treasury.

Outlook

The Board expects that elevated macroeconomic and global and domestic political uncertainty, including anaemic UK economic growth and upcoming elections in the UK in July and US in November, will continue to drive market volatility over the coming months. Global investors remain particularly sensitive to new inflation data and shifting central bank commentary on interest rates, while conflicts in the Ukraine and the Middle East threaten regional stability.

Against this, the Company's portfolio remains highly diversified and is largely positioned in sectors which the Manager expects to provide long-term growth potential. We remain committed to investing through the economic cycle as experience suggests that this can produce superior returns over the longer term. This can also provide an opportunity for the Company to make high quality investments and build strategic stakes in businesses with great potential at attractive prices. This applies to both new investments and follow-on investments in the portfolio. The Manager continues to see a good pipeline of potential investments and the Board is confident that the Company remains suitably resourced to support investment into new and existing portfolio companies.

Sarah Fromson

Chair

10 June 2024

Investments in the period

Company	Location	Sector	Activity	Book cost £'000
Unquoted investments				
New				
Ozone Financial Technology Ltd	London	Technology	Open banking infrastructure provider	1,847
Huddl Mobility Ltd (trading as CitySwift)	Ireland	Technology	SaaS product for bus operators and local authorities to aggregate, cleanse and access insight from data from across their bus networks	938
SciLeads Ltd	London	Technology	A data intelligence platform that enables companies operating within Life Science verticals to identify, track and convert potential customers	915
Azarc.io Inc	London	Technology	Automating customs declarations	652
Follow-on				
Patchworks Integration Ltd	London	Technology	Leading integration platform for fast growing retail and ecommerce businesses	910

			Business	
Metrion Biosciences Ltd	Cambridgeshire	Healthcare & education	Ion channel drug discovery and safety assessment services provider	548
Focal Point Positioning Ltd	Cambridgeshire	Technology	A research and development focused technology business focusing on global navigation and satellite systems	227
Orri Ltd	London	Healthcare & education	Provider of intensive day care treatments for eating disorders	114
Total unquoted investments				6,151
AIM-traded investments				
Follow-on				
Eden Research plc	Oxfordshire	Business services	Developer of biological fungicides and bio equivalents	895
PCI PAL plc	London	Technology	Secure payment services provider	239
Total AIM-traded investments				1,134
Total investments in the period[#]				7,285

Includes unquoted and AIM investments only.

Company		First investment date	Original book cost [#] £'000	Proceeds [‡] £'000	Overall multiple return (x)	IRR (%)
Unquoted realisations						
Funding Xchange Ltd	Full trade sale	Nov 19	795	50	0.1	0.0
Armstrong Craven Ltd	Written off	Jun 13	664	-	1.1*	1.6
Total unquoted realisations			1,459	50		
AIM-traded realisations						
Cerillion plc	Market sale	Jul 15	196	4,127	21.0	44.3
Gresham House plc	Takeover	Nov 14	137	530	3.9	15.9
Total AIM - traded realisations			333	4,657		
Total realisations in the period**			1,792	4,707		

Realisations in the period

Liquidation proceeds of £114k were received during the period from InterQuest Group plc, which was written off in September 2023.

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.

Responsibility statement of the Directors in respect of the half-yearly report

The important events that have occurred during the period under review, the key factors influencing the

The principal risks facing the Company are unchanged since the date of the Company's Annual Report for the financial year ended 30 September 2023 and continue to be as set out in that Report on pages 22 and 23.

Risks faced by the Company include but are not limited to; loss of approval as a Venture Capital Trust, legislative risk, investment performance risk, risk of economic, political and other external factors, regulatory and compliance risk and operational risk. The Board considers the conflicts in Ukraine and the Middle East to be factors which permeate these risks, and their impacts for the remaining six months of the year continue to be kept under review.

Each director confirms that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with FRS 104 Interim Financial Reporting Standards and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
- This half-yearly report includes a fair review of the information required by:
 - a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

The half-yearly report was approved by the Board of Directors on 10 June 2024 and was signed on its behalf by Ms Sarah Fromson, Chair.

Sarah Fromson
Chair
10 June 2024

Condensed income statement

For the six months to 31 March 2024 (Unaudited)

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Taxation										
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Profit/(loss) for the period, being total comprehensive income for the period		1,120	6,250	7,370	224	(3,992)	(3,768)	1,130	(8,042)	(6,910)
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Return per ordinary share:										
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Basic and Diluted	2	0.31p	1.71p	2.02p	0.07p	(1.21p)	(1.14p)	0.33p	(2.32p)	(1.99p)

All items in the above statement derive from continuing operations.

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

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

The total column of this statement is the unaudited Statement of Total Comprehensive Income of the Company prepared in accordance with the Financial Reporting Standard ("FRS"). 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").

Condensed statement of changes in equity

For the six months to 31 March 2024 (Unaudited)

	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 2023	39,628	-	23,062	144,092	2,877	209,659
Profit after taxation	-	-	5,700	550	1,120	7,370
Net proceeds of share issues, share buybacks & sale of shares from treasury	1,347	6,666	-	(1, 627)	-	6,386
Dividends paid	-	-	-	(7,965)	(371)	(8,336)
Share premium cancellation costs	-	-	-	(4)	-	(4)
At 31 March 2024	40,975	6,666	28,762	135,046	3,626	215,075

For the six months to 31 March 2023 (Unaudited)

	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 2022	35,789	106,099	18,834	49,142	3,122	212,986
(Loss)/profit after taxation	-	-	(3,433)	(559)	224	(3,768)
Net proceeds of share issues, share buybacks & sale of shares from treasury	1,933	10,718	-	(771)	-	11,880
Dividends paid	-	-	-	(9,116)	(1,013)	(10,129)
At 31 March 2023	37,722	116,817	15,401	38,696	2,333	210,969

For the year ended 30 September 2023 (Audited)

For the year ended 30 September 2023 (Audited)

	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 2022	35,789	106,099	18,834	49,142	3,122	212,986
Profit/(loss) after taxation	-	-	4,228	(12,270)	1,130	(6,912)
Net proceeds of share issues, share buybacks & sale of shares from treasury	3,839	20,452	-	(2,413)	-	21,878
Dividends paid	-	-	-	(16,901)	(1,375)	(18,276)
Cancellation of share premium	-	(126,551)	-	126,551	-	-
Share premium cancellation costs	-	-	-	(17)	-	(17)
At 30 September 2023	39,628	-	23,062	144,092	2,877	209,659

Condensed balance sheet

As at 31 March 2024 (Unaudited)

	Notes	As at 31 March 2024 £'000	As at 31 March 2023 £'000	As at 30 September 2023 £'000
Fixed assets				
Unquoted investments	5	54,585	48,545	50,506
Traded on AIM	5	81,557	77,655	78,973
Collective investment vehicles	5	79,077	69,933	80,764
Investments	5	215,219	196,133	210,243
Current assets				
Debtors		565	1,477	235
Cash at bank and on deposit		674	14,803	670
		1,239	16,280	905
Creditors (amounts falling due within one year)		(1,383)	(1,444)	(1,489)
Net current (liabilities)/assets		(144)	14,836	(584)
Net assets		215,075	210,969	209,659
Capital and reserves				
Called-up share capital	3	40,975	37,722	39,628
Share premium		6,666	116,817	-
Capital reserve		135,046	38,696	144,092
Revaluation reserve	5	28,762	15,401	23,062
Revenue reserve		3,626	2,333	2,877
Equity shareholders' funds		215,075	210,969	209,659
Net asset value per share		57.7p	61.0p	57.9p
Number of ordinary shares in circulation		372,888,416	345,640,159	362,253,166

Condensed statement of cash flows

For the six months to 31 March 2024 (Unaudited)

	Six months to 31 March 2024 £'000	Six months to 31 March 2023 £'000	Year to 30 September 2023 £'000
Net cash outflow from operating activities	(1,799)	(2,035)	(3,588)
Net cash inflow/(outflow) from investing activities	3,775	(21,534)	(35,966)
Net cash inflow/(outflow) before financing activities	1,976	(23,569)	(39,554)
Net cash (outflow)/inflow from financing activities	(1,972)	1,750	3,602
Increase/(decrease) in cash	4	(21,819)	(35,952)
Reconciliation of new cash flow to movement in net cash			
Increase/(decrease) in cash	4	(21,819)	(35,952)
Opening cash at bank and on deposit	670	36,622	36,622
Closing cash at bank and on deposit	674	14,803	670
Reconciliation of profit/(loss) before taxation to net cash outflow from operating activities			
Profit/(loss) before taxation	7,370	(3,768)	(6,912)
(Gains)/losses on investments	(8,029)	2,132	4,284
Changes in working capital and other non-cash items	(1,140)	(399)	(960)
Net cash outflow from operating activities	(1,799)	(2,035)	(3,588)

Notes to the financial statements

For the six months to 31 March 2024 (Unaudited)

1. Basis of preparation

The condensed financial statements for the six months to 31 March 2024 comprise the unaudited financial statements set out on pages 13 to 16 together with the related notes on pages 17 to 20. The Company applies FRS 102 and the AIC SORP for its annual financial statements. The condensed financial statements for the six months to 31 March 2024 have therefore been prepared in accordance with FRS 104 'Interim Financial Reporting' and the principles of the AIC SORP. They have also been prepared on a going concern basis. The financial statements have been prepared on the same basis as the accounting policies set out in the Company's Annual Report and Financial Statements for the year ended 30 September 2023.

The financial information contained in this half yearly report does not constitute statutory accounts as defined in

sections 434 - 436 of the Companies Act 2006. The half yearly report for the six months ended 31 March 2024 and for

the six months ended 31 March 2023 have been neither audited nor reviewed by the Company's Auditor. The information for the year to 30 September 2023 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The report of the Auditor for the audited financial statements for the year to 30 September 2023 was: (i) unqualified; (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. No statutory accounts in respect of any period after 30 September 2023 have been reported on by the Company's Auditor or delivered to the Registrar of Companies.

The Company's half yearly report has been made available on the Company's website (www.baronsmeadvets.co.uk) and sent to shareholders where requested.

2. Performance and shareholder returns

Return per share is based on a weighted average of 365,445,232 ordinary shares in issue (31 March 2023 - 330,678,751 ordinary shares; 30 September 2023 - 346,626,977 ordinary shares).

Earnings for the first six months to 31 March 2024 should not be taken as a guide to the results of the full financial year to 30 September 2024.

3. Called-up share capital

The below table details the movement in called-up share capital during the period.

Allotted, called-up and fully paid:

Ordinary shares

£'000

396,279,533 ordinary shares of 10p each listed at 30 September 2023	39,628
13,468,470 ordinary shares of 10p each issued during the period	1,347
409,748,003 ordinary shares of 10p each listed at 31 March 2024	40,975
34,026,367 ordinary shares of 10p each held in treasury at 30 September 2023	(3,403)
2,833,220 ordinary shares of 10p each repurchased during the period and held in treasury	(283)
36,859,587 ordinary shares of 10p each held in treasury at 31 March 2024	(3,686)
372,888,416 ordinary shares of 10p each in circulation* at 31 March 2024	37,289

* Carrying one vote each.

During the six months to 31 March 2024 the Company issued 13,468,470 shares at net proceeds of £7,957,000 (after costs). During the same period, the Company purchased 2,833,220 shares to be held in treasury at a cost of £1,571,000 (including costs). The Company sold no shares from treasury. At 31 March 2024, the Company held 36,859,587 ordinary shares in treasury. Shares may be sold out of treasury below Net Asset Value as long as the discount at issue is narrower than the average discount at which the shares were bought into treasury.

Excluding treasury shares, there were 372,888,416 ordinary shares in circulation at 31 March 2024 (31 March 2023 - 345,640,159 ordinary shares; 30 September 2023 - 362,253,166 ordinary shares).

4. Dividends

The final dividend for the year ended 30 September 2023 of 2.25p per share (2.15p capital, 0.10p revenue) was paid on 8 March 2024 to shareholders on the register on 9 February 2024. The ex-dividend date was 8 February 2024.

During the year to 30 September 2023, the Company paid an interim dividend on 8 September 2023 of 2.25p per share (2.15p capital, 0.10p revenue).

An interim dividend of 1.75p per share has been declared for the year to 30 September 2024 and is payable on 9 September 2024 to shareholders on the register as of 9 August 2024. The ex-dividend date is 8 August 2024.

5. Investments

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

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

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

The valuation of unquoted investments contained within level 3 of the Fair Value hierarchy involves key assumptions dependent upon the valuation methodology used. The primary methodologies applied are:

- Cost of recent investment.
- Earnings multiple.
- 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. Key assumptions for the earnings multiple approach are the selection of comparable companies and the use of either historic or forecast revenue or earnings, as considered most appropriate. Other assumptions include the appropriateness of the discount magnitude applied for reduced liquidity and other qualitative factors. These assumptions are described in more detail in note 2.3 in the Company's Report and Financial Statements for the year to 30 September 2023. The techniques used in the valuation of unquoted investments have not changed materially since the date of that report.

	Level 1	Level 2	Level 3	
	Traded on AIM £'000	Collective investment vehicles £'000	Unquoted £'000	Total £'000
Opening book cost	64,431	65,537	57,213	187,181
Opening unrealised appreciation/(depreciation)	14,542	15,227	(6,707)	23,062
Opening fair value	78,973	80,764	50,506	210,243

Opening fair value	78,573	88,704	98,500	218,243
Movements in the year:				
Transfer between levels	(1,650)	-	1,650	-
Purchases at cost	1,134	11,604	6,151	18,889
Sale - proceeds	(4,657)	(17,120)	(165)	(21,942)
- realised gains on sales	759	-	164	923
Unrealised gains/(losses) realised during the year	3,535	-	(2,129)	1,406
Increase/(decrease) in unrealised appreciation	3,463	3,829	(1,592)	5,700
Closing fair value	81,557	79,077	54,585	215,219
Closing book cost	63,552	60,021	62,884	186,457
Closing unrealised appreciation/(depreciation)	18,005	19,056	(8,299)	28,762
Closing fair value	81,557	79,077	54,585	215,219
Equity shares	81,557	-	23,478	105,035
Preference shares	-	-	20,997	20,997
Loan notes	-	-	10,110	10,110
Collective investment vehicles	-	79,077	-	79,077
Closing fair value	81,557	79,077	54,585	215,219

6. Other required disclosures

6.1 Segmental reporting

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

6.2 Principal risks and uncertainties

The Company's assets consist of equity and fixed interest investments, shares in collective investment schemes, cash and liquid resources. Its principal risks are therefore market risk, price risk, credit risk and liquidity risk. Other risks faced by the Company include loss of approval as a Venture Capital Trust, legislative, investment performance, economic, political and other external factors, regulatory and compliance and operational risks. These risks, and the way in which they are managed, are described in more detail in the principal risks and uncertainties table within the Strategic report section in the Company's Annual Report and Financial Statements for the year ended 30 September 2023. The Board continues to regularly review the risk environment in which the Company operates.

6.3 Related parties

Gresham House Asset Management Ltd (the "Manager") manages the investments of the Company. The Manager also provides or procures the provision of secretarial, accounting, administrative and custodian services to the Company. Under the management agreement, the Manager receives a fee of 2.5 per cent. per annum of the net assets of the Company up to and including £209,658,860 (being the total net assets of the Company as at 30 September 2023) and 2.0 per cent. per annum of the amount by which the net assets of the Company exceed £209,658,860. This is described in more detail under the heading 'The management agreement' within the Strategic Report in the Company's Annual Report and Financial Statements for the year ended 30 September 2023. During the period the Company has incurred management fees of £2,372,000 (31 March 2023 - £2,480,000; 30 September 2023 - £5,010,000) and secretarial and accounting fees of £89,000 (31 March 2023 - £80,000; 30 September 2023 - £167,000) payable to the Manager. No performance fee has been accrued at 31 March 2024 (31 March 2023 - £nil; 30 September 2023 - £nil). This is described in more detail under the heading 'Performance fees' within the Strategic Report in the Company's Annual Report and Financial Statements for the year to 30 September 2023.

Under the terms of an Offer for Subscription, launched on 4 December 2023, the Manager was entitled to fees of 4.50% of the investment amount received from investors. This amount totalled £693,000, including the amounts allotted in April 2024, out of which all the costs associated with the allotments were met.

6.4 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. In arriving at this conclusion, the Directors have considered the Company's cash balances, the liquidity of the Company's investments and the absence of any gearing. The Directors are therefore also satisfied that the Company has adequate financial resources to continue in operation for at least the next 12 months and that, accordingly, it is appropriate to adopt the going concern basis in preparing the financial statements.

6.5 Post balance sheet events

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

- The 30 April 2024 NAV of 58.6p was announced on 7 May 2024 and the 31 May 2024 NAV of 59.8p was announced on 6 June 2024. At the date of publishing this report, the Board is unaware of any matter that will have caused the NAV per share to have changed significantly since the latest NAV.
- Purchased 0.6mn Ordinary Shares of 10.0p on 2 April 2024 at a price of 55.2p per share to be held in Treasury.
- Purchased 1.4mn Ordinary Shares of 10.0p on 24 May 2024 at a price of 55.6p per share to be held in

Treasury.

- 27.7mn shares were issued on 3 April 2024 at allotment prices between 59.7p and 62.6p under the current Offer.
- One new investment, into OnSecurity Technology, completed in June 2024 totalling £1.2mn.
- Three follow-on investments, into Yappy, Rockfish and Counting, completed between April to May 2024, totalling £1.0mn.
- Partial realisations in Cerillion were made in May 2024, realising proceeds of £1.8mn and making a return of 21.0x cost.
- Realised Gama Aviation in May 2024, receiving proceeds of £0.6mn and making a return of 0.6x cost.

Directors

Sarah Fromson (Chair)[†]
Malcolm Groat*
Graham McDonald
Tim Farazmand[#]

Secretary

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Corporate information

[†] Chair of the Nomination Committee.

* Senior Independent Director and Chair of the Audit & Risk Committee.

[#] Chair of the Management Engagement and Remuneration Committee.

[‡] Merger between Liberum and Panmure Gordon completed May 2024.

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