BLACKROCK SMALLER COMPANIES TRUST PLC

(Legal Entity Identifier: 549300MS535KC2WH4082)

Information disclosed in accordance with Article 5 Transparency Directive and DTR 4.1

Annual Report and Financial Statements 28 February 2025

Performance record

	As atÂ 28 FebruaryÂ 2025Â	As atÂ 29 FebruaryÂ 2024Â	
Net asset value per ordinary share (debt at par value) (pence)[1]	1,403.45	1,450.15	
Net asset value per ordinary share (debt at fair value) (pence)[1]	1,463.44	1,502.25	
Ordinary share price (mid-market) (pence)[1]	1,270.00	1,326.00	
Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index[2]	16,108.27	15,173.40	
Assets			
Total assets less current liabilities (Â£â€™000)	684,322	755,721	
Equity shareholdersâ€™ funds (Â£â€™000)[3]	614,779	686,206	
Ongoing charges ratio[4,5]	0.8%	0.8%	
Dividend yield[4]	3.5%	3.2%	
Gearing[4]	13.3%	11.5%	
	For theÂ year endedÂ 28 FebruaryÂ 2025Â	For theÂ year endedÂ 29 FebruaryÂ 2024Â	
Performance (with dividends reinvested)			
Net asset value per ordinary share (debt at par value)[2,4]	-0.6%	-4.0%	
Net asset value per ordinary share (debt at fair value)[2,4]	0.0%	-3.6%	
Ordinary share price (mid-market)[2,4]	-1.4%	-0.8%	
Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index[2,4]	6.2%	-5.8%	
	For theÂ year endedÂ 28 FebruaryÂ 2025Â	For theÂ year endedÂ 29 FebruaryÂ 2024Â	Â Â ChangeÂ %Â
Revenue and dividends			
Revenue return per ordinary share	42.53p	40.70p	+4.5
Interim dividend per ordinary share	15.50pÂ	15.00p	+3.3
Final dividend per ordinary share	28.50pÂ	27.00p	+5.6Â
Total dividends payable and paid	44.00pÂ	42.00pÂ	+4.8Â

1Â Â Â Without dividends reinvested.

2Â Â Â Total return basis with dividends reinvested.

3Â Â Â The change in equity shareholdersâ€™ funds represents the portfolio movements, shares repurchased into treasury and dividends paid during the year.

4Â Â Â Alternative Performance Measure, see Glossary contained within the Annual Report and Financial Statements. Full details setting out how calculations with dividends reinvested are performed are set out in the Glossary contained within the Annual Report and Financial Statements.

5Â Â Â Ongoing charges ratio calculated as a percentage of average daily net assets and using the management fee and all other operating expenses, excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items in accordance with AIC guidelines.

Chairmanâ€™s Statement

This Annual Report to shareholders to for the year ended 28 February 2025 comes to you at a time of considerable global upheaval, a time of market disruption and economic confusion. Our last financial year was a period of difficulty as well but we had real hope that improved economic performance would lead to a return of investor interest in UK assets and especially smaller companies after a year in which both categories languished and investors focused on a narrow range of areas. Since the beginning of a new US Presidential term and the start of what looks increasingly like a trade war, market volatility has been extreme across all asset classes and geographies. Looking for a clear pathway through the current morass has been a challenge for your Company as it has for many others but there are some positives that deserve highlighting.

Since the start of the Trump Administration the US S&P 500 Index has dropped significantly, a reflection of investor concerns about tariffs, general economic prospects, higher inflation and global stability. The US Dollar has had a period of dramatic weakness as well. At the same time, the FTSE 100 Index has dropped by â€œonlyâ€ about 3.4%, Sterling has strengthened versus the US Dollar and flows into UK assets have stabilised. For the first time in quite awhile, investors have started to look at UK assets once again and not just as a source of liquidity. And UK smaller companies have continued to produce good results despite challenging circumstances, underscoring their ability to manage through complicated periods and produce good financial results for shareholders. It will not be an easy period but there does seem to be an underlying sense of change.

Performance
In the year under review, your Companyâ€™s net asset value (NAV) per share fell by 0.6% on a total return basis with dividends re-invested compared with the FTSE AIM All-Share Index which fell by 2.6%[1], the FTSE 250 Index which rose by 10.1%[1] and the FTSE 100 Index which rose by 19.8%[1]. The wide disparity between index returns reflected changing investor sentiment about large versus smaller cap companies during a period of great market uncertainty over future prospects.

More detail on the significant contributors to and detractors from performance during the year are given in the Investment Managerâ€™s Report below.

The Companyâ€™s longer-term performance is set out in the table below. In addition, the chart on page 7 of the Annual Report and Financial Statements illustrates how long-term investors have had an opportunity to build up an attractive annual income from an investment in the Company. Even if the initial dividend yield at the point of purchase has been unremarkable, the strong underlying growth in dividends over the years has resulted in a competitive yield on cost when compared with equity income funds in general. To illustrate this investment and income success, the chart shows that Â£1,000 invested in the Company on 28 February 2006 would have increased in value by 443.4%[1] in NAV terms to 28 February 2025, whereas Â£1,000 invested in the UK open-ended income sector median would have increased by just 151.6%[1]. The chart also demonstrates that while the yield on the Companyâ€™s shares was much lower at the beginning of the period, over time the Companyâ€™s dividend has grown at a much faster rate than open-ended UK income fund competitors.

Returns and dividends
Your Companyâ€™s earnings per share have increased by 4.5% year on year to 42.53 pence per share (2024: 40.70 pence per share).Â This reflects an increase in underlying revenue of 1.9% and the fact that there were fewer shares in issue as a result of share buy back activity (with 3,515,000 shares bought back in the year). Total revenue return for the year was 42.53 pence per share (2024: 40.70 pence per share). The Board continues its policy to ensure the sustainability of dividends and their future growth through investment in companies with strong balance sheets, solid management and sustainable business growth models. Whilst the investment objective is capital growth, the Board remains mindful of the importance of yield to investors. The Board is also cognisant of the benefits of the Companyâ€™s investment trust structure which enables it to retain up to 15% of total revenue each year to build up reserves which may be carried forward and used to pay dividends during leaner times. The Company has substantial distributable reserves (Â£548.3 million as at 28 February 2025, including revenue reserves of Â£18.5 million). Taking note of your Companyâ€™s current reserves, the Board has decided to declare a final dividend of 28.50 pence per share. Combined with the interim dividend of 15.50 pence per share, this represents total dividends declared of 44.00 pence per share for the year to 28 February 2025, an increase of 4.8% over total dividends declared for the year to 29 February 2024. The dividend will be paid on 26 June 2025 to shareholders on the Companyâ€™s register as at 16 May 2025. The Board has also taken this decision recognising that many portfolio companies are making strong earnings forecasts for the full year, allowing us to take a more optimistic view of future prospects. Your Company has now increased its annual dividend every year sinceÂ 2003.

The annualised increase in dividends paid since this date equates to 10.6% and your Company has received the AIC accolade of â€˜Dividend Heroâ€™ for itsâ€™ consistent growth in dividends for a period in excess of 20 years.

Performance to 28 February 2025	1 YearÂ changeÂ %Â	3 YearsÂ changeÂ %Â	5 YearsÂ changeÂ %Â	10 YearsÂ changeÂ %Â	15 YearsÂ changeÂ %Â
NAV per share[1,2,3]	0.0	-16.2	5.5	108.8	411.5
Benchmark[1,3,4]	6.2	-7.5	17.2	51.3	171.2
Share price[1,3]	-1.4	-17.7	-2.7	96.0	487.9

1Â Â Â Percentages in Sterling terms with dividends reinvested.

2Â Â Â NAV with debt at fair value.

3Â Â Â Alternative Performance Measure, see Glossary contained within the Annual Report and Financial Statements.

4Â Â Â Benchmark Index (the Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index).

Gearing and sources of finance
Gearing can play an important role in portfolio performance over time although your Company continues to maintain a very conservative capital structure. The Company has current borrowing facilities of long-term fixed rate funding in the form of a Â£25 million senior unsecured fixed rate private placement notes issued in May 2017 at a coupon of 2.74% with a 20-year maturity, Â£20 million senior unsecured fixed rate private placement notes issued in December 2019 at a coupon of 2.41% with a 25-year maturity and Â£25 million senior unsecured fixed rate private placement notes issued in September 2021 at a coupon of 2.47% with a 25-year maturity. Shorter-term variable rate funding consists of an uncommitted overdraft facility of Â£60 million with The Bank of New York Mellon (International) Limited with interest charged at SONIA plus 100 basis points (of which Â£9,230,000 was utilised at the year-end â€“ additional information is set out in note 13 contained within the Annual Report and Financial Statements).

It is the Boardâ€™s intention that net gearing will not exceed 15% of the net assets of the Company at the time of the drawdown of the relevant borrowings. Under normal operating conditions it is envisaged that gearing will be within a range of 0%-15% of net assets. At the year end, the Companyâ€™s net gearing was 13.3%[3] of net assets (2024: 11.5%), well within our target range.

Management of share rating
The Board monitors the Companyâ€™s share rating closely, and recognises the importance to shareholders that the price of the Companyâ€™s shares do not trade at either a significant premium or discount to the underlying NAV. Therefore, where deemed to be in shareholdersâ€™ long-term interests, it may exercise its powers to issue shares or buy back shares with the objective of ensuring that an excessive premium or discount does not arise. As market volatility persisted through the year, discounts across the closed end funds sector remained persistently wide and the Companyâ€™s shares traded at a discount to NAV ranging from 5.7% to 14.1% over the year.

During the year, the Company bought back a total of 3,515,000 ordinary shares at a total cost of Â£47.1 million to be held in treasury. All shares were bought back at a discount to NAV, delivering an uplift to the NAV per share of 0.7% for continuing shareholders for the year under review. The Board believes that the action it has taken has helped to minimise discount volatility, with the Companyâ€™s shares trading at an average discount to NAV (with debt at fair value) over the full year of 11.0%, compared to an average discount of 12.4% for the year to 28 February 2025. To put this in context, the average discount for companies in the AIC UK Smaller Companies sector for the same period was 11.5%.

Since the year end, and up to the date of this report, the Company has bought back a further 700,000 shares at a total cost of Â£8,803,000 (at an average discount to NAV of 12.2%). The Companyâ€™s discount currently stands at 12.2% compared to a sector average of 12.1% as at 2 May 2025.

Board composition, implementation of policy on tenure and diversity
In previous Chairmanâ€™s Statements, I have noted that the Board has adopted a policy of limiting directorsâ€™ tenure to nine years (or twelve years in the case of the Chairman in certain circumstances). The Board remains focused on high standards of governance and is cognisant that the Parker Review in respect of board diversity and the recent changes to the FCAâ€™s Listing Rules set new diversity targets and associated disclosure requirements for UK listed companies. Your Board recognises the benefits of diversity at Board level and believes that Directors should have a mix of different skills, experience, backgrounds, ethnicity, gender and other characteristics. Further information on Board composition can be found in the Corporate Governance Statement contained within the Annual Report and Financial Statements.

Having served on the Board since 2016, including over four years as our Senior Independent Director, Susan Platts-Martin has indicated that she will not seek re-election at the Companyâ€™s Annual General Meeting (AGM) on 19 June 2025. The Board wishes to thank Susan for her many years of excellent service and we wish her the best for the future. Her knowledge, sound judgement and calm resolution has benefitted all shareholders. Helen Sinclair will become the Senior Independent Director and James Barnes will become the Chair of the Nomination and Remuneration Committee from the conclusion of the AGM on 19 June 2025.

Agreement with Saba
On 22 January 2025, the Company announced that it had entered into an agreement with Saba Capital Management L.P. (Saba), pursuant to which Saba has

given a number of undertakings to the Company regarding its shareholding in the Company, the full announcement can be viewed at the following link: https://www.londonstockexchange.com/news-article/BRSC/agreement-with-saba/16863463. The agreement lasts until the earlier of the day following the completion of the Companyâ€™s 2027 AGM or 31 August 2027. The agreement does not limit Sabaâ€™s ability to acquire or dispose of shares in the Company. Your Board believes that this agreement was in the long-term interest of shareholders as we continue to invest for their future benefit.

Annual General Meeting

The Companyâ€™s AGM will be held in person at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on Thursday 19 June 2025 at 11.30 a.m. Details of the business of the meeting are set out in the Notice of Annual General Meeting contained within the Annual Report and Financial Statements. Shareholders are also invited to join Directors for a hot buffet lunch after the formal business of the meeting has concluded. Prior to the formal business of the meeting, our Investment Manager will make a presentation to shareholders. This will be followed by a question and answer session. Shareholders who are unable to attend the meeting in person but who wish to view the portfolio managerâ€™s presentation can do so via a live webinar this year. Details on how to register, together with access details, will be available shortly on the Companyâ€™s website at: www.blackrock.com/uk/brsc or by contacting the Company Secretary at cosec@blackrock.com. It is not possible to speak or vote via this medium and it is solely intended to provide shareholders with the ability to watch the portfolio managerâ€™s presentation. Additionally, if you are unable to attend you can exercise your right to vote by proxy or appoint a proxy to attend in your place. Details of how to do this are included on the AGM Proxy Card provided to shareholders with the Annual Report. If you hold your shares through a platform or a nominee company, you will need to contact them directly and ask them to appoint you as a proxy in respect of your shares in order to attend, speak and vote at the AGM. Further information on the business of this yearâ€™s AGM can be found in the Notice of the AGM contained within the Annual Report and Financial Statements.

Outlook

Since the financial year end, the Companyâ€™s NAV (as at 2 May 2025) has decreased by 0.2%[1,2], against an increase in the benchmark of 1.4%[1], and the share price has risen by 0.9%[1]. These results should be seen in the context of continued and significant market volatility fuelled by geo-political risks, which are impacting market volatility, economic growth and investor sentiment.

Even for those of us who have watched markets for a very long time, the current environment represents something new. The post World War II order with all its safeguards and institutional structures is in the process of change at an uncomfortably rapid pace and markets, understandably, are moving erratically in response to successive waves of new information. Against this turbulent backdrop, the Companyâ€™s portfolio is weighted towards companies with well capitalised balance sheets and entrepreneurial management teams that are able to rapidly adapt their businesses to the shifting market dynamics. As such we believe your Company is well-positioned and prepared to take advantage of the investment opportunities that lie ahead despite the uncertain market conditions. If shareholders would like to contact me, please write to BlackRock Smaller Companies Trust plc, Dundas House, 20 Brandon Street, Edinburgh EH3 5PP marked for the attention of the Chairman.

RONALD GOULD
Chairman
7 May 2025

1Â Â Â Percentages in Sterling terms with dividends reinvested.

2Â Â Â NAV with debt at fair value.

Investment Managerâ€™s Report

Market Review

The world has been so volatile in the last number of years that what appears a reasoned and thought-out summary of the current market can quickly seem dated and redundant. In recent years as I have sat at this desk the world has been grappling with lockdowns, Russian invasions, the end of zero rate interest policies, and the risky spectre of stagflation. We have seen fundamental and profound changes, and for some reason history has picked the period around the Companyâ€™s year end as a focal point.

In theory this year is no different. Since 20 January 2025 when the new Trump Administration began to re-write the global economic framework that formed the backbone of our past macro analysis, equity markets around the world have endured massive uncertainty. Since university (sadly longer ago than I care to remember) I have been taught that free trade is good, tariffs and non-tariff barriers bad. Through increased global integration we would drive down costs, increase economic prosperity and living standards globally, whilst at the same time encouraging political integration which would help to promote global stability. Indeed, the economic statistics for the last 70 years bear out those economic theories as living standards have risen and poverty receded in both developed and developing markets. But Trump believes in reciprocity, sees balance of trade as a scorecard, and tariffs as a negotiation tool. Itâ€™s too early to judge how the world will respond. Markets, ever the near-term voting gauge, have reacted with fury. Already suffering from a general lack of confidence and clarity the immediate aftermath has seen global equity markets fall, and bonds rally as investors seek safe havens. And herein lies the rub, this year rather than waiting until the last minute to complete the report hoping that some of the uncertainty will clear, I should just admit the summary of the year is uncertainty on a level we have rarely seen, uncertainty that will have profound implications for portfolio construction and returns.

And so, to the year under review. Writing six months ago I expressed a hope the new UK Government could herald an improved outlook for the UK. With the uncertainty and chaos of the previous administration behind us, the return of some â€œadults to the roomâ€ would allow the recovering UK economy to reassert itself on a global basis. Consumers (benefitting from both high employment and real wage growth) would feel confident enough to release some of their savings, and corporates would respond to policy certainty by investing in their products and capacity. Instead, the Labour Government chose a different path. Rather than focus on the positives and encourage this shifting sentiment, it decided to focus on a Â£22 billion black hole, which has promoted fear and uncertainty and resulted in all investment decisions being put on hold, as well as driving up the consumer savings rate. Labour went on to deliver a budget that to most industry observers was the antithesis of the pre-election rhetoric.

The market is prone to sentiment shifts, everything is black or white, very little sits in the grey. But there is some grey here. One could argue it was politically naÃ¯ve to head into an election and pledge not to make any changes to the biggest three tax levers a government has (income tax, national insurance and VAT). One can wonder why the new Labour Government didnâ€™t copy the playbook of the previous Labour administration. Instead of â€œthings can only get betterâ€ we have â€œthe worst economic inheritance since the Second World Warâ€. But these mistakes have now been made, and with four years left under the current administration, there is plenty of time for lessons to be learned and course shifted.

By nature Iâ€™m an optimist, a natural disposition made difficult by markets like these. Our positive view on the UK last year has proven to be incorrect, a direct outcome of which is the underperformance in the second half of the financial year. I will not shy away from this, I know this is frustrating for all investors, myself included, and I will cover this at more length later in the report. But the optimist in me is seeing, at the margin, some things to be optimistic about. From a domestic stance it feels to me the government may have learnt some of the early lessons, and is starting to make real changes. It is no secret the UK has been in the grip of a pervasive regulatory creep for a number of years. Labour has not only realised this, but is making positive endeavours to change things. We have heard from a number of companies that at the margin things are improving. The recent approval of the East Thames Crossing, a project that has been trapped in a planning mire for years shows more than just lip service to planning reform. Equally significant is the change at the head of the CMA, which may suggest a more market friendly disposition in the future.

Outside of the UK a combination of Russiaâ€™s aggression and Trumpâ€™s indifference have caused profound changes in Europe. Germany has unleashed the shackles of self-imposed fiscal restraints and is leading the charge to significantly increase defence and infrastructure spending. Suddenly European markets are investible again, with early signs of asset allocation away from the US. It can only be seen as a positive that the market focus is at least temporarily shifted away from the â€œmagnificent sevenâ€. Concentration of that level is in no oneâ€™s interests and is not a symptom of a healthy market.

And so what of the UKâ€™s position? Some will point to Trump imposing a lower tariff on the UK than Europe as a â€œBrexit dividendâ€. On a superficial level this may be the case, but with a significant proportion of UK trade with the US coming from the 25% tariffed automotive sector, it is scant consolation. In truth, as we have so often mentioned, the UK stock market is not the UK economy, and is instead exposed to international revenue streams. But I fear those revenue streams will not be enough to insulate the market from what is to come. Outflows from UK smaller companies have remained significant through the last twelve months, with the only buyers of any note being the companies themselves through record levels of share buybacks. De-equitisation continues at pace, with (at the time of writing) 16 companies already receiving bids this calendar year. The international nature of these UK revenue streams means there is nothing to stop firms following the examples of Ashtead, Ferguson or Smurfit and heading for the promised sunny uplands of a US listing. Something needs to be done to make investing in the UK attractive again and recent events in the US may be starting this shift in attitude. In addition, the Government needs to look long and hard at why companies are struggling with the attractiveness of a London listing. Messing around with IHT rules on AIM is not the solution to this. London retains one of the largest pools of capital and expertise for true small and mid-cap investing, it should be nurtured, not squandered. Perhaps US antics are giving us an extra chance.

Performance Review
And so to last year. At the interim the Company had performed in line with the benchmark. Sadly, the same cannot be said for the second half of the year. Having positioned the Company for a more successful UK Government, and the expectation of a positive inflection in sentiment towards the UK, the budget brought a new reality; rising rates, rising inflation expectations, reducing corporate profitability and cost cutting. We have spent much of the last six months reducing our positive stance on UK domestic stocks, but given the poor market liquidity we have been unable to do so quickly, leading the Company to underperform the index return of **6.2%** by **-6.2%**.

It has been a long time since I have seen such a frustrating performance period, with stock specific issues only explaining a fraction of the underperformance. The rest has come from a series of positions where earnings have been in line with expectations, or indeed in some cases ahead, but share prices have reacted in the other direction.

Starting with the main stock specific drivers. **TT Electronics** surprised the market with a significant earnings downgrade only a few weeks after reporting numbers and reassuring the city about its outlook. Specific issues at a plant in Mexico appear to be the cause. A brief respite came via an unsolicited approach from Volex, although ultimately this came to nothing. We have exited the position whilst we await clarity on any progress in the restructuring plans. **Workspace Group** is one of a collection of stocks where market sentiment has shifted in response to the budget and rate environment. Like so many in the property sector they trade at a significant discount to net asset value. It is worth noting the property sector has seen significant corporate interest so far this year as investors with longer term horizons look to purchase assets at beneath book cost. **Secure Trust** shares halved as an investigation into the Motor Finance sector took an unexpected turn. Initially it was felt that Secure Trustâ€™s book of business was outside of the investigation, however a subsequent decision widened the scope. In the face of such extreme regulatory uncertainty and a range of outcomes beyond reasonable analysis we have sold the position. In any year there are always shares that we either donâ€™t own, or donâ€™t own enough of that have a relative impact. This year has seen **Zegona Communications (Zegona)**, **TBC Bank**, **Quilter**, **Plus500** and **Ithaca Energy** all rally strongly. Zegona is a relative unknown in the UK market, with the fundraising that accompanied their purchase of the Vodafone Spain business missing many. We maintained a small exposure to the business, with the highly levered balance sheet and complicated financing structure putting us off having a large holding. The shares doubled during the year. TBC Bank is one of the two main banks in Georgia. Most of the year was uneventful in share price terms, however the possibility of a settlement in Ukraine has seen the shares rally.

The Company has had some successes during the year, although in many cases we feel share prices have not adequately reflected the underlying earnings performance. Top of the leaderboard this year is pension consultancy **XPS Pensions (XPS)**. Earnings have been upgraded a number of times this year partly reflecting the supportive background for the industry, which in the case of XPS has been amplified by a string of impressive client wins. **Alfa Financial Software** has managed to deliver earnings upgrades whilst at the same time managing the transition of their business from a licence based model to a recurring fee structure, a transition that typically may not run as smoothly as hoped. Demand for **Baltic Classified Groupâ€™s** various services have proven surprisingly immune from the uncertainty so close to their borders, whilst the management team has once again demonstrated not only the pricing power of the underlying services, but also their commitment to wielding that power with restraint. High margins and cash conversion has resulted in both debt reduction and increasing share buybacks.

Activity
With the UK IPO market remaining febrile at best, and outflows leading to a perceived low risk appetite from fund managers, there has been little opportunity to add brand new ideas to the portfolio. Instead, any new additions have either been re-visiting companies that have previously featured in the Company, or looking to re-appraise businesses that have either altered their model, or are more suited to the current economic uncertainty. The largest new addition is pension firm **Just Group Plc**. Rather like XPS, Just Group Plc are the clear beneficiaries of complex pension markets, and have carved out a niche at the smaller end of schemes which are often unattractive to the larger players in the market. In previous years we have noted how whole industries can change, making the uninvestible finally investible, with the most recent example of this being the construction sector, where a series of very public bankruptcies have changed the pricing dynamics. The food producer sector has previously been one where we have struggled to get comfortable with the business risks. Often small suppliers facing into an industry dominated by a small number of very large customers, poor industry discipline, and often weak balance sheets with legacy pension liabilities stemming from when these firms employed significantly more people. During the course of the year we initiated positions in **Premier Foods**, **Hilton Foods** and **Greencore Group**, all of which we feel have improved opportunities ahead of them, and product sets that produce relatively dependable revenue streams that are attractive in the current market uncertainty. We should make note of the purchase of **Raspberry Pi**, one of the few IPOs of any note in 2024. Whilst we all hoped the shares would perform strongly and re-ignite the UK IPO market, sadly only half of that came true, although we can all console ourselves with the contribution the shares have made to performance.

In the main disposals this year reflected the continued and prolonged uncertainty the markets are facing. The long-awaited industrial recovery is now even more lengthy, leading to **Vesuvius**, **XP Power** and **RHI Magnesita** all leaving the portfolio. **Trainline** left the benchmark at the end of 2024, and with uncertainty over Labourâ€™s approach to a UK ticketing app, it felt sensible to move on from a portfolio perspective. The Company didnâ€™t benefit to any great extent from M&A activity this year. In fact, acquisitions have had a negative impact on relative performance as we owned so few of those companies that were bid for. We did however see approaches for **Lok & Store** and **Loungers**.

Outlook
It seems fitting to lead into my conclusion via a discussion of mergers and acquisitions (M&A). It is my belief the UK small and mid-cap market is at a critical juncture. Outflows persist, placing continued pressure on share prices and by definition on the valuation of those companies that remain listed. Government policy, particularly with regards to AIM and Inheritance Tax, places further distortions. In light of these pressures, management teams are voting with their feet, either choosing to list somewhere else or delay any capital market activity, whilst would be acquirers are taking advantage of the valuation anomalies the listed market is unable to seize, and purchase companies at very attractive prices. The UK needs a period of stability, enough to make long term investors once again consider the opportunity the UK market offers, and for companies to have confidence that London is a suitable listing venue. The current global political climate may just be the catalyst that starts this process of reassessment (and for those that read my manager commentary last year, investors are desperate for a catalyst).

ROLAND ARNOLD
BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
7 May 2025

Ten largest investments as at 28 February 2025

Together, the Companyâ€™s ten largest investments represented 22.8% of the Companyâ€™s portfolio as at 28 February 2025 (2024: 21.3%).

1 Breedon
Construction & Materials
Portfolio valueÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ Â£18,477,000
Percentage of portfolioÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ 2.6%

A leading construction materials group in Great Britain and Ireland producing cement, aggregates, asphalt, ready-mixed concrete, specialist concrete and clay products.

2 IntegraFin
Financial Services
Portfolio valueÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ Â£18,362,000
Percentage of portfolioÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ 2.6%

UK savings platform for financial advisors.

3 XPS Pensions
Financial Services
Portfolio valueÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ Â£18,208,000
Percentage of portfolioÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ 2.6%

A UK financial services business specialising in pensions consulting and administration.

4 Hill & Smith
Industrial Engineering
Portfolio valueÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ Â£17,824,000
Percentage of portfolioÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ 2.6%

Hill & Smith is a leading UK-based infrastructure and construction products company that specialises in the design, manufacture, and supply of vehicle restraint systems, road safety barriers, and other infrastructure solutions for the highways and construction sectors.

5 Alpha Group International
Financial Services
Portfolio valueÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ Â£15,452,000
Percentage of portfolioÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ 2.2%

A foreign exchange risk management and banking solutions provider.

6 Bloomsbury Publishing
Media
Portfolio valueÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ Â£15,328,000
Percentage of portfolioÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ 2.2%

The company is a leading independent publisher which aims to inform, educate, entertain and inspire readers of all ages. The company is focused on investing in high value intellectual property, with a focus on publishing quality content. The company has been diversifying the portfolio across consumer and non-consumer, and geographically has expanded itâ€™s digital offering through mergers and acquisitions, further increasing the quality of its revenues and earnings.

7 Tatton Asset Management
Financial Services
Portfolio valueÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ Â£15,024,000
Percentage of portfolioÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ 2.2%

Tatton Asset Management is a leading UK financial services company that provides a range of investment management, compliance, and support services to independent financial advisers, with a focus on discretionary fund management and portfolio solutions.

8 Gamma Communications
Mobile Telecommunications
Portfolio valueÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ Â£14,380,000
Percentage of portfolioÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ 2.1%

A leading provider of Unified Communications as a Service (UCaaS) into the UK and European business markets, supplying communication solutions via their extensive network of trusted channel partners and also directly.

9 Boku
Industrial Support Services
Portfolio valueÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ Â£13,405,000
Percentage of portfolioÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ 1.9%

Digital payments platform.

10 Workspace Group
Real Estate Investment Trusts
Portfolio valueÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ Â£12,679,000
Percentage of portfolioÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂÂ 1.8%

Workspace Group is a leading UK-based REIT that owns and manages a portfolio of flexible, sustainable commercial properties, primarily catering to SMEs in the Greater London area through its comprehensive workspace solutions and services.

Fifty largest investments as at 28 February 2025

Company	Business activity	MarketÂ valueÂ Â£â€™000Â	% ofÂ totalÂ portfolioÂ

Breedon	UK construction materials	18,477Â	2.6Â
IntegraFin	Investment platform for financial advisers	18,362Â	2.6Â
XPS Pensions	Leading independent pensions consultancy and administration firm	18,208Â	2.6Â
Hill & Smith	Production of infrastructure products and supply of galvanizing services	17,824Â	2.6Â
Alpha Group International	Foreign exchange risk management and banking solutions provider	15,452Â	2.2Â
Bloomsbury Publishing	Publisher of fiction and non-fiction	15,328Â	2.2Â
Tatton Asset Management	Provider of discretionary fund management services to financial advisors	15,024Â	2.2Â
Gamma Communications	Provider of communication services to UK businesses	14,380Â	2.1Â
Boku	Digital payments company	13,405Â	1.9Â
Workspace Group	Supply of flexible workspace to businesses in London	12,679Â	1.8Â
Chemring Group	Advanced technology products and services for the aerospace, defence and security markets	12,575Â	1.8Â
Alfa Financial Software	Provider of software for customers working in the asset finance industry	12,493Â	1.8Â
FRP Advisory	A business advisory firm providing services in corporate restructuring, insolvency, debt advisory and financial solutions to businesses	12,072Â	1.7Â
Coats Group	Provides products, including apparel, accessory and footwear threads, structural components for footwear and accessories, fabrics, yarns, and software applications	12,012Â	1.7Â
Great Portland Estates	British property development and investment company	11,643Â	1.7Â
Just Group Plc	A UK group specialising in retirement products and services	10,651Â	1.5Â
Porvair	UK-based specialist filtration, laboratory and environmental technology group	10,408Â	1.5Â
Morgan Sindall	Office fit-out, construction and urban regeneration services	10,388Â	1.5Â
Treatt	Development and manufacture of ingredients for the flavour and fragrance industry	10,355Â	1.5Â
Baltic Classifieds Group	Operator of online classified businesses in the Baltics	10,182Â	1.5Â
PayPoint	Digital payments business	10,015Â	1.4Â
Ibstock	Manufacture of clay bricks and concrete products	9,760Â	1.4Â
Young & Co's Brewery â€“ A Shares	UK-based pub and hotel operator	9,572Â	1.4Â
Elementis	Speciality chemicals company	9,570Â	1.4Â
Luceco	Designer, supplier and manufacturer of high-quality and efficient LED lighting products, as well as electrical wiring accessories	9,386Â	1.3Â
Genuit	Manufacturer of plastic piping systems	8,963Â	1.3Â
WH Smith	Retailer of books, stationary, magazines, newspapers and confectionary	8,917Â	1.3Â
Ithaca Energy	A UK-based oil and gas company operating in the North Sea	8,864Â	1.3Â
MJ Gleeson	UK-based low-cost house builder and strategic land promoter	8,317Â	1.2Â
Premier Foods	UK food manufacturer	8,169Â	1.2Â
GB Group	Developer and supplier of identity verification solutions	8,101Â	1.2Â
4imprint Group	Promotional merchandise in the US	8,090Â	1.2Â
Central Asia Metals	Mining operations in Kazakhstan and Macedonia	8,064Â	1.2Â
GlobalData	Data analytics and consulting company	8,043Â	1.1Â
Savills	Provision of property services	7,693Â	1.1Â
Future	Multi-platform media business covering technology, entertainment, creative arts, home interest and education	7,692Â	1.1Â
Moonpig Group	Moonpig Group is a leading eCommerce company specializing in personalized greeting cards, gifts, flowers, and gift experiences. It operates under several brands, including Moonpig, Buyagift, Red Letter Days in the UK, and Greetz in the Netherlands	7,444Â	1.1Â
Oxford Instruments	Designer and manufacturer of tools and systems for industry and scientific research	7,065Â	1.0Â
Polar Capital Holdings	Specialist asset management	6,882Â	1.0Â
Ashtead Technology	An international subsea equipment rental and solutions provider for the global offshore energy sector	6,800Â	1.0Â
Hilton Food Group	A British food packaging business that focuses on meat and other proteins	6,776Â	1.0Â
Wilmington	Global provider of data, information, education and training services in the global Governance, Risk and Compliance (GRC) markets	6,433Â	0.9Â
DiscoverIE	Specialist components for electronics applications	6,371Â	0.9Â
Ashmore Group	Emerging market focused investment manager	6,114Â	0.9Â
Watches of Switzerland	Retailer of luxury watches	5,946Â	0.8Â
Oxford Biomedica	Gene cell therapy	5,825Â	0.8Â
Johnson Service Group	Provider of textile services	5,734Â	0.8Â
Greencore Group	A leading manufacturer of convenience food in the UK. It supplies major supermarkets and other retailers with products like sandwiches, salads, sushi, chilled ready meals, and sauces	5,694Â	0.8Â
Wizz Air Holdings	A Hungarian ultra-low-cost carrier group headquartered in Budapest	5,683Â	0.8Â
Clarkson	Provision of shipping services	5,467Â	0.8Â
		---------------Â	---------------Â
50 largest investments		499,368Â	71.7Â
		---------------Â	---------------Â
Remaining investments		197,205Â	28.3Â
		═══════Â	═══════Â
Total		**696,573**	**100.0**
		═══════Â	═══════Â

Details of the full portfolio are available on the Companyâ€™s website at www.blackrock.com/uk/brsc.

Portfolio holdings in excess of 3% of issued share capital

At 28 February 2025, the Company did not hold any equity investments comprising more than 3% of any companyâ€™s share capital other than as disclosed in the table below:

Company	**% of issued share capital heldÂ**
The Pebble Group	4.8Â
Treatt	4.2Â
Luceco	4.1Â
Tatton Asset Management	3.9Â
Ultimate Products	3.8Â
Sylvania Platinum	3.7Â
Distribution Finance Capital Holdings	3.6Â
Animalcare Group	3.4Â
FRP Advisory	3.4Â
Porvair	3.1Â
Bloomsbury Publishing	3.1Â
Diaceutics	3.1Â
MJ Gleeson	3.1Â
Robert Walters	3.0Â
	═══════Â

Distribution of investments as at 28 February 2025

Sector	**% of portfolioÂ**
Oil Equipment, Services & Distribution	2.2Â
Oil-Field Services	0.3Â
	---------------Â
Energy	**2.5**
	========Â
Chemicals	3.6Â
Industrial Metals & Mining	0.4Â
Mining	2.9Â
	---------------Â
Basic Materials	**6.9**
	========Â
Aerospace & Defence	3.1Â
Construction & Materials	9.0Â
Electronic & Electrical Equipment	3.6Â
General Industrials	2.1Â
Industrial Engineering	4.9Â
Industrial Support Services	8.4Â
Industrial Transportation	0.8Â
	---------------Â
Industrials	**31.9**
	========Â
General Retailers	2.3Â
Leisure Goods	0.5Â
Media	7.0Â
Personal Goods	1.3Â
Specialty Retailers	2.1Â
Travel & Leisure	3.1Â
	---------------Â
Consumer Discretionary	**16.3**
	========Â
Health Care Equipment & Services	0.5Â
Health Care Providers	0.8Â
Pharmaceuticals & Biotechnology	1.6Â
	---------------Â
Health Care	**2.9**
	========Â
Beverages	0.7Â
Food Producers	3.0Â
Household Goods & Home Construction	1.6Â
	---------------Â
Consumer Staples	**5.3**
	========Â
Mobile Telecommunications	2.1Â
	---------------Â
Telecommunications	**2.1**
	========Â
Banks	0.6Â
Financial Services	15.4Â
Investment Banking and Brokerage Services	0.8Â
Non-life Insurance	1.1Â
	---------------Â
Financials	**17.9**
	========Â
Real Estate Investment & Services	2.3Â
Real Estate Investment Trusts	5.0Â
	---------------Â
Real Estate	**7.3**
	========Â
Software & Computer Services	6.9Â
	---------------Â
Technology	**6.9**
	========Â
Total	**100.0**
	========Â

Portfolio analysis as at 28 February 2025

Analysis of portfolio value by sector

	Company	Benchmark (Deutsche Numis Smaller Companies, plus AIM (ex Investment Companies) Index)
Energy	2.5	4.6
Basic Materials	6.9	7.2
Industrials	31.9	25.0
Consumer Discretionary	16.3	16.8
Health Care	2.9	5.0
Consumer Staples	5.3	5.3
Telecommunications	2.1	2.0
Financials	17.9	14.4
Real Estate	7.3	7.7
Technology	6.9	8.9

Utilities	0.0	2.3
Other	0.0	0.8

Sources: BlackRock and LSEG Datastream.

Investment size

	Number of investments	Market value of investments as % of portfolio
Â£0m to Â£1m	2	0.2
Â£1m to Â£2m	6	1.4
Â£2m to Â£3m	8	2.7
Â£3m to Â£4m	16	8
Â£4m to Â£5m	12	7.7
Â£5m to Â£6m	17	13.2
Â£6m to Â£7m	6	5.6
Â£7m to Â£8m	4	4.3
Â£8m to Â£9m	9	10.8
Â£9m to Â£10m	4	5.5
Â£10m to Â£11m	6	8.9
Â£11m to Â£12m	1	1.7
Â£12m to Â£13m	5	8.9
Â£13m to Â£14m	1	1.9
Â£14m to Â£15m	1	2.1
Â£15m to Â£16m	3	6.6
Â£17m to Â£18m	1	2.6
Â£18m to Â£19m	3	7.9

Source: BlackRock.

Market capitalisation of our portfolio companies

Market capitalisation	**% of portfolio**
Â£0m to Â£200m	6.8
Â£200m to Â£600m	30.1
Â£600m to Â£1.5bn	43.3
Â£1.5bn+	19.8

Source: BlackRock.

Strategic Report

The Directors present the Strategic Report of the Company for the year ended 28 February 2025. The aim of the Strategic Report is to provide shareholders with the information to assess how the Directors have performed their duty to promote the success of the Company for the collective benefit of shareholders.

The Chairmanâ€™s Statement together with the Investment Managerâ€™s Report above and the Directorsâ€™ Statement setting out how they promote the success of the Company (contained within the Annual Report and Financial Statements) form part of the Strategic Report. The Strategic Report was approved by the Board at its meeting on 7 May 2025.

Principal activities

The Company is a public company limited by shares and carries on business as an investment trust and its principal activity is portfolio investment. Investment trusts, like unit trusts and OEICs, are pooled investment vehicles which allow exposure to a diversified range of assets through a single investment, thus spreading, although not eliminating investment risk. The closed-ended capital structure of an investment trust permits the company to invest in stocks with less liquidity and to gear its investments within a risk framework governed by the Board.

Investment objective

The Companyâ€™s prime objective is to seek to achieve long-term capital growth for shareholders through investment mainly in smaller UK quoted companies.

No material change will be made to the Companyâ€™s investment objective without shareholder approval.

To achieve its investment objective the Company invests predominantly in UK smaller companies with securities admitted to trading on the Main Market of the London Stock Exchange or on the Alternative Investment Market (AIM). The Company may also invest in securities which are listed overseas but have a secondary UK quotation. Although investments are primarily in companies with securities admitted to trading on recognised stock exchanges or on AIM, the Investment Manager may also invest in less liquid unquoted securities with the prior approval of the Board. The Manager has adopted a consistent investment process, focusing on good quality growth companies; stock selection is the primary focus, but consideration is also given to sector weightings and underlying themes. Whilst there are no set limits on individual sector exposures against the Companyâ€™s benchmark, a schedule of sector weightings is presented at each Board meeting for review. In applying the investment objective, the Investment Manager expects the Company to be substantially fully invested and to borrow as and when appropriate. The Company seeks to achieve an appropriate spread of investment risk by investing in a number of holdings across a range of sectors. The Company may not hold more than 7% of the share capital of any company in which it has an investment. No single portfolio holding (excluding holdings in cash fund investments held for cash management purposes) will, on the date such holding is acquired by the Company, exceed 5% of the Companyâ€™s net asset value. Notwithstanding the foregoing, the general aim is that no single portfolio holding (excluding cash fund investments held for cash management purposes) will, on the date such holding is acquired by the Company, exceed 3% of the Companyâ€™s net asset value. In addition, while the Company may hold shares in other listed investment companies (including investment trusts), the Board has agreed that the Company will not invest more than 15% of its total assets in other UK listed investment companies. The Investment Manager will not deal in derivatives without prior approval of the Board.

Benchmark

Performance is measured against an appropriate benchmark, the Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index.

Gearing policy

It is intended that net gearing will not exceed 15% of the net assets of the Company at the time of the drawdown of the relevant borrowings. Under normal operating conditions it is envisaged that gearing will be within a range of 0%-15% of net assets.

Business model
The Companyâ€™s business model follows that of an externally managed investment trust. Therefore, the Company does not have any employees and outsources its activities to third-party service providers including the Manager, who is the principal service provider. The management of the investment portfolio and the administration of the Company have been contractually delegated to the Manager who in turn (with the permission of the Company) has delegated certain investment management and other ancillary services to the Investment Manager. The Manager, operating under guidelines determined by the Board, has direct responsibility for the decisions relating to the day-to-day running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company. The Company delegates fund accounting services to BlackRock Investment Management (UK) Limited (BIM(UK)), which in turn sub-delegates these services to The Bank of New York Mellon (International) Limited (BNY).

Other service providers include the Depositary (also BNY) and the Registrar, Computershare Investor Services PLC. The Depositary has sub-delegated the provision of custody services to the Asset Servicing division of BNY. Details of the contractual terms with the Manager and the Depositary and more details of the sub-delegation arrangements in place governing custody services are set out in the Directorsâ€™ Report.

Investment philosophy
The Investment Manager seeks to identify companies which it believes have superior long-term growth prospects and the management in place to take advantage of these prospects. This is done through internal investment research, company visits and the careful monitoring of market newsflow and external broker analysis. Initially, if the Investment Manager is sufficiently impressed with a companyâ€™s prospects, it will look to take a small position, usually 0.25% to 0.50% of the Companyâ€™s net assets, in a new holding. These holdings will be closely monitored, and members of the portfolio management team will meet with management on a regular basis. If these companies continue to prosper and make the most of opportunities, the Investment Manager will gradually add to the portfolio holding. Where initial expectations are disappointing, the holding will be sold. The anticipation is that each holding will develop into a core holding over time; one that meets the Investment Managerâ€™s criteria for high quality growth companies.

Valuation is a key consideration; it is important not to overpay for new holdings. However, investment fundamentals are also important, and the Investment Manager may be prepared to pay what seems like a high price if it believes that long-term growth prospects are very strong. Generally, a company will be held within the portfolio if it meets the criteria for core holdings; in respect of recent investments, the Investment Manager will consider whether they have the potential to meet these criteria. Holdings will be sold if there are concerns that the investment case has changed in a negative way. Holdings will be reduced where the position size becomes too large and raises concerns about risk and diversification. The general aim is for portfolio holdings not to exceed 3% of the Companyâ€™s net assets (excluding cash fund investments held for cash management purposes). As the investments within the portfolio become larger over time, the Portfolio Manager will continue to assess growth prospects in comparison to smaller businesses operating within similar markets. New holdings will typically have a market cap beneath Â£2 billion (although the Portfolio Manager may from time to time invest in larger market cap companies if these fit the investment thesis with the prior permission of the Board). Holdings that move above that level will be maintained providing the investment adheres to the original thesis and remains the most attractive opportunity that can be found amongst a comparable peer group. In accordance with the guidelines, the Portfolio Manager will sell any stock that enters the FTSE 100 Index within thirty days of entry.

The Investment Manager believes that consistent outperformance can be achieved by employing a combination of bottom-up and top-down analysis, based upon strong fundamental research as outlined above.

In building a robust portfolio the Investment Manager will also consider the macro-economic background, working with strategists, economists and other teams internally and externally to understand the broad environment. It also works closely with BlackRockâ€™s risk team to assess the risks in the structure of the portfolio. Any necessary adjustments will be made to the portfolio to ensure that it is structured in an appropriate way from a macro and risk point of view.

Portfolio analysis
A detailed analysis of the portfolio has been provided within the Annual Report and Financial Statements.

Performance
Details of the Companyâ€™s performance including the dividend are set out in the Chairmanâ€™s Statement above. The Chairmanâ€™s Statement and the Investment Managerâ€™s Report form part of this Strategic Report and includes a review of the main developments during the year, together with information on investment activity within the Companyâ€™s portfolio.

Results and dividends
The results for the Company are set out in the Income Statement in the Financial Statements. The total net loss for the year, after taxation, was Â£4,268,000 (2024: loss of Â£32,701,000) of which the revenue return amounted to a profit of Â£19,918,000 (2024: profit of Â£19,691,000) and the capital loss amounted to Â£24,186,000 (2024: loss of Â£52,392,000).

The Companyâ€™s revenue return amounted to 42.53p per share (2024: 40.70p). The Directors have declared a final dividend of 28.50p per share as set out in the Chairmanâ€™s Statement above.

Future prospects
The Boardâ€™s main focus is to achieve long-term capital growth. The future performance of the Company is dependent upon the success of the investment strategy and, to a large extent, on the performance of financial markets. The outlook for the Company in the next twelve months is discussed in the Chairmanâ€™s Statement and the Investment Managerâ€™s Report above.

Social, community and human rights issues
As an investment trust, the Company has no direct social or community responsibilities or impact on the environment, and the Company has not adopted an ESG investment strategy or exclusionary screens. However, the Directors believe that it is in shareholdersâ€™ interests to consider human rights issues, environmental, social and governance matters when selecting and retaining investments. Details of the Boardâ€™s approach to ESG and socially responsible investment is set out within the Annual Report and Financial Statements. Details of the Managerâ€™s approach to ESG integration are set out within the Annual Report and Financial Statements.

Modern Slavery Act
As an investment vehicle the Company does not provide goods or services in the normal course of business and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015. In any event, the Board considers the Companyâ€™s supply chain, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

Directors, gender representation and employees
The Directors of the Company on 28 February 2025 are set out in the Directorsâ€™ biographies contained within the Annual Report and Financial Statements. With effect from 1 March 2025, the Board consists of three male Directors and three female Directors. The Company does not have any executive employees.

Key performance indicators
At each Board meeting, the Directors consider a number of performance measures to assess the Companyâ€™s success in achieving its objectives. The key performance indicators (KPIs) used to measure the progress and performance of the Company over time, and which are comparable to those reported by other

investment trusts are set out below. As indicated in footnote 2 to the table, some of these KPIs fall within the definition of â€˜Alternative Performance Measuresâ€™ (APMs) under guidance issued by the European Securities and Markets Authority (ESMA) and additional information explaining how these are calculated is set out in the Glossary contained within the Annual Report and Financial Statements.

Key Performance Indicators	Year endedÂ 28 FebruaryÂ 2025Â	Year endedÂ 29 FebruaryÂ 2024Â
% change NAV per share (debt at par value)[1,2]	-0.6%Â	-4.0%Â
% change NAV per share (debt at fair value)[1,2]	0.0%Â	-3.6%Â
% change Share price total return[1,2]	-1.4%Â	-0.8%Â
% change Benchmark return[1]	6.2%Â	-5.8%Â
Average discount to NAV with debt at fair value[2]	11.0%Â	12.4%Â
Revenue return per share	42.53pÂ	40.70pÂ
Ongoing charges ratio[2,3]	0.8%Â	0.8%Â
Retail ownership	69.8%Â	66.5%Â

1Â Â Â Total return basis with dividends reinvested.

2Â Â Â Alternative Performance Measure, see Glossary contained within the Annual Report and Financial Statements.

3Â Â Â Calculated as a percentage of average daily net assets and using the management fee and all other operating expenses, excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items in accordance with AIC guidelines.

Sources: BlackRock and LSEG Datastream.

Additionally, the Board regularly reviews many indices and ratios to understand the impact on the Companyâ€™s relative performance of the various components such as asset allocation and stock selection. The Board also reviews the performance and ongoing charges of the Company against a peer group of UK smaller companies trusts and open-ended funds.

Principal risks

The Company is exposed to a variety of risks and uncertainties. As required by the UK Code, the Board has in place a robust ongoing process to identify, assess and monitor the principal risks and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. A core element of this process is the Companyâ€™s risk register which identifies the risks facing the Company and assesses the likelihood and potential impact of each risk and the quality of the controls operating to mitigate it. A residual risk rating is then calculated for each risk based on the outcome of the assessment.

The risk register, its method of preparation and the operation of key controls in BlackRockâ€™s and third-party service providersâ€™ systems of internal control are reviewed on a regular basis by the Audit Committee. In order to gain a more comprehensive understanding of BlackRockâ€™s and other third-party service providersâ€™ risk management processes and how these apply to the Companyâ€™s business, BlackRockâ€™s internal audit department provides an annual presentation to the Audit Committee Chairman setting out the results of testing performed in relation to BlackRockâ€™s internal control processes. The Audit Committee also periodically receives presentations from BlackRockâ€™s Risk and Quantitative Analysis team and reviews Service Organisation Control (SOC 1) reports from the Companyâ€™s service providers. The current risk register categorises the Companyâ€™s main areas of risk as follows:

- Investment performance risk;
- Market risk;
- Income/dividend risk;
- Legal & compliance risk;
- Operational risk;
- Financial risk; and
- Marketing risk.

The Board has undertaken a robust assessment of both the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The risk that unforeseen or unprecedented events including (but not limited to) heightened geo-political tensions such as the war in Ukraine, high inflation and the current cost of living crisis has had a significant impact on global markets. The risks identified by the Board have been described in the table that follows, together with an explanation of how they are managed and mitigated. Emerging risks are considered by the Board as they come into view and are incorporated into the existing review of the Companyâ€™s risk register. They were also considered as part of the annual evaluation process.

Additionally, the Manager considers emerging risks in numerous forums and the Risk and Quantitative Analysis team produces an annual risk survey. Any material risks of relevance to the Company identified through the annual risk survey will be communicated to the Board.

Emerging risks that have been considered by the Board over the year include the impact of climate change, escalating geo-political conflict and technological advances.

The key emerging risks identified are as follows:

Geo-political risk: Escalating geo-political tensions (including, but not limited to the potential for a prolonged global trade war over tariffs, tensions in the Middle East and the ongoing war in Ukraine, or deteriorating relations between China and the US/other countries) have a significant negative impact on global markets, with an increasing use of tariffs and domestic regulations making global trade more complex and driving economic fragmentation.

Artificial Intelligence (â€˜AIâ€™): Advances in computing power means that AI has become a powerful tool that will impact a huge range of areas and with a wide range of applications that have the potential to dislocate established business models and disrupt labour markets, creating uncertainty in corporate valuations. The significant energy required to power this technological revolution will create further pressure on environmental resources and carbon emissions.

The Board will continue to assess all identified risks on an ongoing basis. In relation to the UK Code, the Board is confident that the procedures that the Company has put in place are sufficient to ensure that the necessary monitoring of risks and controls has been carried out throughout the reporting period.

The principal risks and uncertainties faced by the Company during the financial year, together with the potential effects, controls and mitigating factors are set out in the following table.

Investment performance

Principal risk

The returns achieved are reliant primarily upon the performance of the portfolio.

The Board is responsible for:

- deciding the investment strategy to fulfil the Companyâ€™s objective; and
- monitoring the performance of the Investment Manager and the implementation of the investment strategy.

An inappropriate investment strategy may lead to:

- poor performance compared to the Benchmark Index and the Companyâ€™s peer group;
- a loss of capital; and
- dissatisfied shareholders.

The Board is also cognisant of the long-term risk to performance from inadequate attention to ESG issues, and in particular the impact of climate change. More detail in respect of these risks can be found in the AIFMD Fund Disclosures document available on the Companyâ€™s website at www.blackrock.com/uk/individual/literature/policies/itc-disclosure-blackrock-smaller-companies-trust-plc.pdf.

Mitigation/Control

To manage this risk the Board:

- regularly reviews the Companyâ€™s investment mandate and long-term strategy;
- has set investment restrictions and guidelines which the Investment Manager monitors and regularly reports on;
- receives from the Investment Manager a regular explanation of stock selection decisions, portfolio exposure, gearing and any changes in gearing and the rationale for the composition of the investment portfolio;
- monitors the maintenance of an adequate spread of investments in order to minimise the risks associated with factors specific to particular sectors, based on the diversification requirements inherent in the investment policy; and
- receives reports showing the Companyâ€™s performance against the benchmark.

ESG analysis is integrated into the Managerâ€™s investment process, as set out within the Annual Report and Financial Statements. This is monitored by the Board.

Market risk

Principal risk

Market risk arises from volatility in the prices of the Companyâ€™s investments influenced by currency, interest rate or other price movements. It represents the potential loss the Company might suffer through holding market positions in financial instruments in the face of market movements.

Market risk includes the potential impact of events which are outside the Companyâ€™s control, including (but not limited to) heightened geo-political tensions and military conflict, increased tariffs, a global pandemic and high inflation or stagflation (in particular through increased commodity price volatility driving inflation and impacting trade).

The impact of climate change and new legislation governing climate change and environmental issues have the potential to adversely impact markets and the valuation of companies within the portfolio.

There is the potential for the Company to suffer loss through holding investments in the face of negative market movements.

Mitigation/Control

The Board considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager.

The Board monitors the implementation and results of the investment process with the Investment Manager.

The Board also recognises the benefits of a closed-end fund structure in extremely volatile markets such as those experienced during the Russia-Ukraine and Middle East conflicts as well as recent trade and tariff related disruptions. Unlike open-ended counterparts, closed-end funds are not obliged to sell down portfolio holdings at low valuations to meet liquidity requirements for redemptions. During times of elevated volatility and market stress, the ability of a closed-end fund structure to remain invested for the long term enables the portfolio manager to adhere to disciplined fundamental analysis from a bottom-up perspective and be ready to respond to dislocations in the market as opportunities present themselves.

The Manager takes into account climate risk within the investment process along with other ESG considerations as set out within the Annual Report and Financial Statements.

Income/dividend risk

Principal risk

The amount of dividends and future dividend growth will depend on the performance of the Companyâ€™s underlying portfolio and may be impacted by events which are outside the Companyâ€™s control, such as the Russia-Ukraine and Middle East conflicts. In addition, any change in the tax treatment of the dividends or interest received by the Company may reduce the level of dividends received by shareholders.

Mitigation/Control

The Board monitors this risk through the receipt of detailed income forecasts and considers the level of income at each Board meeting.

The Company has substantial revenue reserves which can be utilised and also has the ability to make distributions by way of dividends from capital reserves if required.

Legal & Compliance risk

Principal risk

The Company has been approved by HM Revenue & Customs as an investment trust, subject to continuing to meet the relevant eligibility conditions and operates as an investment trust in accordance with Chapter 4 of Part 24 of the Corporation Tax Act 2010. As such, the Company is exempt from capital gains tax on the profits realised from the sale of its investments.

Any breach of the relevant eligibility conditions could lead to the Company losing investment trust status and being subject to corporation tax on capital gains realised within the Companyâ€™s portfolio. In such event the investment returns of the Company may be adversely affected.

Any serious breach could result in the Company and/or the Directors being fined or the subject of criminal proceedings or the suspension of the Companyâ€™s shares which would in turn lead to a breach of the Corporation Tax Act 2010.

Amongst other relevant laws and regulations, the Company is required to comply with the provisions of the Companies Act 2006, the Alternative Investment Fund Managersâ€™ Directive, the UK Listing Rules and Disclosure Guidance and Transparency Rules, the Sanctions and Anti-Money Laundering Act 2018 and the Market Abuse Regulation.

Mitigation/Control
The Investment Manager monitors investment movements and the amount of proposed dividends to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached. The results are reported to the Board at each meeting.

Compliance with the accounting rules affecting investment trusts is also carefully and regularly monitored.

The Company Secretary and the Companyâ€™s professional advisers provide regular reports to the Board in respect of compliance with all applicable rules and regulations.

The Companyâ€™s Investment Manager, BlackRock, at all times complies with sanctions administered by the UK Office of Financial Sanctions Implementation, the United States Treasuryâ€™s Office of Foreign Assets Control, the United Nations, European Union member states and any other applicable regimes. The Company does not invest in companies domiciled in Russia.

Operational risk
Principal risk
In common with most other investment trust companies, the Company has no employees. The Company therefore relies on the services provided by third parties. Accordingly, it is dependent on the control systems of the Manager, the Depositary and the Fund Accountant who maintain the Companyâ€™s assets, dealing procedures and accounting records.

The security of the Companyâ€™s assets, dealing procedures, accounting records and adherence to regulatory and legal requirements and the prevention of fraud depend on the effective operation of the systems of these other third-party service providers. There is a risk that a major disaster, such as floods, fire, a global pandemic, or terrorist activity, renders the Companyâ€™s service providers unable to conduct business at normal operating capacity and effectiveness.

Failure by any service provider to carry out its obligations to the Company could have a material adverse effect on the Companyâ€™s performance. Disruption to the accounting, payment systems or custody records could prevent the accurate reporting and monitoring of the Companyâ€™s financial position.

Inadequate succession planning arrangements, particularly of the Manager, could disrupt the level of service provided.

Mitigation/Control
Due diligence is undertaken before contracts are entered into with third-party service providers. Thereafter, the performance of the provider is subject to regular review and reported to the Board.

The Board reviews on a regular basis an assessment of the fraud risks that the Company could potentially be exposed to, and also a summary of the controls put in place by the Manager, the Depositary, the Custodian, the Fund Accountant and the Registrar designed specifically to mitigate these risks.

Most third-party service providers produce Service Organisation Control (SOC 1) reports to provide assurance regarding the effective operation of internal controls as reported on by their reporting accountants. These reports are provided to the Audit Committee.

The Companyâ€™s financial instruments held in custody are subject to a strict liability regime and in the event of a loss of such financial instruments held in custody, the Depositary must return assets of an identical type or the corresponding amount, unless able to demonstrate the loss was a result of an event beyond its reasonable control.

The Board reviews the overall performance of the Manager, Investment Manager and all other third-party service providers and compliance with the Investment Management Agreement on a regular basis.

The Board also considers the business continuity arrangements of the Companyâ€™s key service providers on an ongoing basis and reviews these as part of their review of the Companyâ€™s risk register. The Board considers the Managerâ€™s succession plans in so far as they affect the services provided to the Company.

Financial risk
Principal risk
The Companyâ€™s investment activities expose it to a variety of financial risks that include interest rate, credit and liquidity risk.

Mitigation/Control
Details of these risks are disclosed in note 17 to the financial statements contained within the Annual Report and Financial Statements, together with a summary of the policies for managing these risks.

Marketing risk
Principal risk
Marketing efforts are inadequate, do not comply with relevant regulatory requirements, and fail to communicate adequately with shareholders or reach out to potential new shareholders resulting in reduced demand for the Companyâ€™s shares and a widening discount.

Mitigation/Control
The Board focuses significant time on communications with shareholders and reviewing marketing strategy and initiatives. All investment trust marketing documents are subject to appropriate review and authorisation.

Viability statement
In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the 12 months referred to by the â€˜Going Concernâ€™ guidelines.

The Board is cognisant of the uncertainty surrounding the potential duration of the conflicts in Russia-Ukraine and the Middle East, their impact on the global economy and the prospects for some of the Companyâ€™s portfolio holdings. The Board is also cognisant of the disruptive impact on world trade as a result of US tariff initiatives and the effect these might have on the Companyâ€™s portfolio. Notwithstanding these crises, and given the factors stated below, the Board expects the Company to continue for the foreseeable future and has therefore conducted this review for the period up to the AGM in 2030 being a five-year period from the date that this Annual Report will be approved by shareholders. This assessment term has been chosen as it represents a medium-term performance period over which investors in the smaller companiesâ€™ sector generally refer to when making investment decisions.

In making this assessment the Board has considered the following factors:

- The Companyâ€™s principal risks as set out below;
- The risk that the challenging geo-political backdrop, rising inflation and a sustained high interest rate environment will impact on the ability of portfolio companies to pay dividends, and consequently impact the Companyâ€™s portfolio yield and ability to pay dividends;
- The ongoing relevance of the Companyâ€™s investment objective in the current environment; and
- The level of demand for the Companyâ€™s ordinary shares.

The Board has also considered a number of financial metrics and other factors, including:

- The Board has reviewed portfolio liquidity as at 28 February 2025;
- The Board has reviewed the Companyâ€™s revenue and expense forecasts in light of the current economic back drop both in the UK and globally and the anticipated impact on dividend income and market valuations. The Board is confident that the Companyâ€™s business model remains viable and that the Company has sufficient resources to meet all liabilities as they fall due for the period under review;
- The Board has reviewed the Companyâ€™s borrowing and debt facilities and considers that the Company continues to meet its financial covenants in respect of these facilities and has a wide margin before any relevant thresholds are reached;
- The Board keeps the Companyâ€™s principal risks and uncertainties as set out above under review, and is confident that the Company has appropriate controls and processes in place to manage these and to maintain its operating model, even given the global economic challenges posed by the impact of climate change on portfolio companies and the current climate of heightened geo-political risk (notably the invasion of Ukraine and the conflict in the Middle East);
- The operational resilience of the Company and its key service providers (the Manager, Depositary, Custodian, Fund Administrator, Registrar and Broker) and their ability to continue to provide a good level of service for the foreseeable future;
- The level of current and historic ongoing charges incurred by the Company;
- The discount to NAV;
- The level of income generated by the Company; and
- Future income forecasts.

The Company is an investment company with a relatively liquid portfolio. As at 28 February 2025, the Company held no illiquid unquoted investments and 71.4% of the Companyâ€™s portfolio investments were readily realisable and listed on the London Stock Exchange. The remaining 28.6% that were listed on the Alternative Investment Market are also considered to be readily realisable. The Company has largely fixed overheads which comprise a very small percentage of net assets. Therefore, the Board has concluded that the Company would comfortably be able to meet its ongoing operating costs as they fall due.

Based on the results of their analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

Section 172 Statement: promoting the success of the Company

The Companies (Miscellaneous Reporting) Regulations 2018 require directors to explain in greater detail how they have discharged their duties under Section 172(1) of the Companies Act 2006 in promoting the success of their companies for the benefit of members as a whole. This enhanced disclosure is required under the Companies Act 2006 and the AIC Code of Corporate Governance and covers how the Board has engaged with and understands the views of stakeholders and how stakeholdersâ€™ needs have been taken into account, the outcome of this engagement and the impact that it has had on the Boardâ€™s decisions.

As the Company is an externally managed investment company and does not have any employees or customers, the Board considers the main stakeholders in the Company to be the shareholders, key service providers (being the Manager and Investment Manager, the Custodian, Depositary, Registrar and Broker) and investee companies. The reasons for this determination, and the Boardâ€™s overarching approach to engagement, are set out below.

Stakeholders

Shareholders

Continued shareholder support and engagement are critical to the continued existence of the Company and the successful delivery of its long-term strategy. The Board is focused on fostering good working relationships with shareholders and on understanding the views of shareholders in order to incorporate them into the Boardâ€™s strategy and objectives in delivering long-term growth and income. The Board makes a regular effort to discuss ongoing Company developments with shareholders.

Manager and Investment Manager

The Boardâ€™s main working relationship is with the Manager, who is responsible for the Companyâ€™s portfolio management (including asset allocation, stock and sector selection) and risk management, as well as ancillary functions such as administration, secretarial, accounting and marketing services. The Manager has sub-delegated portfolio management to the Investment Manager. Successful management of shareholdersâ€™ assets by the Investment Manager is critical for the Company to successfully deliver its investment strategy and meet its objective. The Company is also reliant on the Manager as AIFM to provide support in meeting relevant regulatory obligations under the AIFMD and other relevant legislation.

Other key service providers

In order for the Company to function as an investment trust with a listing on the premium segment of the official list of the FCA and trade on the London Stock Exchangeâ€™s (LSE) main market for listed securities, the Board relies on a diverse range of advisors for support in meeting relevant obligations and safeguarding the Companyâ€™s assets. For this reason, the Board considers the Companyâ€™s Custodian, Depositary, Registrar and Broker to be stakeholders. The Board maintains regular contact with its key external service providers and receives regular reporting from them through the Board and committee meetings, as well as outside of the regular meeting cycle.

Investee companies

Portfolio holdings are ultimately shareholdersâ€™ assets, and the Board recognises the importance of good stewardship and communication with investee companies in meeting the Companyâ€™s investment objective and strategy. The Board monitors the Managerâ€™s stewardship activities and receives regular feedback from the Manager in respect of meetings with the management of portfolio companies.

Management of share rating

Issue

The Board recognises that it is in the long-term interests of shareholders that shares do not trade at a significant discount or premium to their prevailing net asset value. Therefore, where deemed to be in shareholdersâ€™ long-term interests, it may exercise its powers to issue shares or buy back shares with the objective of ensuring that an excessive premium or discount does not arise.

Engagement

The Board monitors the Companyâ€™s share rating on an ongoing basis and receives regular updates from the Companyâ€™s Broker and Manager regarding the level of discount and the drivers behind this. The Manager provides regular performance updates and detailed performanceÂ attribution.

The Board believes that the best way of maintaining the share rating at an optimal level over the long term is to create demand for the shares in the secondary market. To this end the Investment Manager is devoting considerable effort to broadening the awareness of the Company, particularly to wealth managers and to the wider retail shareholder market.

The Company contributes to a focused investment trust sales and marketing initiative operated by BlackRock on behalf of the investment trusts under its management. The Companyâ€™s contribution to the consortium element of the initiative, which enables the trusts to achieve efficiencies by combining certain sales and marketing activities was a fixed amount of Â£67,000 and this contribution is matched by the Investment Manager for the year ended 31 December 2024. The purpose of the programme overall is to ensure effective communication with existing shareholders and to attract new shareholders to the Company to improve liquidity in the Companyâ€™s shares and to sustain the stock market rating of the Company.

During the year ended 28 February 2025, the Company has repurchased 3,515,000 ordinary shares into treasury at a total cost of Â£47,141,000 and at an average discount of 12.3%.

Since the year end and as at the date of this report, the Company has repurchased 700,000 shares for costs of Â£8,803,000 at an average discount of 12.2%.

Impact

Over the last five years, the Companyâ€™s discount has widened steadily, from an average discount of 2.9% for the year to 29 February 2020 to 13.2% for the year ended 28 February 2025. As at 2 May 2025 the Companyâ€™s shares were trading at a discount of 12.2% to the cum income NAV (with debt at fair value). This compares to an average discount for the Companyâ€™s sector of 12.1% (based on the Association of Investment Companies sector average for the UK Smaller Companies peer group).

Over the last twelve years, the number of shares held by retail shareholders has increased from 39.4% (as at 28 February 2013) to 69.8% at 28 February 2025.

Investment mandate and objective

Issue

The Board has the responsibility to shareholders to ensure that the Companyâ€™s portfolio of assets is invested in line with the stated investment objective and in a way that ensures an appropriate balance between spread of risk and portfolio returns.

Engagement

The Board works closely with the Investment Manager throughout the year in further developing our investment strategy and underlying policies, not simply for the purpose of achieving the Companyâ€™s investment objective but in the interests of shareholders and future investors.

Impact

The portfolio activities undertaken by the Investment Manager can be found in the Investment Managerâ€™s Report above.

Details regarding the Companyâ€™s NAV and share price performance can be found in the Chairmanâ€™s Statement and in the Strategic Report above.

Responsible investing

Issue

More than ever, good governance and consideration of sustainable investment is a key factor in making investment decisions. Climate change is becoming a defining factor in companiesâ€™ long-term prospects across the investment spectrum, with significant and lasting implications for economic growth and prosperity.

Engagement

The Board believes that responsible investment and sustainability are important to the longer-term delivery of the Companyâ€™s success. The Board works closely with the Investment Manager to regularly review the Companyâ€™s performance, investment strategy and underlying policies to ensure that the Companyâ€™s investment objective continues to be met in an effective and responsible way in the interests of shareholders and future investors.

The Investment Managerâ€™s approach to the consideration of Environmental, Social and Governance (ESG) factors in respect of the Companyâ€™s portfolio, as well as the Investment Managerâ€™s engagement with investee companies, are kept under review by the Board. The Investment Manager reports to the Board in respect of how consideration of material ESG risks and opportunities is integrated into the investment process; a summary of BlackRockâ€™s approach to ESG integration is set out within the Annual Report and Financial Statements. The Investment Managerâ€™s engagement and voting policy is detailed within the Annual Report and Financial Statements and on the BlackRock website.

Impact

The Board and the Investment Manager believe there is a positive correlation between ESG practices and investment performance. Details of the Companyâ€™s performance in the year are given in the Chairmanâ€™s Statement above and the Performance Record contained within the Annual Report and Financial Statements.

The Company does not meet the criteria for Article 8 or 9 products under the EU Sustainable Finance Disclosure Regulation (SFDR) and the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities. The Investment Manager has access to a range of data sources, including principal adverse indicator (PAI) data, when making decisions on the selection of investments. However, whilst BlackRock considers ESG risks for all portfolios and these risks may coincide with environmental or social themes associated with the PAIs, unless stated otherwise in the AIFMD Disclosure Document, the Company does not commit to considering PAIs in driving the selection of its investments.

Gearing and sources of finance

Issue

The Board believes that it is important for the Company to have an appropriate range of borrowings and facilities in place to provide a balance between longer-term and short-term maturities and between fixed and floating rates of interest.

Engagement

Gearing levels and sources of funding are reviewed regularly by the Board with a view to ensuring that the Company has a suitable mix of financing at competitive market rates.

As at 28 February 2025, the Company had the following borrowing facilities in place: long-term fixed rate funding in the form of a Â£25 million senior unsecured fixed rate private placement notes issued in May 2017 at a coupon of 2.74% with a 20 year maturity, a Â£20 million senior unsecured fixed rate private placement notes issued in December 2019 at a coupon of 2.41% with a 25 year maturity and a Â£25 million senior unsecured fixed rate private placement notes issued in September 2021 at a coupon of 2.47% with a 25 year maturity. Shorter-term variable rate funding consisted of an uncommitted overdraft facility of Â£60 million with The Bank of New York Mellon (International) Limited (BNY) with interest charged at SONIA plus 100 basis points (bps).

It is the Boardâ€™s intention that gearing will not exceed 15% of the net assets of the Company at the time of the drawdown of the relevant borrowings. Under normal operating conditions it is envisaged that gearing will be within a range of 0%-15% of net assets.

Impact
The Board has been proactive over the last few years in putting in place structural fixed gearing with the issue of Â£70 million of private placement notes issued between May 2017 and September 2021 to lock in fixed rate, long dated, Sterling denominated financing at a highly competitive pricing level. The Board also has in place a bank overdraft with BNY at a competitive interest rate (SONIA plus 100 bps) and a lower non-utilisation fee (4 bps).

For the year to 28 February 2025, it is estimated that gearing contributed 0.4% to the NAV per share performance.

At the year end, the Companyâ€™s gearing was 13.3% of net assets.

Service levels of third-party providers

Issue
The Board acknowledges the importance of ensuring that the Companyâ€™s principal suppliers are providing a suitable level of service: including the Manager in respect of investment performance and delivering on the Companyâ€™s investment mandate; the Custodian and Depositary in respect of their duties towards safeguarding the Companyâ€™s assets; the Registrar in its maintenance of the Companyâ€™s share register and dealing with investor queries and the Companyâ€™s Broker in respect of the provision of advice and acting as a market maker for the Companyâ€™s shares.

Engagement
The Manager reports to the Board on the Companyâ€™s performance on a regular basis. The Board carries out a robust annual evaluation of the Managerâ€™s performance, their commitment and available resources.

The Board performs an annual review of the service levels of all third-party service providers and concludes on their suitability to continue in their role.

The Board receives regular updates from the AIFM, Depositary, Registrar and Broker on an ongoing basis.

The Board works closely with the Manager to gain comfort that relevant business continuity plans are in place and are operating effectively for all of the Companyâ€™s service providers.

Impact
All performance evaluations were performed on a timely basis and the Board concluded that all third-party service providers, including the Manager were operating effectively and providing a good level of service.

The Board has received updates in respect of business continuity planning from the Companyâ€™s Manager, Custodian, Depositary, Fund Administrator, Broker, Registrar and printers, and is confident that the arrangements in place are appropriate.

Board composition

Issue
The Board is committed to ensuring that its own composition brings an appropriate balance of knowledge, experience and skills, and that it is compliant with best corporate governance practice under the UK Code, including guidance on tenure and the composition of the Boardâ€™s committees.

Engagement
The Board engaged an external firm (Stogdale St James) to carry out an independent external evaluation of the Board in 2022. As part of this process the Board also asked Stogdale St James to compile a skills matrix to enable the Board to identify areas of focus in future succession planning to ensure a diverse Board. The Board maintains this skills matrix as the cornerstone for undertaking all search and selection processes with the aim of further enhancing Board diversity.

All Directors are subject to a formal evaluation process on an annual basis and it was concluded that the Board, its Committees and the Chairman were all performing in an effective manner. More details are given within the Annual Report and Financial Statements.

All Directors stand for re-election/election by shareholders annually.

Shareholders may attend the AGM and raise any queries in respect of Board composition or individual Directors in person or may contact the Company Secretary or the Chairman using the details provided within the Annual Report and Financial Statements with any issues.

The Board has implemented a policy of limiting directorsâ€™ tenure to nine years. Subject to the constraints of effective succession planning, it is the Boardâ€™s aim that no Director will serve on the Board for more than nine years (or twelve years in the case of the Chairman). The longer time limit for the Chairmanâ€™s tenure is to allow for continuity of leadership in circumstances where a Chairman is appointed from the ranks of existing Board members after having already served on the Board for a period of time.

Impact
As at 7 May 2025, the Board had a 50:50 male to female gender ratio, in accordance with relevant regulation and best practice, and will continue to consider other diversity characteristics, such as age, ethnicity, gender, disability, educational or professional background when appraising Board composition.

The Parker Review in respect of board diversity and the recent changes to the FCAâ€™s Listing Rules set new diversity targets and associated disclosure requirements for UK companies listed on the premium and standard segment of the London Stock Exchange. Listing Rule 9.8.6R (9) requires listed companies to include a statement in their annual reports and accounts in respect of certain targets on board diversity, or if those new targets have not been met to disclose the reasons for this. This new requirement applies to accounting periods commencing on or after 1 April 2022 and therefore the Company has reported against these diversity targets for the current year ending 28 February 2025.

Further information on the composition and diversity of the Board can be found in the Corporate Governance Statement contained within the Annual Report and Financial Statements.

At the start of the year under review, no Board Director had tenure in excess of nine years.

Details of each Directorâ€™s contribution to the success and promotion of the Company are set out in the Directorsâ€™ Report contained within the Annual Report and Financial Statements and details of Directorsâ€™ biographies can be found within the Annual Report and Financial Statements.

The Directors are not aware of any issues that have been raised directly by shareholders in respect of Board composition in the year under review. Details for the proxy voting results in favour and against individual Directorsâ€™ re-election at the 2024 AGM are given on the Companyâ€™s website at www.blackrock.com/uk/brsc.

On 5 May 2023, the Directors established a combined Nomination and Remuneration Committee to perform these duties on an ongoing basis. This combined Committee meets annually in February/March each year, or more frequently as required on an ad hoc basis.

Shareholders

Issue

Continued shareholder support and engagement are critical to the continued existence of the Company and the successful delivery of its long-term strategy.

Engagement

The Board is committed to maintaining open channels of communication and to engage with shareholders and welcomes and encourages attendance and participation from shareholders at its Annual General Meetings. If shareholders wish to raise issues or concerns with the Board outside of the AGM, they are welcome to do so at any time. The Chairman is available to meet directly with shareholders periodically to understand their views on governance and the Companyâ€™s performance where they wish to do so. He may be contacted via the Company Secretary whose details are given within the Annual Report and Financial Statements.

The Annual Report and Half Yearly Financial Report are available on the Companyâ€™s website and are also circulated to shareholders either in printed copy or via electronic communications. In addition, regular updates on performance, monthly factsheets, the daily NAV and other information are also published on the website at www.blackrock.com/uk/brsc.

The Board also works closely with the Manager to develop the Companyâ€™s marketing strategy, with the aim of ensuring effective communication with shareholders in respect of the investment mandate and objective. Unlike trading companies, one-to-one shareholder meetings usually take the form of a meeting with the portfolio manager as opposed to members of the Board. As well as attending regular investor meetings the portfolio managers hold regular discussions with wealth management desks and offices to build on the case for, and understanding of, long-term investment opportunities in the UK smaller companiesâ€™ sector.

The Manager also coordinates public relations activity, including meetings between the portfolio managers and shareholders and potential investors to set out their vision for the portfolio strategy and outlook for the region and in the year under review, the Company held a number of webcasts and virtual conferences as well as meeting with investors by videoconference.

The Manager releases monthly portfolio updates to the market to ensure that investors are kept up to date in respect of performance and other portfolio developments and maintains a website on behalf of the Company that contains relevant information in respect of the Companyâ€™s investment mandate and objective.

Impact

The Board values any feedback and questions from shareholders ahead of and during Annual General Meetings in order to gain an understanding of their views and will take action when and as appropriate. Feedback and questions will also help the Company evolve its reporting, aiming to make reports more transparent and understandable.

Feedback from all substantive meetings between the Investment Manager and shareholders will be shared with the Board. The Directors will also receive updates from the Companyâ€™s broker on any feedback from shareholders, as well as share trading activity, share price performance and an update from the Investment Manager.

The portfolio management team attended a number of professional investor meetings (mainly by videoconference) and held discussions with many different wealth management desks and offices in respect of the Company during the year under review.

The portfolio manager also presented at virtual events hosted by Boring Money, Investor Meet, Kepler and Citywire. In addition, the portfolio manager met with a number of investors throughout the year.

Investors gave positive feedback in respect of the portfolio manager, the good long-term track record, clear investment strategy and low fee. Some investors commented that they liked the fact that (in common with many closed-ended funds across the sector) the Companyâ€™s discount had widened, making the shares excellent value.

Investors expressed concerns over the outlook for UK consumers and the potential for economic data to deteriorate.

Environmental, Social and Governance Issues and Approach

The Boardâ€™s approach

Environmental, social and governance (ESG) issues can present both opportunities and risks to long-term investment performance. Whilst the Company does not exclude investment in stocks purely on ESG criteria, material ESG analytics are integrated into the investment process when weighing up the risk and reward benefits of investment decisions and the Board believes that communication and engagement with portfolio companies is important and can lead to better outcomes for shareholders and the environment than merely excluding investment in certain areas.

More information on BlackRockâ€™s global approach to ESG integration, as well as activity specific to the BlackRock Smaller Companies Trust plc portfolio, is set out below. BlackRock has defined ESG integration as the practice of incorporating financially material E, S and/or G data and information and consideration of sustainability risks into investment decisions with the objective of enhancing risk-adjusted returns. ESG integration does not change the Companyâ€™s investment objective. More information on sustainability risks may be found in the AIFMD Fund Disclosures document of the Company available on the Companyâ€™s website at www.blackrock.com/uk/individual/literature/policies/itc-disclosure-blackrock-smaller-companies-trust-plc.pdf.

BlackRockâ€™s approach to material ESG integration

BlackRockâ€™s clients have a wide range of perspectives on a variety of issues and investment themes, including sustainable and low-carbon transition investing. Given the wide range of unique and varied investment objectives sought by our clients, BlackRockâ€™s investment teams have a range of approaches to considering financially material E, S, and/or G factors. As with other investment risks and opportunities, the financial materiality of E, S and/or G considerations may vary by issuer, sector, product, mandate, and time horizon. Depending on the investment approach, this financially material E, S and/or G data or information may help inform due diligence, portfolio or index construction, and/or monitoring processes of our portfolios, as well as our approach to risk management.

BlackRockâ€™s ESG integration framework is built upon our history as a firm founded on the principle of thorough and thoughtful risk management. Aladdin, our core risk management and investment technology platform, allows investors to leverage financially material E, S and/or GÂ data or information as well as the combined experience of our investment teams to effectively identify investment opportunities and investment risks. Our heritage in risk management combined with the strength of the Aladdin platform enables BlackRockâ€™s approach to ESG integration.

BlackRockâ€™s ESG Integration Statement can be found at https://www.blackrock.com/corporate/literature/publication/blk-esg-investment-statement-web.pdf.

BlackRockâ€™s reporting and disclosures

In terms of its own reporting, BlackRock believes that the Sustainability Accounting Standards Board provides a clear set of standards for reporting sustainability information across a wide range of issues, from labour practices to data privacy to business ethics. For evaluating and reporting climate-related risks, as well as the related governance issues that are essential to managing them, the Task Force on Climate-related Financial Disclosures (TCFD) provides a valuable framework. BlackRock recognises that reporting to these standards requires significant time, analysis, and effort. BlackRockâ€™s 2023 TCFD report can be found at www.blackrock.com/corporate/literature/continuous-disclosure-and-important-information/tcfd-report-2023-blkinc.pdf.

BlackRock Smaller Companies Trust plc â€“ BlackRock Investment Stewardship engagement with portfolio companies for the year ended 28 February 2025
The BlackRock portfolio management team has excellent access to company management teams and undertakes about 700 company meetings each year to identify high quality, cash generative businesses with strong management teams that are able to generate growth in a more challenging economic environment.

In addition, BlackRock also has a separate stewardship function. With effect from 1 January 2025, BlackRockâ€™s stewardship policies are being developed and implemented by two independent, specialist teams: BlackRock Investment Stewardship (BIS) and BlackRock Active Investment Stewardship (BAIS). BIS is responsible for activities in relation to clientsâ€™ assets managed by certain index equity portfolio managers, while BAIS partners with BlackRockâ€™s active investment teams on company engagement and voting in relation to their holdings. Since 1 January 2025, BAIS has overseen investment stewardship for the Companyâ€™s portfolio holdings.

The respective investment stewardship teams engage with companies, vote proxies on behalf of clients, contribute to industry dialogue on stewardship, and report on its activities. The teams aim to maintain a globally consistent approach while acknowledging the unique markets and sectors in which companies operate.

For the period from 1 March 2024 to 28 February 2025, there were 38 company engagements on a range of governance issues with the management teams of 29 companies in the BlackRock Smaller Companies Trust portfolio, representing 27% of the portfolio holdings at 28 February 2025. Additional information is set out in the table and the charts below as well as the key engagement themes for the meetings held in respect of the Companyâ€™s portfolio holdings.

	EngagementÂ activitiesÂ
Number of engagements held[1]	38Â
Number of companies met[1]	29Â
% of equity investments covered[2]	27Â
Shareholder meetings voted at[3]	121Â
Number of proposals voted on[3]	1,955Â
Number of votes against management[3]	56Â
% of total votes represented by votes against management[3]	2.9Â

1Â Â Â Source: BlackRock as at 28 February 2025.

2Â Â Â Source: BlackRock. As a percentage of total portfolio holdings at 28 February 2025.

3Â Â Â Source: BlackRock, Institutional Shareholder Services as at 28 February 2025.

Engagement Topics[1]	
Climate Risk Management	4
Other company impacts on the environment	2
Water and Waste	2
Board Composition and Effectiveness	24
Board Gender Diversity	9
Business Oversight Risk Management	1
Corporate Strategy	12
Executive Management	3
Governance Structure	2
Other	1
Remuneration	20
Sustainability Reporting	1
Business Ethics and Integrity	1
Community relations	1
Diversity and Inclusion	4
Health and Safety	1
Human Capital Management	6
Privacy and Data Security	2
Supply Chain Labour Management	1
Engagement Themes[1]	
Environmental Market Capitalisation	5
Governance	38
Social	10

[1] The number of meetings held in respect of the Companyâ€™s portfolio holdings; at which a particular topic is discussed.

Most engagement conversations cover multiple topics. More detail about BISâ€™ engagement priorities can be found here: www.blackrock.com/corporate/literature/publication/blk-stewardship-priorities-final.pdf.

Investment Stewardship
For most of the year under review (up to 31 December 2024), the BlackRock Investment Stewardship (BIS) team was responsible for stewardship activities in respect of companies in the BlackRock Smaller Companies Trust plc portfolio. BIS activities included engaging with companies, proxy voting on clientsâ€™ behalf, contributing to industry dialogue on stewardship, and reporting on its activities. BIS aims to take a globally consistent approach, while recognizing the unique markets and sectors in which companies operate. With effect from 1 January 2025, BlackRockâ€™s stewardship policies are developed and implemented by two independent specialist teams: BIS responsible for activities in relation to clientsâ€™ assets managed by certain index equity portfolio managers, and BlackRock Active Investment Stewardship (BAIS). BAIS partners with BlackRockâ€™s active investment teams on company engagement and voting in relation to their holdings, and (with effect from 1 January 2025) is responsible for investment stewardship in respect of the Companyâ€™s portfolio

holdings.

A copy of the BAIS Global Engagement and Voting Guidelines can be found at the following link:
https://www.blackrock.com/corporate/literature/publication/blackrock-active-investment-stewardship-engagement-and-voting-guidelines.pdf.

Investment stewardship policies
The benchmark investment stewardship policies, which include BISâ€™ Global Principles, regional voting guidelines and Engagement Priorities, and BAISâ€™ Global Engagement and Voting Guidelines, set out the core elements of corporate governance that guide the investment stewardship teamsâ€™ efforts. Each team takes a globally consistent approach, while recognizing the unique markets and sectors in which companies operate.

These benchmark policies are reviewed annually to reflect changes in market standards, regulations, and feedback from clients and companies.

BlackRock is committed to transparency in terms of disclosure of its stewardship activities on behalf of clients. The investment stewardship teams publish their voting policies to help BlackRockâ€™s clients understand their work to advance clientsâ€™ interests as investors in public companies. Additionally, BIS publishes both annual and quarterly reports detailing its stewardship activities. More detail in respect of BIS reporting can be found at www.blackrock.com/corporate/insights/investment-stewardship.

FOR AND ON BEHALF OF THE BOARD
RONALD GOULD
Chairman
7 May 2025

RELATED PARTY TRANSACTIONS: TRANSACTIONS WITH THE MANAGER AND AIFM

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BlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six monthsâ€™ notice. BFM has (with the Companyâ€™s consent) delegated certain portfolio and risk management services, and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed in the Directorsâ€™ Report contained within the Annual Report and Financial Statements.

The investment management fee for the year ended 28 February 2025 amounted to Â£4,611,000 (2024: Â£4,437,000) as disclosed in note 4 to the Financial Statements. At the year end, Â£4,488,000 was outstanding in respect of the management fee (2024: Â£3,319,000).

In addition to the above services, BIM (UK) provided the Company with marketing services. The total fees paid or payable for these services for the year ended 28 February 2025 amounted to Â£195,000 including VAT (2024: Â£174,000). Marketing fees of Â£137,000 (2024: Â£137,000) were outstanding at the year end.

During the year, the Manager pays the amounts due to the Directors. These fees are then reimbursed by the Company for the amounts paid on its behalf. As at 28 February 2025, an amount of Â£129,000 (2024: Â£210,000) was payable to the Manager in respect of Directorsâ€™ fees.

The ultimate holding company of the Manager and the Investment Manager is BlackRock, Inc., a company incorporated in Delaware, USA.

RELATED PARTY DISCLOSURE: DIRECTORSÂ€™ EMOLUMENTS

At the date of this report, the Board consists of six Non-executive Directors, all of whom are considered to be independent of the Manager by the Board. Disclosures of the Directorsâ€™ interests in the ordinary shares of the Company and fees and expenses payable to the Directors are set out in the Directorsâ€™ Remuneration Report, contained within the Annual Report and Financial Statements.

None of the Directors has a service contract with the Company. For the year ended 28 February 2025, the Chairman received an annual fee of Â£50,000, the Audit Committee Chairman received an annual fee of Â£38,000, the Senior Independent Director received an annual fee of Â£35,000 and each other Director received an annual fee of Â£33,000. With effect from 1 March 2025, the Chairman will receive an annual fee of Â£52,000, the Audit Committee Chairman will receive an annual fee of Â£41,000 and each other Directors will receive an annual fee of Â£35,000.Â

As at 7 May 2025 all members of the Board (with the exception of Ms Afe) held shares in the Company. Ronald Gould held 3,544 ordinary shares, Mark Little 531 ordinary shares, Susan Platts-Martin held 2,800 ordinary shares, James Barnes held 2,500 ordinary shares and Helen Sinclair held 988 ordinary shares. Dunke Afe does not currently hold any shares in the Company.

Statement of Directorsâ€™ Responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 as at the end of each financial year and of the profit or loss of the Company for that year.

In preparing those financial statements, the Directors are required to:

- present fairly the financial position, financial performance and cash flows of the Company;
- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Companyâ€™s transactions and disclose with reasonable accuracy at any time the financial position of the Company and that enable them to ensure that the Financial Statements and the Directorsâ€™ Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Strategic Report, Directorsâ€™ Report, the Directorsâ€™ Remuneration Report, the Corporate Governance Statement and the Report of the Audit Committee in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure Guidance and Transparency Rules. The Directors have delegated responsibility to the Manager for the maintenance and integrity of the Companyâ€™s corporate and financial information included on BlackRockâ€™s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names are listed within the Annual Report and Financial Statements, confirms that, to the best of their knowledge:

- the Financial Statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report contained in the Annual Report and Financial Statements 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.

The UK Code also requires Directors to ensure that the Annual Report and Financial Statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit Committee advise on whether it considers that the Annual Report and Financial Statements fulfil these requirements. The process by which the Committee has reached these conclusions is set out in the Audit Committeeâ€™s report contained within the Annual Report and Financial Statements. As a result, the Board has concluded that the Annual Report and Financial Statements for the year ended 28 February 2025, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Companyâ€™s position, performance, business model and strategy.

FOR AND ON BEHALF OF THE BOARD
RONALD GOULD
Chairman
7 May 2025

Income Statement for the year ended 28 February 2025

	NotesÂ	2025 RevenueÂ Â£â€™000Â	2025 CapitalÂ Â£â€™000Â	2025 TotalÂ Â£â€™000Â	2024 RevenueÂ Â£â€™000Â	2024 CapitalÂ Â£â€™000Â	2024 TotalÂ Â£â€™000Â
Losses on investments held at fair value through profit or loss		â€“Â	(19,794)	(19,794)	â€“Â	(48,408)	(48,408)
Losses on foreign exchange		â€“Â	(3)	(3)	â€“Â	(9)	(9)
Income from investments held at fair value through profit or loss	3Â	22,684Â	875Â	23,559Â	21,884Â	782Â	22,666Â
Other income	3Â	1Â	â€“Â	1Â	379Â	â€“Â	379Â
Total income/(loss)		22,685Â	(18,922)	3,763Â	22,263Â	(47,635)	(25,372)
Expenses							
Investment management fee	4Â	(1,153)	(3,458)	(4,611)	(1,109)	(3,328)	(4,437)
Other operating expenses	5Â	(940)	(25)	(965)	(869)	(21)	(890)
Total operating expenses		(2,093)	(3,483)	(5,576)	(1,978)	(3,349)	(5,327)
Net profit/(loss) on ordinary activities before finance costs and taxation		20,592Â	(22,405)	(1,813)	20,285Â	(50,984)	(30,699)
Finance costs		(627)	(1,781)	(2,408)	(471)	(1,408)	(1,879)
Net profit/(loss) on ordinary activities before taxation		19,965Â	(24,186)	(4,221)	19,814Â	(52,392)	(32,578)
Taxation		(47)	â€“Â	(47)	(123)	â€“Â	(123)
Net profit/(loss) on ordinary activities after taxation		19,918Â	(24,186)	(4,268)	19,691Â	(52,392)	(32,701)
Earnings/(loss) per ordinary share (pence) â€“ basic and diluted	7Â	42.53Â	(51.64)	(9.11)	40.70Â	(108.29)	(67.59)

The total columns of this statement represent the Companyâ€™s profit and loss account. The supplementary revenue and capital accounts are both prepared under guidance published by the Association of Investment Companies (AIC). All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year. All income is attributable to the equity holders of the Company.

The net profit/(loss) for the year disclosed above represents the Companyâ€™s total comprehensive income/(loss).

Statement of Changes in Equity for the year ended 28 February 2025

	NotesÂ	CalledÂ up shareÂ capitalÂ Â£â€™000Â	ShareÂ premiumÂ accountÂ Â£â€™000Â	CapitalÂ redemptionÂ reserveÂ Â£â€™000Â	CapitalÂ reservesÂ Â£â€™000Â	RevenueÂ reserveÂ Â£â€™000Â	TotalÂ Â£â€™000Â
For the year ended 28 February 2025							
At 29 February 2024		12,498Â	51,980Â	1,982Â	601,098Â	18,648Â	686,206Â
Total comprehensive (loss)/income:							
Net (loss)/profit for the year		â€“Â	â€“Â	â€“Â	(24,186)	19,918Â	(4,268)
Transactions with owners, recorded directly to equity:							
Ordinary shares repurchased into treasury	10, 11Â	â€“Â	â€“Â	â€“Â	(46,838)	â€“Â	(46,838)
Share repurchase costs	10, 11Â	â€“Â	â€“Â	â€“Â	(303)	â€“Â	(303)
Dividends paid[1]	6Â	â€“Â	â€“Â	â€“Â	â€“Â	(20,018)	(20,018)

At 28 February 2025		12,498Â	51,980Â	1,982Â	529,771Â	18,548Â	614,779Â
For the year ended 29 February 2024							
At 28 February 2023		12,498Â	51,980Â	1,982Â	673,479Â	18,590Â	758,529Â
Total comprehensive (loss)/income:							
Net (loss)/profit for the year		â€“Â	â€“Â	â€“Â	(52,392)	19,691Â	(32,701)
Transactions with owners, recorded directly to equity:							
Ordinary shares repurchased into treasury	10, 11Â	â€“Â	â€“Â	â€“Â	(19,859)	â€“Â	(19,859)
Share repurchase costs	10, 11Â	â€“Â	â€“Â	â€“Â	(130)	â€“Â	(130)
Dividends paid[2]	6Â	â€“Â	â€“Â	â€“Â	â€“Â	(19,633)	(19,633)
At 29 February 2024		12,498Â	51,980Â	1,982Â	601,098Â	18,648Â	686,206Â

1Â Â Â Interim dividend paid in respect of the year ended 28 February 2025 of 15.50p was declared on 24 October 2024 and paid on 4 December 2024. Final dividend paid in respect of the year ended 29 February 2024 of 27.00p was declared on 14 May 2024 and paid on 27 June 2024.

2Â Â Â Interim dividend paid in respect of the year ended 29 February 2024 of 15.00p was declared on 26 October 2023 and paid on 4 December 2023. Final dividend paid in respect of the year ended 28 February 2023 of 25.50p was declared on 9 May 2023 and paid on 27 June 2023.

For information on the Companyâ€™s distributable reserves, please refer to note 16 of the Annual Report and Financial Statements.

Balance Sheet as at 28 February 2025

	NotesÂ	2025Â Â£â€™000Â	2024Â Â£â€™000Â
Non current assets			
Investments held at fair value through profit or loss		696,573Â	765,178Â
Current assets			
Current tax assets		84Â	210Â
Debtors	7Â	9,738Â	4,667Â
Cash and cash equivalents â€“ cash at bank		â€“Â	28Â
Total current assets		9,822Â	4,905Â
Current liabilities			
Cash and cash equivalents â€“ bank overdraft		(9,230)	(7,899)
Creditors â€“ amounts falling due within one year	8Â	(12,843)	(6,463)
Net current liabilities		(12,251)	(9,457)
Total assets less current liabilities		684,322Â	755,721Â
Creditors â€“ amounts falling due after more than one year	9Â	(69,543)	(69,515)
Net assets		614,779Â	686,206Â
Total equity			
Called up share capital	10Â	12,498Â	12,498Â
Share premium account	11Â	51,980Â	51,980Â
Capital redemption reserve	11Â	1,982Â	1,982Â
Capital reserves	11Â	529,771Â	601,098Â
Revenue reserve	11Â	18,548Â	18,648Â
Total shareholdersâ€™ funds		614,779Â	686,206Â
Net asset value per ordinary share (debt at par value) (pence)		1,403.45Â	1,450.15Â
Net asset value per ordinary share (debt at fair value) (pence)		1,463.44Â	1,502.25Â

Statement of Cash Flows for the year ended 28 February 2025

	2025Â Â£â€™000Â	2024Â Â£â€™000Â
Operating activities		
Net loss on ordinary activities before taxation[1]	(4,221)	(32,578)
Add back finance costs	2,408Â	1,879Â
Losses on investments held at fair value through profit or loss	19,794Â	48,408Â
Net movement in foreign exchange	3Â	9Â
Sale of investments held at fair value through profit or loss	541,426Â	322,366Â
Purchase of investments held at fair value through profit or loss	(493,890)	(327,895)
Net amount for capital special dividends received	(875)	(782)
Decrease in debtors	348Â	7Â
Increase/(decrease) in creditors	1,065Â	(1,280)
Taxation on investment income	(47)	(123)
Net cash generated from operating activities	66,011Â	10,011Â
Financing activities		
Ordinary shares repurchased into treasury	(44,663)	(19,792)
Share repurchase costs	(303)	(130)
Interest paid	(2,383)	(1,854)
Dividends paid	(20,018)	(19,633)
Net cash used in financing activities	(67,367)	(41,409)

Decrease in cash and cash equivalents	(1,356)	(31,398)
Effect of foreign exchange rate changes	(3)	(9)
Cash and cash equivalents at beginning of year	(7,871)	23,536Â
Cash and cash equivalents at end of year	(9,230)	(7,871)
Comprised of:		
Cash Fund[2]	â€“Â	28Â
Bank overdraft	(9,230)	(7,899)
	(9,230)	(7,871)

1Â Â Â Dividends and interest received in cash during the year amounted to Â£22,774,000 and Â£1,000 (2024: Â£21,699,000 and Â£447,000).

2Â Â Â Cash Fund represents funds held on deposit with the BlackRock Institutional Cash Series plc â€“ Sterling Liquid Environmentally Aware Fund.

Notes to the Financial Statements for the year ended 28 February 2025

1. Principal activity
The principal activity of the Company is that of an investment trust company within the meaning of Section 1158 of the Corporation Tax Act 2010.

2. Accounting policies
The principal accounting policies adopted by the Company are set out below.

(a) Basis of preparation
The financial statements have been prepared on a going concern basis in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the revised Statement of Recommended Practice â€“ Financial Statements of Investment Trust Companies and Venture Capital Trusts (SORP), issued by the Association of Investment Companies (AIC) in October 2019 and updated in July 2022, and the provisions of the Companies Act 2006.

Substantially, all of the assets of the Company consist of securities that are readily realisable and, accordingly, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the period to 28 February 2027, being a period of at least 12 months from the date of approval of the financial statements, and therefore consider the going concern assumption to be appropriate. The Directors have reviewed compliance with the covenants associated with the loan notes and revolving credit facility, income and expense projections and the liquidity of the investment portfolio in making their assessment.

The Directors have considered the impact of climate change on the value of the investments included in the Financial Statements and have concluded that there was no further impact of climate change to be considered as the investments are valued based on market pricing as required by FRS 102.

None of the Companyâ€™s other assets and liabilities were considered to be potentially impacted by climate change.

The principal accounting policies adopted by the Company are set out below. Unless specified otherwise, the policies have been applied consistently throughout the year and are consistent with those applied in the preceding year. All of the Companyâ€™s operations are of a continuing nature.

The Companyâ€™s financial statements are presented in Sterling, which is the functional currency of the Company and the primary economic environment in which the Company operates. All values are rounded to the nearest thousand pounds (Â£â€™000) except where otherwise stated.

(b) Presentation of Income Statement
In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and a capital nature has been presented alongside the Income Statement.

(c) Segmental reporting
The Directors are of the opinion that the Company is engaged in a single segment of business being investment business.

(d) Income
Dividends receivable on equity shares are treated as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. Provisions are made for dividends not expected to be received. The return on a debt security is recognised on a time apportionment basis.

Special dividends are recognised on an ex-dividend basis and are treated as capital or revenue depending on the facts or circumstances of each particular dividend.

Dividends are accounted for in accordance with Section 29 of FRS 102 on the basis of income actually receivable, without adjustment for tax credits attaching to the dividend. Dividends from overseas companies continue to be shown gross of withholding tax.

Deposit interest receivable is accounted for using the effective interest rate method in accordance with Section 11 of FRS 102.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the cash equivalent of the dividend foregone is recognised in the revenue account of the Income Statement. Any excess in the value of the shares over the amount of the cash dividend is recognised in capital reserves.

(e) Expenses
All expenses, including finance costs, are accounted for on an accruals basis. Expenses have been charged wholly to the revenue account of the Income Statement, except as follows:

Â·ÂÂÂÂÂÂÂ expenses which are incidental to the acquisition or disposal of an investment are treated as capital. Details of transaction costs on the purchases and sales of investments are shown in note 10 of the Annual Report and Financial Statements;

Â·ÂÂÂÂÂÂÂ expenses are treated as capital where a connection with the maintenance of enhancement of the value of the investments can be demonstrated; and

Â·ÂÂÂÂÂÂÂ the investment management fee and finance costs have been allocated 75% to the capital account and 25% to the revenue account of the Income Statement in line with the Boardâ€™s expected long-term split of returns, in the form of capital gains and income respectively, from the investment portfolio.

(f) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Companyâ€™s liability for current tax is calculated using tax rates that were applicable at the balance sheet date.

The current tax effect of different items of expenditure is allocated between capital and revenue on the marginal basis using the Companyâ€™s effective rate of corporation tax for the accounting period.

Deferred taxation is recognised in respect of all timing differences at the financial reporting date, where transactions or events that result in an obligation to pay more taxation in the future or right to less taxation in the future have occurred at the balance sheet date. Deferred tax is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. This is subject to deferred taxation 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 timing differences can be deducted.

(g) Investments held at fair value through profit or loss
The Companyâ€™s investments are classified as held at fair value through profit or loss in accordance with Sections 11 and 12 of FRS 102 and are managed and evaluated on a fair value basis in accordance with its investment strategy.

All investments are classified upon initial recognition as held at fair value through profit or loss. Purchases of investments are recognised on a trade date basis. Sales of assets are recognised at the trade date of the disposal and the proceeds will be measured at fair value, which will be regarded as the proceeds of the sale less any transaction costs.

The fair value of the financial investments is based on their quoted bid price at the balance sheet date on the exchange on which the investment is quoted, without deduction for the estimated future selling costs.

Unquoted investments are valued by the Directors at fair value using International Private Equity and Venture Capital Valuation Guidelines. This policy applies to all current and non-current asset investments of the Company.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as â€˜Gains or losses on investments held at fair value through profit or lossâ€™. Also included within this heading are transaction costs in relation to the purchase or sale of investments.

The fair value hierarchy consists of the following three levels:

Level 1 â€“ Quoted market price for identical instruments in active markets.

Level 2 â€“ Valuation techniques using observable inputs.

Level 3 â€“ Valuation techniques using significant unobservable inputs.

(h) Dividends payable
Under Section 32 of FRS 102, final dividends should not be accrued in the financial statements unless they have been approved by shareholders before the balance sheet date. Dividends payable to equity shareholders are recognised in the Statement of Changes in Equity when they have been approved by shareholders and have become a liability of the Company. Interim dividends are recognised in the financial statements in the period in which they are paid.

(i) Foreign currency translation
In accordance with Section 30 of FRS 102, the Company is required to nominate a functional currency, being the currency in which the Company predominately operates. The functional and reporting currency is Sterling, reflecting the primary economic environment in which the Company operates. Transactions in foreign currencies are translated into Sterling at the rates of exchange ruling on the date of the transaction. Foreign currency monetary assets and liabilities are translated into Sterling at the rates of exchange ruling at the balance sheet date. Profits and losses thereon are recognised in the capital account of the Income Statement and taken to the capital reserve.

(j) Share repurchases and re-issues
Shares repurchased and subsequently cancelled â€“ share capital is reduced by the nominal value of the shares repurchased, and the capital redemption reserve is correspondingly increased in accordance with Section 733 of the Companies Act 2006. The full cost of the repurchase is charged to the capital reserves.

Shares repurchased and held in treasury â€“ the full cost of the repurchase is charged to the capital reserves.

Where treasury shares are subsequently re-issued:

- amounts received to the extent of the repurchase price are credited to the capital reserves; and
- any surplus received in excess of the repurchase price is taken to the share premium account.

Where new shares are issued, the par value is taken to called up share capital and amounts received to the extent of any surplus received in excess of the par value are taken to the share premium account.

Share issue costs are charged to the share premium account. Costs on share reissues are charged to the capital reserves.

(k) Debtors
Debtors include sales for future settlement, other debtors and prepayments and accrued income in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

(l) Creditors
Creditors include purchases for future settlement, interest payable, share buyback costs and accruals in the ordinary course of business. Creditors, loans and debentures are classified as creditors â€“ amounts due within one year if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as creditors â€“ amounts falling due after more than one year. Debentures are held at par less amortised cost, whilst all other creditors are held at fair value.

(m) Cash and cash equivalents
Cash comprises cash in hand and on demand deposits and bank overdrafts repayable on demand. Cash equivalents include short-term, highly liquid investments, that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

(n) Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events and that are believed to be reasonable under the circumstances. The Directors do not believe that any accounting judgements or estimates have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year.

3. Income

	2025Â Â£â€™000Â	2024Â Â£â€™000Â
Investment income[1]:		
UK dividends	18,567Â	16,538Â
UK special dividends	801Â	1,230Â
UK property income distributions	1,007Â	1,058Â
Dividends from UK REITs[2]	493Â	â€“Â
Overseas dividends	1,514Â	3,058Â
Dividends from overseas REITs[2]	302Â	â€“Â
Total investment income	22,684Â	21,884Â
Other income:		
Bank interest	1Â	8Â
Interest from Cash Fund	â€“Â	371Â
Total other income	1Â	379Â
Total	22,685Â	22,263Â

1Â Â Â UK and overseas dividends are disclosed based on the country of domicile of the underlying portfolio company.

2Â Â Â REITs â€“ real estate investment trusts.

Special dividends of Â£875,000 have been recognised in capital during the year (2024: Â£782,000).

Dividends and interest received in cash during the year amounted to Â£22,774,000 and Â£1,000 (2024: Â£21,699,000 and Â£447,000).

4. Investment management fee

	2025			2024		
	RevenueÂ Â£â€™000Â	CapitalÂ Â£â€™000Â	TotalÂ Â£â€™000Â	RevenueÂ Â£â€™000Â	CapitalÂ Â£â€™000Â	TotalÂ Â£â€™000Â
Investment management fee	1,153Â	3,458Â	4,611Â	1,109Â	3,328Â	4,437Â
Total	1,153Â	3,458Â	4,611Â	1,109Â	3,328Â	4,437Â

The investment management fee is based on a rate of 0.6% of the first Â£750 million of total assets (excluding current year income) less the current liabilities of the Company (the â€œFee Asset Amountâ€), reducing to 0.5% above this level. The fee is calculated at the rate of one quarter of 0.6% of the Fee Asset Amount up to the initial threshold of Â£750 million, and one quarter of 0.5% of the Fee Asset Amount in excess thereof, at the end of each quarter. The investment management fee is allocated 25% to the revenue account and 75% to the capital account of the Income Statement.

5. Other operating expenses

	2025Â Â£â€™000Â	2024Â Â£â€™000Â
Allocated to revenue:		
Custody fees	9Â	10Â
Depositary fees	83Â	78Â
Auditorsâ€™ remuneration	52Â	50Â
Registrarâ€™s fee	46Â	42Â
Directorsâ€™ emoluments[1]	240Â	201Â
Director search fees	â€“Â	35Â
Marketing fees	195Â	174Â
AIC fees	22Â	22Â
Bank charges	24Â	28Â
Broker fees	23Â	35Â
Stock exchange listings	41Â	34Â
Printing and postage fees	39Â	37Â
Legal fees	43Â	21Â
Prior year expenses written back[2]	(11)	(1)
Other administrative costs	134Â	103
Total revenue expenses	940Â	869Â
Allocated to capital:		
Custody transaction charges[3]	25Â	21Â
Total	965Â	890Â

	2025Â	2024Â
The Companyâ€™s ongoing charges[4], calculated as a percentage of average daily net assets and using the management fee and all other operating expenses, excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items were:	0.8%Â	0.8%Â

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1Â Â Â Further information on Directorsâ€™ emoluments can be found in the Directorsâ€™ Remuneration Report contained within the Annual Report and Financial Statements.

2Â Â Â Relates to bank charges, printing and postage fees and miscellaneous fees written back during the year ended 28 February 2025 (2024: miscellaneous fees).

3Â Â Â For the year ended 28 February 2025, expenses of Â£25,000 (2024: Â£21,000) were charged to the capital account of the Income Statement. These relate to transaction costs charged by the Custodian on sale and purchase trades.

4Â Â Â Alternative Performance Measure, see Glossary contained within the Annual Report and Financial Statements.

6. Dividends

Dividends paid on equity shares:	Record dateÂ	Payment dateÂ	2025Â Â£â€™000Â	2024Â Â£â€™000Â
2023 Final of 25.50p	19 May 2023Â	27 June 2023Â	â€“Â	12,395Â
2024 Interim of 15.00p	3 November 2023Â	4 December 2023Â	â€“Â	7,238Â
2024 Final of 27.00p	24 May 2024Â	27 June 2024Â	12,717Â	â€“Â
2025 Interim of 15.50p	1 November 2024Â	4 December 2024Â	7,301Â	â€“Â
			---------------Â	---------------Â
Accounted for in the financial statements			20,018Â	19,633Â
			═══════Â	═══════Â

The Directors have proposed a final dividend of 28.50p per share in respect of the year ended 28 February 2025. The final dividend will be paid, subject to shareholdersâ€™ approval, on 19 June 2025 to shareholders on the Companyâ€™s register on 16 May 2025. The proposed final dividend has not been included as a liability in these financial statements, as final dividends are only recognised in the financial statements when they have been approved by shareholders.

The total dividends payable in respect of the year which form the basis of determining retained income for the purposes of Section 1158 of the Corporation Tax Act 2010 and Section 833 of the Companies Act 2006, and the amount proposed for the year ended 29 February 2024 meet the relevant requirements as set out in this legislation.

Dividends paid or proposed on equity shares:	2025Â Â£â€™000Â	2024Â Â£â€™000Â
Interim dividend paid 15.50p (2024: 15.00p)	7,301Â	7,238Â
Final dividend payable of 28.50p per share[1] (2024: 27.00p)	12,285Â	12,717Â
	---------------Â	---------------Â
Total	**19,586Â**	**19,955**
	═══════Â	═══════Â

1Â Â Â Â Based upon 43,104,792 ordinary shares (excluding treasury shares) in issue on 2 May 2025.

All dividends paid or payable are distributed from the Companyâ€™s distributable reserves.

7. Debtors

	2025Â Â£â€™000Â	2024Â Â£â€™000Â
Sales for future settlement	8,870Â	3,577Â
Prepayments and accrued income	868Â	1,090Â
	---------------Â	---------------Â
Total	9,738Â	4,667Â
	═══════Â	═══════Â

8. Creditors â€“ amounts falling due within one year

	2025Â Â£â€™000Â	2024Â Â£â€™000Â
Purchases for future settlement	5,066Â	1,923Â
Interest payable	581Â	584Â
Share buybacks awaiting settlement	2,241Â	66Â
Accruals	4,955Â	3,890Â
	---------------Â	---------------Â
Total	12,843Â	6,463Â
	═══════Â	═══════Â

9. Creditors â€“ amounts falling due after more than one year

	2025Â Â£â€™000Â	2024Â Â£â€™000Â
2.74% loan note 2037	25,000Â	25,000Â
Unamortised loan note issue expenses	(168)	(182)
	---------------Â	---------------Â
	24,832Â	24,818Â
	═══════Â	═══════Â
2.41% loan note 2044	20,000Â	20,000Â
Unamortised loan note issue expenses	(127)	(133)
	---------------Â	---------------Â
	19,873Â	19,867Â
	═══════Â	═══════Â
2.47% loan note 2046	25,000Â	25,000Â
Unamortised loan note issue expenses	(162)	(170)
	---------------Â	---------------Â
	24,838Â	24,830Â
	═══════Â	═══════Â
Total	69,543Â	69,515Â
	═══════Â	═══════Â

The fair value of the 2.74% loan note has been determined based on a comparative yield for UK Gilts for similar duration maturity and spreads, and as at 28

February 2025 equated to a valuation of 73.47p per note (2024: 74.55p), a total of Â£18,368,000 (2024: Â£18,638,000). The fair value of the 2.41% loan note has been determined based on a comparative yield for UK Gilts for similar duration maturity and spreads, and as at 28 February 2025 equated to a valuation of 57.61p per note (2024: 60.55p), a total of Â£11,522,000 (2024: Â£12,110,000). The fair value of the 2.47% loan note has been determined based on a comparative yield for UK Gilts for similar duration maturity and spreads, and as at 28 February 2025 equated to a valuation of 53.50p per note (2024: 56.44p), a total of Â£13,375,000 (2024: Â£14,110,000).

The first Â£25 million loan note was issued on 24 May 2017. Interest on the note is payable in equal half yearly instalments on 24 May and 24 November in each year. The loan note is unsecured and is redeemable at par on 24 May 2037.

The Â£20 million loan note was issued on 3 December 2019. Interest on the note is payable in equal half yearly instalments on 3 December and 3 June in each year. The loan note is unsecured and is redeemable at par on 3 December 2044.

The second Â£25 million loan note was issued on 16 September 2021. Interest on the note is payable in equal half yearly instalments on 24 May and 16 September each year. The loan note is unsecured and is redeemable at par on 16 September 2046.

The Company also has available an uncommitted overdraft facility of Â£60 million with The Bank of New York Mellon (International) Limited, of which Â£9,230,000 had been utilised at 28 February 2025 (2024: Â£7,871,000).

10. Called up share capital

	OrdinaryÂ sharesÂ numberÂ	TreasuryÂ sharesÂ numberÂ	TotalÂ sharesÂ numberÂ	NominalÂ valueÂ Â£â€™000Â
Allotted, called up and fully paid share capital comprised:				
Ordinary shares of 25 pence each				
At 28 February 2023	48,829,792Â	1,163,731Â	49,993,523Â	12,498Â
Ordinary shares repurchased into treasury	(1,510,000)	1,510,000Â	â€“Â	â€“Â
At 29 February 2024	47,319,792Â	2,673,731Â	49,993,523Â	12,498Â
Ordinary shares repurchased into treasury	(3,515,000)	3,515,000Â	â€“Â	â€“Â
	---------------Â	---------------Â	---------------Â	---------------Â
At 28 February 2025	43,804,792Â	6,188,731Â	49,993,523Â	12,498Â
	=======Â	=======Â	=======Â	=======Â

During the year ended 28 February 2025, the Company repurchased 3,515,000 shares (2024: 1,510,000) into treasury for a total consideration of Â£47,141,000 (2024: Â£19,989,000).

Since 28 February 2025 and up to the latest practicable date of 2 May 2025, 700,000 ordinary shares have been repurchased into treasury for a total consideration of Â£8,803,000.

The ordinary shares (excluding any shares held in treasury) carry the right to receive any dividends and have one voting right per ordinary share. There are no restrictions on the voting rights of the ordinary shares or on the transfer of ordinary shares.

11. Reserves

				Distributable reserves	
	ShareÂ premiumÂ accountÂ Â£â€™000Â	CapitalÂ redemptionÂ reserveÂ Â£â€™000Â	CapitalÂ reserveÂ (arising onÂ investmentsÂ sold)Â Â£â€™000Â	CapitalÂ reserveÂ (arising onÂ revaluationÂ ofÂ investmentsÂ held) Â£â€™000Â	RevenueÂ reserveÂ Â£â€™000Â
At 29 February 2024	51,980Â	1,982Â	565,497Â	35,601Â	18,648Â
Movement during the year:					
Losses on realisation of investments	â€“Â	â€“Â	(2,573)	â€“Â	â€“Â
Change in investment holding gains	â€“Â	â€“Â	â€“Â	(16,346)	â€“Â
Losses on foreign currency transactions	â€“Â	â€“Â	(3)	â€“Â	â€“Â
Finance costs and expenses charged to capital	â€“Â	â€“Â	(5,264)	â€“Â	â€“Â
Net profit for the year	â€“Â	â€“Â	â€“Â	â€“Â	19,918Â
Ordinary shares repurchased into treasury	â€“Â	â€“Â	(46,838)	â€“Â	â€“Â
Share buyback costs	â€“Â	â€“Â	(303)	â€“Â	â€“Â
Dividends paid during the year	â€“Â	â€“Â	â€“Â	â€“Â	(20,018)
	---------------Â	---------------Â	---------------Â	---------------Â	---------------Â
At 28 February 2025	51,980Â	1,982Â	510,516Â	19,255Â	18,548Â
	=======Â	=======Â	=======Â	=======Â	=======Â

				Distributable reserves	
	ShareÂ premiumÂ accountÂ Â£â€™000Â	CapitalÂ redemptionÂ reserveÂ Â£â€™000Â	CapitalÂ reserveÂ (arising onÂ investmentsÂ sold)Â Â£â€™000Â	CapitalÂ reserveÂ (arising onÂ revaluationÂ ofÂ investmentsÂ held)Â Â£â€™000Â	RevenueÂ reserveÂ Â£â€™000Â
At 28 February 2023	51,980Â	1,982Â	620,667Â	52,812Â	18,590Â
Movement during the year:					
Losses on realisation of investments	â€“Â	â€“Â	(30,417)	â€“Â	â€“Â
Change in investment holding gains	â€“Â	â€“Â	â€“Â	(17,209)	â€“Â
Losses on foreign currency transactions	â€“Â	â€“Â	(7)	(2)	â€“Â
Finance costs and expenses charged to capital	â€“Â	â€“Â	(4,757)	â€“Â	â€“Â
Net profit for the year	â€“Â	â€“Â	â€“Â	â€“Â	19,691Â
Ordinary shares repurchased into treasury	â€“Â	â€“Â	(19,859)	â€“Â	â€“Â
Share buyback costs	â€“Â	â€“Â	(130)	â€“Â	â€“Â
Dividends paid during the year	â€“Â	â€“Â	â€“Â	â€“Â	(19,633)

At 29 February 2024	51,980Â	1,982Â	565,497Â	35,601Â	18,648Â

The share premium account and capital redemption reserve of Â£51,980,000 and Â£1,982,000 (2024: Â£51,980,000 and Â£1,982,000) are not distributable reserves under the Companies Act 2006. In accordance with ICAEW Technical Release 02/17BL on Guidance on Realised and Distributable Profits under the Companies Act 2006, the capital reserve may be used as distributable reserves for all purposes and, in particular, the repurchase by the Company of its ordinary shares and for payments such as dividends. In accordance with the Companyâ€™s Articles of Association, the capital reserve and the revenue reserve may be distributed by way of dividend. The gain on the capital reserve arising on the revaluation of investments of Â£19,255,000 (2024: gain of Â£35,601,000) is subject to fair value movements and may not be readily realisable at short notice, as such it may not be entirely distributable. The investments are subject to financial risks, as such capital reserves (arising on investments sold) and the revenue reserve may not be entirely distributable if a loss occurred during the realisation of these investments.

12 Valuation of financial instruments

Financial assets and financial liabilities are either carried in the Balance Sheet at their fair value (investments) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank and bank overdrafts). Section 34 of FRS 102 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note 2 of the Financial Statements.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

The fair value hierarchy has the following levels:

Level 1 â€“ Quoted market price for identical instruments in active markets

A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an armâ€™s length basis. The Company does not adjust the quoted price for these instruments.

Level 2 â€“ Valuation techniques using observable inputs

This category includes instruments valued using quoted prices for similar instruments in markets that are considered less active; or other valuation techniques where significant inputs are directly or indirectly observable from market data.

Level 3 â€“ Valuation techniques using significant unobservable inputs

This category includes all instruments where the valuation technique includes inputs not based on market data and these inputs could have a significant impact on the instrumentâ€™s valuation.

This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability including an assessment of the relevant risks including but not limited to credit risk, market risk, liquidity risk, business risk and sustainability risk. The determination of what constitutes â€˜observableâ€™ inputs requires significant judgement by the Investment Manager, and these risks are adequately captured in the assumptions and inputs used in measurement of Level 3 assets or liabilities.

Fair values of financial assets and financial liabilities

The table below is an analysis of the Companyâ€™s financial instruments measured at fair value at the balance sheet date.

	Level 1Â	Level 2Â	Level 3Â	TotalÂ
Financial assets at fair value through profit or loss at 28 February 2025	Â£â€™000Â	Â£â€™000Â	Â£â€™000Â	Â£â€™000Â
Equity investments	694,356Â	â€“Â	2,217Â	696,573Â
Total	694,356Â	â€“Â	2,217Â	696,573Â

	Level 1Â	Level 2Â	Level 3Â	TotalÂ
Financial assets at fair value through profit or loss at 29 February 2024	Â£â€™000Â	Â£â€™000Â	Â£â€™000Â	Â£â€™000Â
Equity investments	765,178Â	â€“Â	â€“Â	765,178Â
Total	765,178Â	â€“Â	â€“Â	765,178Â

The Company held one Level 3 security as at 28 February 2025 (2024: none)

A reconciliation of fair value measurement of Level 3 is set out below.

Level 3 financial assets at fair value through profit or loss

	2025Â	2024Â
	Â£â€™000Â	Â£â€™000Â
Opening fair value	â€“Â	â€“Â
Additions at cost	770Â	â€“Â
Gain on investments included in gains on investments in the Income Statement	1,447Â	â€“Â
Closing balance	2,217Â	â€“Â

As at 28 February 2025, the investment in Rosebank Industries was a Level 3 investment due to there being a temporary suspension of the listing price.

For exchange listed equity investments, the quoted price is the bid price. Substantially all investments are valued based on unadjusted quoted market prices. Where such quoted prices are readily available in an active market, such prices are not required to be assessed or adjusted for any price related risks, including climate risk, in accordance with the fair value related requirements of the Companyâ€™s Financial Reporting Framework.

13. Transactions with the Investment Manager and AIFM
BlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six monthsâ€™ notice. BFM has (with the Companyâ€™s consent) delegated certain portfolio and risk management services, and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed in the Directorsâ€™ Report contained within the Annual Report and Financial Statements.

The investment management fee for the year ended 28 February 2025 amounted to Â£4,611,000 (2024: Â£4,437,000) as disclosed in note 4 to the Financial Statements. At the year end, Â£4,488,000 was outstanding in respect of the management fee (2024: Â£3,319,000).

In addition to the above services, BIM (UK) provided the Company with marketing services. The total fees paid or payable for these services for the year ended 28 February 2025 amounted to Â£195,000 including VAT (2024: Â£174,000). Marketing fees of Â£137,000 (2024: Â£137,000) were outstanding at the year end.

During the year, the Manager pays the amounts due to the Directors. These fees are then reimbursed by the Company for the amounts paid on its behalf. As at 28 February 2025, an amount of Â£129,000 (2024: Â£210,000) was payable to the Manager in respect of Directorsâ€™ fees.

The ultimate holding company of the Manager and the Investment Manager is BlackRock, Inc., a company incorporated in Delaware, USA.

14. Related parties disclosures
Directorsâ€™ emoluments
At the date of this report, the Board consists of six Non-executive Directors, all of whom are considered to be independent of the Manager by the Board. Disclosures of the Directorsâ€™ interests in the ordinary shares of the Company and fees and expenses payable to the Directors are set out in the Directorsâ€™ Remuneration Report. At 28 February 2025, an amount of Â£19,000 (2024: Â£17,000) was outstanding in respect of Directorsâ€™ fees.

Significant holdings
The following investors are:

a.ÂÂÂÂÂ funds managed by the BlackRock Group or are affiliates of BlackRock, Inc. (Related BlackRock Funds) or

b.ÂÂÂÂÂ investors (other than those listed in (a) above) who held more than 20% of the voting shares in issue in the Company and are as a result, considered to be related parties to the Company (Significant Investors).

	Total % of shares held byÂ Related BlackRock FundsÂ	Total % of shares held byÂ Significant Investors who are notÂ affiliates of BlackRock Group orÂ BlackRock, Inc.Â	Number of Significant InvestorsÂ who are not affiliates ofÂ BlackRock Group orÂ BlackRock, Inc.Â
As at 28 February 2025	6.1Â	n/aÂ	n/aÂ
As at 29 February 2024	9.7Â	n/aÂ	n/aÂ

15. Contingent liabilities
There were no contingent liabilities at 28 February 2025 (2024: none).

16. Publication of non-statutory accounts
The financial information contained in this announcement does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006.

The figures set out above have been reported upon by the auditors. The comparative figures are extracts from the audited financial statements of BlackRock Smaller Companies Trust plc for the year ended 29 February 2024, which have been filed with the Registrar of Companies. The reports of the auditors for the years ended 28 February 2024 and 28 February 2025 contain no qualification or statement under Section 498(2) or (3) of the Companies Act 2006. The 2025 Annual Report and Financial Statements will be filed with the Registrar of Companies after the Annual General Meeting.

17. Annual report and financial statements
Copies of the Annual Report and Financial Statements will be sent to members shortly and will be available from The Company Secretary, BlackRock Smaller Companies Trust plc, 12 Throgmorton Avenue, London EC2N 2DL.

18. Annual General Meeting
The Annual General Meeting of the Company will be held at 12 Throgmorton Avenue, London EC2N 2DL on 19 June 2025 at 11:30 a.m.

ENDS

The Annual Report and Financial Statements will also be available on the BlackRock Investment Management website at http://www.blackrock.com/uk/brsc. Neither the contents of the Manager's website nor the contents of any website accessible from hyperlinks on the Manager's website (or any other website) is incorporated into, or forms part of, this announcement.

For further information, please contact:

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7 May 2025

Release