

# BARONSMEAD

Baronsmead Second Venture Trust plc

# 2018

Half-yearly report for the six months ended  
31 March 2018



# About Baronsmead Second Venture Trust plc

## Our Investment Objective

Baronsmead Second Venture Trust is a tax efficient listed company which aims to achieve long-term investment returns for private investors.

## Investment Policy

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

## Dividend Policy

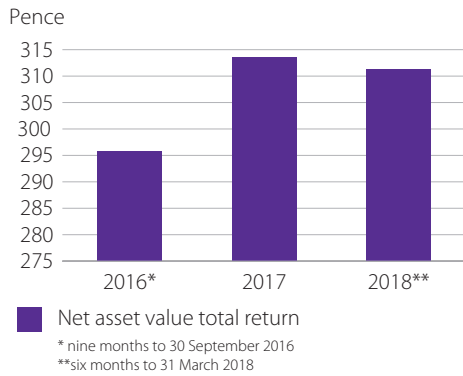
The Board of Baronsmead Second Venture Trust has the objective to maintain a minimum annual dividend level of around 4.5p per ordinary share if possible, but this depends primarily on the level of realisations achieved and cannot be guaranteed.

## Shareholder choice

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

- **Fund raising** | From time to time the Company seeks to raise additional funds by issuing new shares at a premium to the latest published net asset value to account for issue costs. This enables shareholders seeking additional investments to do so with taxation relief.
- **Dividend Reinvestment Plan** | The Company offers a Dividend Reinvestment Plan which enables shareholders to purchase additional shares through the market in lieu of cash dividends. Approximately 1,115,000 shares were bought in this way during the six months to 31 March 2018.
- **Buy back of shares** | From time to time the Company buys its own shares through the market in accordance with its share price discount policy. Subject to certain conditions, the Company seeks to maintain a mid market share price discount of approximately 5 per cent to net asset value. In the six months to 31 March 2018, 3,245,000 shares were bought back representing 1.4 per cent of the shares in issue at 31 March 2018 at prices which represent an average 5.0 per cent discount to the latest published net asset value at the time the shares were bought back. By providing support to market pricing, this helps those shareholders who need to realise their investment.
- **Secondary market** | The Company's shares are listed on the London Stock Exchange and can be bought or sold by shareholders using a stockbroker or authorised share dealing service in the same way as shares of any other listed company. Approximately 450,000 shares were bought by investors in the Company's existing shares in the six months to 31 March 2018.

## Financial Headlines



### NAV total return

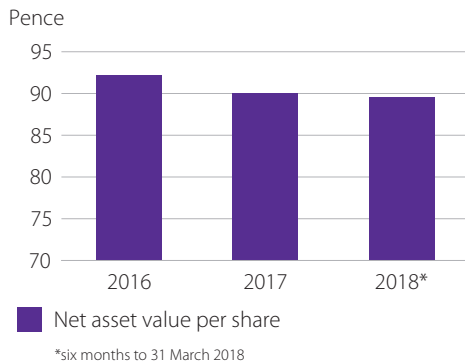
NAV total return to shareholders for every 100.0p invested at launch.

311.3p

£23m

### Funds raised

£23m raised in the period (before costs).



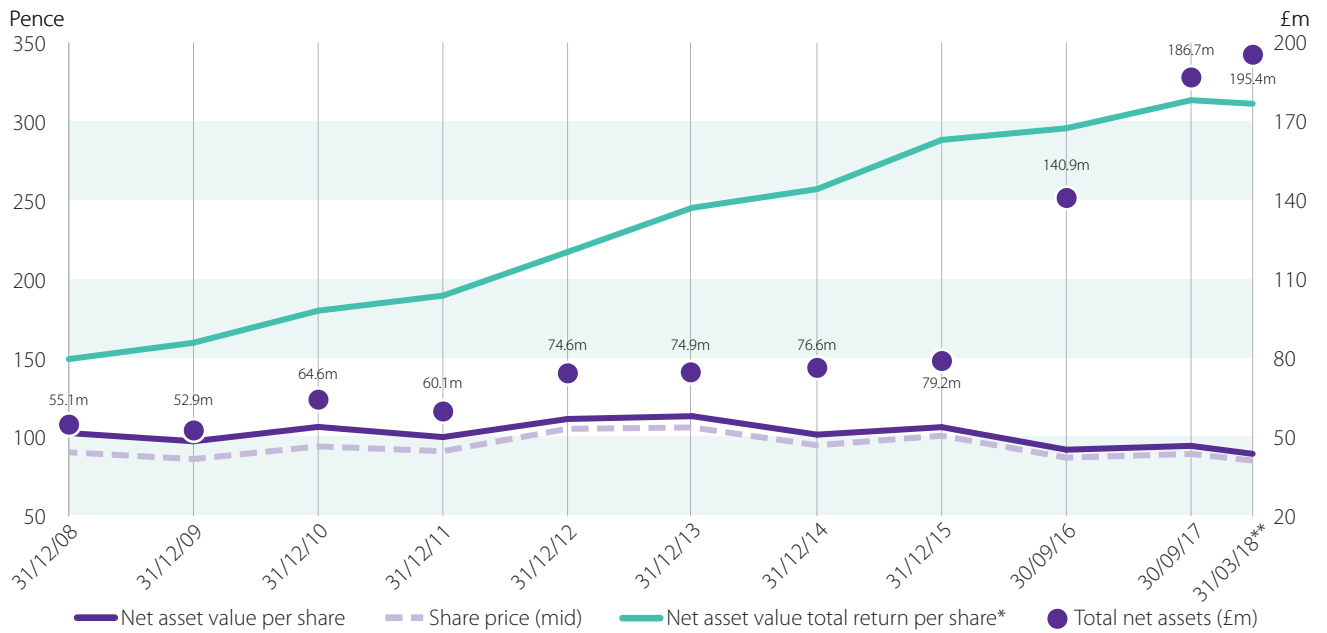
### Net asset value per share

Net asset value ("NAV") per share decreased 0.6 per cent to 89.6p in the six month period ended 31 March 2018.

(0.6)%

## Performance Summary

### Net Asset Value in the last ten years

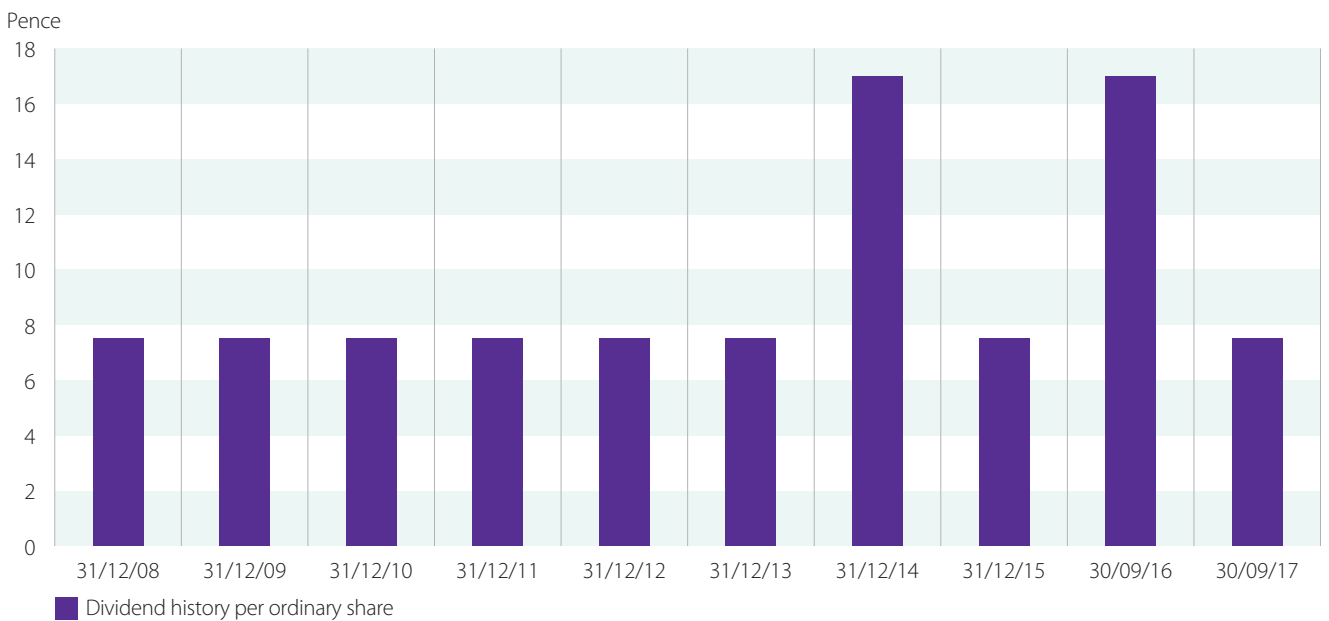


\* Net asset value total return (gross dividends reinvested) rebased to 100p.

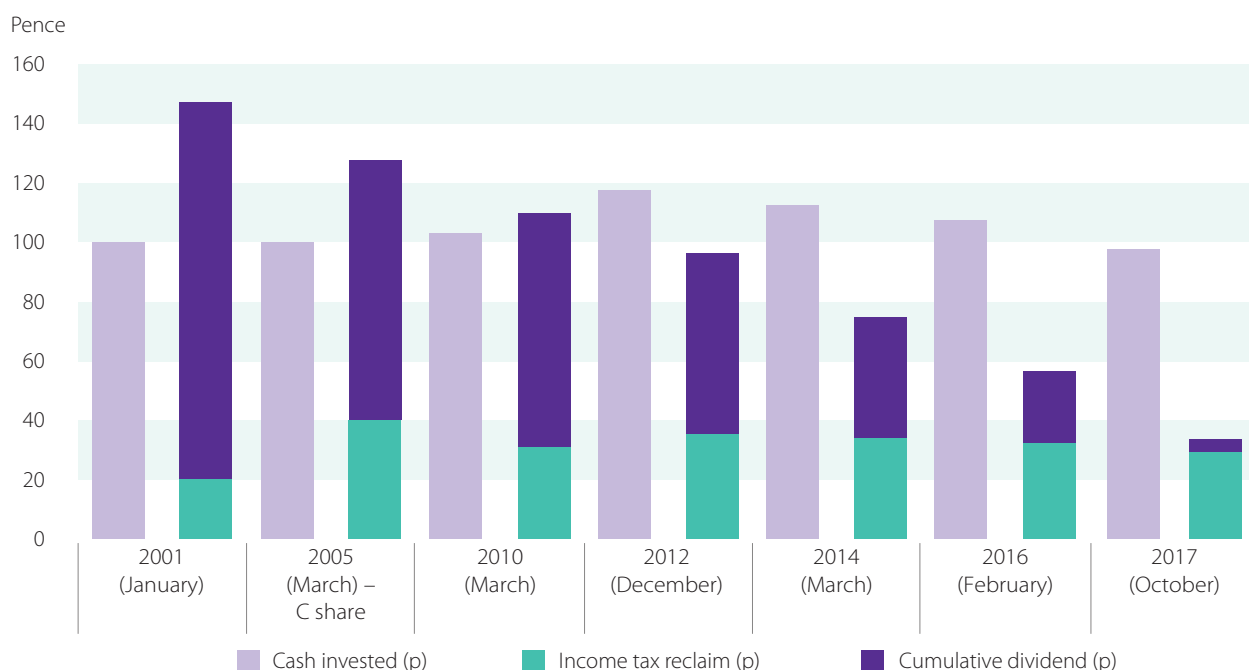
Source: Livingbridge VC LLP

\*\* Six months to 31/03/18.

### Dividend History in the last ten years



## Cash returned to shareholders by date of investment



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

Year subscribed	Cash invested (p)	Income tax reclaim (p)	Net cash invested (p)	Cumulative dividends paid (p)	Return on cash invested (%)
2001 (January)	100.0	20.0	80.0	127.3	147.3
2005 (March) – C share*	100.0	40.0	60.0	87.5	127.5
2010 (March)	103.1	30.9	72.2	79.0	106.6
2012 (December)	117.4	35.2	82.2	61.0	82.0
2014 (March)	112.4	33.7	78.7	41.0	66.5
2016 (February)	107.2	32.2	75.0	24.5	52.9
2017 (October)	97.5	29.2	68.2	4.5	34.6

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

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

## Chairman's Statement



**Anthony Townsend**

Chairman

The six months to 31 March 2018 saw two successful realisations from our unquoted investments, and a period of relative stability in the performance and valuation of the portfolio as a whole despite some market volatility.

During the period the Company successfully raised £23m (before costs) through an offer for subscription which closed on 20 December 2017.

### Results

During the six months to 31 March 2018, the Company's NAV per share decreased 0.6 per cent from 90.10p to 89.55p after the payment of a final dividend of 4.5p per share on 2 February 2018.

	<b>Pence per ordinary share</b>
<b>NAV as at 1 October 2017</b> (after deducting the final dividend of 4.5p)	90.10
Valuation decrease (0.6 per cent)	(0.55)
<b>NAV as at 31 March 2018</b>	89.55

The decrease in NAV of 0.6 per cent was primarily the result of a period of volatility in the quoted markets and a reduction in value of In the Style Fashion. However steady progress was made across most of the mature unquoted investments.

Over the six months to 31 March 2018, our unquoted investments delivered an increase in their valuations of 1.9 per cent after allowing for losses on underperforming investments. There has been an increased period of uncertainty in the quoted markets particularly in the second half of the period under review, and the value of our AIM-traded and other listed investments decreased by 1.9 per cent. However, our investment in LF Livingbridge UK Micro Cap Fund ("Micro Cap Fund") increased by 4.5 per cent and our

investment in LF Livingbridge UK Multi Cap Income Fund ("Multi Cap Income Fund") increased by 3.6% demonstrating some resilience against the market volatility.

### Dividends

A final dividend of 4.5p per share was paid on 2 February 2018, having been approved at the AGM on 30 January 2018.

The Board aims to maintain a minimum annual dividend level of around 4.5p per ordinary share and in the past 10 years has paid a minimum of 7.5p in each financial year. Going forward the Board will wherever possible seek to pay two dividends to Shareholders in each calendar year.

It is of course important to remind shareholders that the payment date and amount of future dividends depends significantly on the level and timing of profitable realisations and cannot be guaranteed and inevitably there will be variations in the amounts and dates that dividends are paid.

### Portfolio Review

At 31 March 2018, the Company's investment portfolio was valued at £160m and comprised investments in 68 unquoted and AIM-traded companies. The Company's investments in the Micro Cap Fund and Multi Cap Income Fund provide investment exposure to an additional 56 AIM-traded and fully listed companies.

## Investment And Divestments

The Company's investments and divestments during the period are set out in the tables on page 7.

The Investment Manager, with the support of the Board, took time to consider how best to deploy funds under the new VCT rules, introduced in November 2015 and further enhanced in the Autumn Budget in 2017. As I have advised previously the rule changes have required the Manager to adapt its investment strategy to focus on the provision of development capital to younger companies to enable them to grow their businesses organically rather than through acquisition. I am now pleased to report that following the 7 new investments made in the 2017 financial year, the Company made 3 new investments totalling £1.5m and two follow-on investments totalling £0.8m in the six months to 31 March 2018. The new investments included PCI-PAL, a secure cloud payment solutions provider, Beeks Financial Cloud Group, a provider of specialist hosting and connectivity solutions to financial institutions, and Fusion Antibodies, a specialist healthcare services provider. Follow on investments were made into SilkFred, a fast fashion e-tailer and CloudCall Group, a cloud based telephony software integrated with CRM system.

During the period, a total of £14.9m was realised from the full and partial sales of both unquoted and quoted investments. Full realisations included one of our longest standing unquoted investments, Crew Clothing Holdings, a clothing brand specialising in active, outdoor and casual wear at 2.3x cost and Eque2, an unquoted investment which provides software to the construction industry at 3.0x cost. Additionally, one recent unquoted investment, In the Style Fashion, has been fully provided for in the period.

## Fundraising

The Board appreciates that shareholders would like as much notice as possible of its fundraising intentions so that they can plan their financial affairs accordingly. Accordingly, the Board will consider whether to raise new funds in the 2018/19 tax year which will be determined by the Company's cashflow and its anticipated requirements to fund new investments over the next two years. The Board ordinarily seeks to raise funds during January and February, having informed

shareholders of its fundraising intentions in November when its annual results are published, or earlier if practicable.

## VCT Legislation and Policy Review

Following the Patient Capital Review in the summer of 2017, legislative changes to VCTs included in the 2017 Autumn Budget were limited and were primarily to ensure that VCT funding was appropriately targeted. As discussed at our AGM in January the investment rules continue to seek to ensure that VCTs invest in younger, earlier stage companies and the funding is used for organic growth and development of those companies. Importantly, there was no change to the tax incentives for investors.

In summary, in our opinion the 2017 Patient Capital Review and Autumn Budget were positive for the VCT industry and your Board and the Investment Manager are hopeful that the status quo will now remain for a number of years.

## Outlook

As Brexit negotiations continue with the backdrop of political uncertainty, the UK economy remains relatively resilient. We have witnessed greater market uncertainty since the beginning of the year but despite this the Company's portfolio remains diverse and continues to make steady progress.

The Board is mindful that the new VCT rules have refocused VCTs towards younger earlier stage companies. While these companies may be less resilient to economic shocks and downturns and inevitably have a higher risk of failure, our Manager has over 20 years of experience of investing in smaller companies. While the new investments are expected to introduce greater variations in returns, the Company has a diverse portfolio of older more established businesses with low levels of debt. It is our belief that it is these investments which will determine returns and liquidity over the medium term and will provide the stability required while the newer, earlier stage portfolio develops.

**Anthony Townsend**  
Chairman

25 May 2018

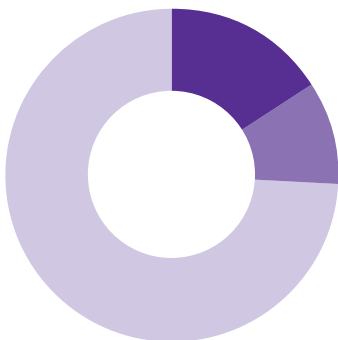
## Investment Diversification at 31 March 2018

### Sector by value



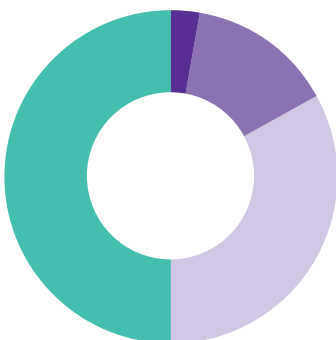
Business Services	<b>30%</b>
Consumer Markets	<b>12%</b>
Healthcare & Education	<b>19%</b>
Technology, Media & Telecommunications ("TMT")	<b>39%</b>

### Total assets by value



Unquoted – loan note	<b>16%</b>
Unquoted – equity	<b>10%</b>
AIM & collective investment vehicles	<b>74%</b>

### Time investments held by value



Less than 1 year	<b>3%</b>
Between 1 and 3 years	<b>14%</b>
Between 3 and 5 years	<b>33%</b>
Greater than 5 years	<b>50%</b>



## Investments in the period

Company	Location	Sector	Activity	Book cost £'000
<b>Unquoted investments</b>				
<i>Follow on</i>				
SilkFred Ltd	London	Consumer Markets	Online fashion market place	275
<b>Total unquoted investments</b>				<b>275</b>
<b>AIM-traded investments</b>				
<i>New</i>				
Fusion Antibodies plc	Belfast	Healthcare & Education	Development of antibodies for both therapeutic and diagnostic applications	550
PCI-PAL plc	London	TMT*	Secure payment services provider	495
Beeks Financial Cloud Group plc	Renfrewshire	TMT*	Cloud hosting services for the financial trading sector	413
<i>Follow on</i>				
CloudCall Group plc	Leicestershire	TMT*	Cloud based telephony platform	549
<b>Total AIM-traded investments</b>				<b>2,007</b>
<b>Total investments in the year</b>				<b>2,282</b>

\* Technology, Media & Telecommunications ("TMT").

## Realisations in the period

Company		First investment date	Proceeds‡ £'000	Overall multiple return*
<b>Unquoted realisations</b>				
Crew Clothing Holdings Limited	Trade sale	Nov 06	5,362	2.3
Eque2 Limited	Trade sale	Apr 13	5,129	3.0
Kirona Limited	Partial loan repayment	Dec 14	1,201	1.2
Xention Pharma Limited	Write off	Jul 05	0	0.0
<b>Total unquoted realisations</b>			<b>11,692</b>	
<b>AIM-traded realisations</b>				
EG Solutions plc	Scheme of arrangement	May 05	2,728	1.4
Plant Impact plc	Scheme of arrangement	Feb 15	493	0.3
Ubisense Group plc	Market sale	Jun 11	28	0.2
<b>Total AIM-traded realisations</b>			<b>3,249</b>	
<b>Total realisations in the year</b>			<b>14,941†</b>	

‡ Proceeds at time of realisation including interest.

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

† Deferred consideration of £9,000 was received in respect of Kingsbridge Risk Solutions which had been sold in a prior period.

# Independent Review Report to Baronsmead Second Venture Trust plc

---

## Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2018 which comprises the Condensed Income Statement, Condensed Statement of Changes in Equity, Condensed Balance Sheet, Condensed Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2018 is not prepared, in all material respects, in accordance with FRS 104 *Interim Financial Reporting and the Disclosure Guidance and Transparency Rules* ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the company are prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with FRS 104 *Interim Financial Reporting*.

## Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

## The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

## John Waterson for and on behalf of KPMG LLP

*Chartered Accountants*

Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2EG

25 May 2018

# Responsibility Statement of the Directors in respect of the Half-Yearly Financial Report

Baronsmead Second Venture Trust plc  
Half-yearly report for the six months  
ended 31 March 2018

We confirm that to the best of our knowledge:

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

On behalf of the Board

**Anthony Townsend**  
Chairman

25 May 2018

# Condensed Income Statement (unaudited)

For the six months to 31 March 2018

	Notes	Six months to 31 March 2018			Six months to 31 March 2017			Year to 30 September 2017		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Unrealised gains on movement in fair value of investments	7	–	140	140	–	6,569	6,569	–	12,987	12,987
Realised (losses)/gains on disposal of investments	7	–	(2,636)	(2,636)	–	83	83	–	251	251
Income		3,954	–	3,954	1,239	–	1,239	3,119	–	3,119
Investment management fee		(602)	(1,805)	(2,407)	(526)	(1,578)	(2,104)	(1,092)	(3,276)	(4,368)
Other expenses		(367)	–	(367)	(604)	–	(604)	(832)	–	(832)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>2,985</b>	<b>(4,301)</b>	<b>(1,316)</b>	109	5,074	5,183	1,195	9,962	11,157
Taxation on ordinary activities		(205)	205	–	–	–	–	–	–	–
<b>Profit/(loss) for the period, being total comprehensive income for the period</b>		<b>2,780</b>	<b>(4,096)</b>	<b>(1,316)</b>	109	5,074	5,183	1,195	9,962	11,157
<b>Return per ordinary share:</b>										
Basic and Diluted	2	<b>1.30p</b>	<b>(1.91p)</b>	<b>(0.61p)</b>	0.06p	2.75p	2.81p	0.63p	5.20p	5.83p

All items in the above statement derive from continuing operations.

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

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

The total column of this statement is the unaudited Statement of Total Comprehensive Income of the Company prepared in accordance with the Financial Reporting Standard ("FRS"). The supplementary revenue return and capital return columns are prepared in accordance with the Statement of Recommended Practice issued in November 2014 and updated in January 2017 and February 2018 by the Association of Investment Companies ("AIC SORP").

# Condensed Statement of Changes in Equity (unaudited)

Baronsmead Second Venture Trust plc

Half-yearly report for the six months ended 31 March 2018

For the six months to 31 March 2018

	Notes	Non-distributable reserves			Distributable Reserves		Total £'000
		Called-up share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital reserve £'000	Revenue reserve £'000	
<b>At 1 October 2017</b>		<b>20,904</b>	–	<b>38,412</b>	<b>125,783</b>	<b>1,590</b>	<b>186,689</b>
(Loss)/profit after taxation		–	–	(3,055)	(1,041)	2,780	(1,316)
Net proceeds of share issues, share buybacks & sale of shares from treasury	4	2,375	20,080	–	(2,536)	–	19,919
Share premium cancellation costs	4	–	–	–	3	–	3
Dividends paid	6	–	–	–	(8,653)	(1,205)	(9,858)
<b>At 31 March 2018</b>		<b>23,279</b>	<b>20,080</b>	<b>35,357</b>	<b>113,556</b>	<b>3,165</b>	<b>195,437</b>

	Notes	Non-distributable reserves			Distributable Reserves		Total £'000
		Called-up share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital reserve £'000	Revenue reserve £'000	
<b>At 1 October 2016</b>		16,196	81,466	24,357	18,394	495	140,908
Shares issued following the acquisition of Baronsmead VCT5 plc		4,708	38,245	–	–	–	42,953
Profit/(loss) after taxation		–	–	6,621	(1,547)	109	5,183
Net cost of share buybacks		–	–	–	(342)	–	(342)
Dividends paid	6	–	–	–	(5,887)	(100)	(5,987)
<b>At 31 March 2017</b>		<b>20,904</b>	<b>119,711</b>	<b>30,978</b>	<b>10,618</b>	<b>504</b>	<b>182,715</b>

	Notes	Non-distributable reserves			Distributable Reserves		Total £'000
		Called-up share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital reserve £'000	Revenue reserve £'000	
<b>At 1 October 2016</b>		16,196	81,466	24,357	18,394	495	140,908
Shares issued following the acquisition of Baronsmead VCT5 plc		4,708	38,245	–	–	–	42,953
Cancellation of share premium		–	(119,711)	–	119,711	–	–
Share premium cancellation costs		–	–	–	(29)	–	(29)
Profit/(loss) after taxation		–	–	14,055	(4,093)	1,195	11,157
Net cost of share buybacks		–	–	–	(2,313)	–	(2,313)
Dividends paid	6	–	–	–	(5,887)	(100)	(5,987)
<b>At 30 September 2017</b>		<b>20,904</b>	–	<b>38,412</b>	<b>125,783</b>	<b>1,590</b>	<b>186,689</b>

# Condensed Balance Sheet (unaudited)

As at 31 March 2018

	Notes	As at 31 March 2018 £'000	As at 31 March 2017 £'000	As at 30 September 2017 £'000
<b>Fixed assets</b>				
Unquoted investments	7	50,729	60,304	61,163
Traded on AIM	7	84,848	86,485	87,711
Collective investment vehicles	7	59,855	34,548	38,490
Investments	7	195,432	181,337	187,364
<b>Current assets</b>				
Debtors		652	195	260
Cash at bank and on deposit		780	2,711	515
		1,432	2,906	775
<b>Creditors</b> (amounts falling due within one year)		(1,427)	(1,528)	(1,450)
<b>Net current assets</b>		5	1,378	(675)
<b>Net assets</b>		195,437	182,715	186,689
<b>Capital and reserves</b>				
Called-up share capital		23,279	20,904	20,904
Share premium		20,080	119,711	–
Capital reserve		113,556	10,618	125,783
Revaluation reserve	7	35,357	30,978	38,412
Revenue reserve		3,165	504	1,590
<b>Equity shareholders' funds</b>		195,437	182,715	186,689
<b>Net asset value per share</b>				
		89.55p	91.56p	94.60p
Number of ordinary shares in circulation		218,252,975	199,553,707	197,344,707

# Condensed Statement of Cash Flows (unaudited)

Baronsmead Second Venture Trust plc

Half-yearly report for the six months  
ended 31 March 2018

For the six months to 31 March 2018

	<b>Six months to 31 March 2018 £'000</b>	Six months to 31 March 2017 £'000	Year to 30 September 2017 £'000
Net cash inflow/(outflow) from operating activities	<b>1,281</b>	(1,370)	(2,154)
Net cash outflow from investing activities	<b>(11,058)</b>	(18,968)	(18,409)
Equity dividends paid	<b>(9,858)</b>	(5,987)	(5,987)
Net cash outflow before financing activities	<b>(19,635)</b>	(26,325)	(26,550)
Net cash inflow from financing activities	<b>19,900</b>	4,926	2,955
<b>Increase/(decrease) in cash</b>	<b>265</b>	(21,399)	(23,595)
<b>Reconciliation of net cash flow to movement in net cash</b>			
Increase/(decrease) in cash	<b>265</b>	(21,399)	(23,595)
Opening cash position	<b>515</b>	24,110	24,110
<b>Closing cash at bank and on deposit</b>	<b>780</b>	2,711	515
<b>Reconciliation of (loss)/ profit on ordinary activities before taxation to net cash inflow/(outflow) from operating activities</b>			
(Loss)/profit on ordinary activities before taxation	<b>(1,316)</b>	5,183	11,157
(Losses)/gains on investments	<b>2,496</b>	(6,652)	(13,238)
Changes in working capital and other non-cash items	<b>101</b>	99	(73)
Net cash inflow/(outflow) from operating activities	<b>1,281</b>	(1,370)	(2,154)

## Notes

- The condensed financial statements for the six months to 31 March 2018 comprise the unaudited statements set out on pages 10 to 13 together with the related notes on pages 13 to 15. The Company applies FRS 102 and the AIC's Statement of Recommended Practice issued in November 2014 and updated in January 2017 and February 2018 ('the SORP') for its annual Financial Statements. The condensed financial statements for the six months to 31 March 2018 have therefore been prepared in accordance with FRS 104 'Interim Financial Reporting' and the principles of the SORP. They have also been prepared on a going concern basis. The accounts have been prepared on the same basis as the accounting policies set out in the Company's Annual Report and Financial Statements for the year ended 30 September 2017.  
The financial information contained in this half-yearly financial report does not constitute statutory accounts as defined in sections 434 - 436 of the Companies Act 2006. The information for the year to 30 September 2017 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The report of the auditor for the audited financial statements for the year to 30 September 2017 was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. No statutory accounts in respect of any period after 30 September 2017 have been reported on by the Company's auditors or delivered to the Registrar of Companies.
- Return per share is based on a weighted average of 214,509,435 ordinary shares in issue (31 March 2017 – 184,194,122 ordinary shares; 30 September 2017 – 191,452,309 ordinary shares).
- Earnings for the first six months to 31 March 2018 should not be taken as a guide to the results of the full financial year to 30 September 2018.
- During the six months to 31 March 2018, the Company issued 23,753,268 shares at net proceeds of £22,455,000 (including costs). During the same period, the Company purchased 3,245,000 shares to be held in treasury at a cost of £2,883,000 and sold 400,000 shares from treasury for £347,000. At 31 March 2018, the Company held 14,538,214 ordinary shares in treasury. Shares may be sold out of treasury below Net Asset Value as long as the discount at issue is narrower than the average discount at which the shares were bought into treasury.

## Notes (continued)

5. Excluding treasury shares, there were 218,252,975 ordinary shares in circulation at 31 March 2018 (31 March 2017 – 199,553,707 ordinary shares; 30 September 2017 – 197,344,707 ordinary shares).
6. The final dividend in relation for the year ended 30 September 2017 of 4.50p per share (3.95p capital, 0.55p revenue) was paid on 2 February 2018 to shareholders on the register on 5 January 2018. The ex-dividend date was 4 January 2018. During the year to 30 September 2017, the Company paid an interim dividend on 31 March 2017 of 3.00p per share (2.95p capital, 0.05p revenue).
7. All investments are initially recognised and subsequently measured at fair value. Changes in fair value are recognised in the Income Statement.

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

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

	Level 1	Level 2	Level 3		Total £'000
	Traded on AIM £'000	Collective investment vehicles £'000	Traded on AIM £'000	Unquoted £'000	
Opening book cost	67,670	28,325	3,429	49,528	148,952
Opening unrealised appreciation/(depreciation)	18,450	10,165	(1,838)	11,635	38,412
Opening valuation	86,120	38,490	1,591	61,163	187,364
Movements in the year:					
Transfer between levels	2,075	–	(2,075)	–	–
Purchases at cost	2,007	24,750	–	275	27,032
Sale - proceeds	(3,249)	(4,400)	–	(8,819)	(16,468)
- realised losses on sales	(731)	–	–	(1,905)	(2,636)
Unrealised gains realised during the year	885	–	–	2,310	3,195
(Decrease)/increase in unrealised appreciation	(3,899)	1,015	2,124	(2,295)	(3,055)
<b>Closing valuation</b>	<b>83,208</b>	<b>59,855</b>	<b>1,640</b>	<b>50,729</b>	<b>195,432</b>
Closing book cost	68,657	48,675	1,354	41,389	160,075
Closing unrealised appreciation	14,551	11,180	286	9,340	35,357
<b>Closing valuation</b>	<b>83,208</b>	<b>59,855</b>	<b>1,640</b>	<b>50,729</b>	<b>195,432</b>
Equity shares	83,208	–	1,640	18,678	103,526
Loan notes	–	–	–	32,051	32,051
Collective investment vehicles	–	59,855	–	–	59,855
<b>Closing valuation</b>	<b>83,208</b>	<b>59,855</b>	<b>1,640</b>	<b>50,729</b>	<b>195,432</b>

CentralNic Group plc has been changed to a Level 3 investment due to a suspension of trading during the period. TLA Worldwide plc has been changed to a Level 1 investment due to a lift on the suspension of trading during the period.

There has been no significant change in the risk analysis as disclosed in the Company's Annual Report and Accounts to 30 September 2017.



## Notes (continued)

8. The Company has one reportable segment being investing in primarily a portfolio of UK growth businesses, whether unquoted or traded on AIM.
9. Copies of the half-yearly financial report have been made available to shareholders and are available from the Registered Office of the Company at 100 Wood Street, London EC2V 7AN.

## Principal Risks and Uncertainties

The Company's assets consist of equity and fixed interest investments, shares in collective investment schemes, cash and liquid resources. Its principal risks are therefore market risk, credit risk and liquidity risk. Other risks faced by the Company include loss of approval as a Venture Capital Trust, legislative, investment performance, economic, political and other external factors, regulatory and compliance and operational risks. These risks, and the way in which they are managed, are described in more detail in the Principal Risks & Uncertainties table within the Strategic Report section in the Company's Annual Report and Accounts for the year ended 30 September 2017. The Company's principal risks and uncertainties have not changed materially since the date of that report.

## Related Parties

Livingbridge VC LLP ('the Manager') manages the investments of the Company. The Manager also provides or procures the provision of secretarial, accounting, administrative and custodian services to the Company. Under the management agreement, the Manager receives a fee of 2.5 per cent per annum of the net assets of the Company. This is described in more detail under the heading 'The Investment Management Agreement' within the Strategic Report in the Company's Annual Report and Accounts for the year ended 30 September 2017. During the period the Company has incurred management fees of £2,407,000 (31 March 2017 – £2,104,000; 30 September 2017 – £4,368,000) and secretarial and accounting fees of £82,000 (31 March 2017 – £80,000; 30 September 2017 – £162,000) payable to the Manager.

## Going Concern

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion the Directors have considered the liquidity of the Company and its ability to meet obligations as they fall due for a period of at least twelve months from the date that these financial statements were approved. As at 31 March 2018 the Company held cash and readily realisable securities totalling £36,620,000 including £35,840,000 held in Sterling Liquidity Funds. Cash flow projections have been reviewed and show that the Company has sufficient funds to meet both its contracted expenditure and its discretionary cash outflows in the form of the share buyback programme and dividend policy. The Company has no external loan finance in place and therefore is not exposed to any gearing covenants.

# Appendices

## Full Investment Portfolio

Company	Sector	Original Book cost† £'000	Accounting Book cost† £'000	31 March 2018 Valuation £'000	30 September 2017 Valuation £'000	% of net assets	% of Equity held by Baronsmead Second Venture Trust plc	% of Equity held by all funds*
<b>Unquoted</b>								
Carousel Logistics Ltd	Business Services	2,336	2,967	5,791	4,672	3.0	14.7	40.0
Create Health Ltd	Healthcare & Education	1,230	3,142	5,772	4,470	3.0	14.0	29.0
Happy Days Consultancy Ltd	Healthcare & Education	4,180	4,482	5,566	5,029	2.8	31.5	65.0
Pho Holdings Ltd	Consumer Markets	2,422	3,435	5,047	5,139	2.6	13.6	28.0
Key Travel Ltd	Business Services	2,333	2,975	4,759	4,480	2.4	11.5	48.0
Armstrong Craven Ltd	Business Services	1,645	2,504	4,320	3,834	2.2	24.0	58.4
CableCom II Networking Holdings Ltd	TMT*	2,500	2,731	3,926	3,779	2.0	4.0	9.2
Ten10 Group Ltd	Business Services	2,331	2,626	2,949	2,850	1.5	11.4	30.6
Kirona Ltd	TMT*	1,302	1,534	2,835	3,829	1.5	9.2	37.5
CMME Group Ltd (formerly Niche Finance Group Ltd)	Consumer Markets	2,335	2,402	2,698	2,703	1.4	7.6	35.2
CR7 Services Ltd	TMT*	2,306	2,304	2,306	2,306	1.2	1.9	10.0
Symphony Ventures Ltd	Business Services	1,924	1,924	1,924	1,924	1.0	4.8	10.0
Upper Street Events Ltd	Consumer Markets	2,330	2,635	1,048	1,572	0.5	19.6	70.1
SilkFred Ltd	Consumer Markets	825	825	825	550	0.4	2.9	5.3
IP Solutions Ltd	TMT*	2,333	1,878	688	1,374	0.4	38.5	80.5
Custom Materials Ltd	Consumer Markets	275	275	275	275	0.1	3.0	5.5
In The Style Fashion Ltd	Consumer Markets	2,750	2,750	0	2,750	0.0	9.8	20.2
<b>Total unquoted</b>		<b>35,357</b>	<b>41,389</b>	<b>50,729</b>		<b>26.0</b>		
<b>AIM</b>								
Netcall plc	TMT*	2,616	5,983	7,248	7,100	3.7	10.4	17.3
Ideagen plc	TMT*	1,650	2,467	6,927	4,904	3.6	3.1	5.6
Dods (Group) plc	TMT*	3,268	4,253	5,551	5,551	2.8	12.0	20.0
Bioventix plc	Healthcare & Education	555	1,688	5,394	5,712	2.8	4.1	7.5
Inspired Energy plc	Business Services	861	2,682	5,064	5,337	2.6	4.8	8.0
Cerillion plc	TMT*	2,200	2,432	4,053	3,416	2.1	9.8	17.8
Anpario plc	Healthcare & Education	662	2,239	4,027	3,835	2.1	4.1	6.0
IDOX plc	TMT*	1,028	2,972	3,253	7,141	1.7	2.7	4.2
Wey Education plc	Healthcare & Education	523	516	3,135	2,836	1.6	11.8	21.4
CloudCall Group plc	TMT*	1,557	1,427	2,754	2,046	1.4	7.3	13.3
Plastics Capital plc	Business Services	2,539	2,673	2,749	3,004	1.4	6.5	10.6
Everyman Media Group plc	Consumer Markets	956	1,010	2,721	1,983	1.4	1.6	3.0
LoopUp Group plc	TMT*	616	640	2,587	1,663	1.3	1.5	2.7
Fulcrum Utility Services Ltd	Business Services	438	1,650	2,179	1,816	1.1	1.7	1.9
Vianet Group plc	Business Services	2,092	1,724	2,156	1,774	1.1	5.9	9.5
Driver Group plc	Business Services	1,529	1,747	2,141	1,701	1.1	5.4	9.5
TLA Worldwide plc	Business Services	2,136	3,429	1,963	1,591	1.0	7.4	12.5
Sanderson Group plc	TMT*	1,324	1,562	1,911	1,657	1.0	4.3	8.1
CentralNic Group plc	TMT*	1,122	1,354	1,640	1,871	0.8	3.0	5.4
Gama Aviation plc	Business Services	1,004	1,171	1,448	1,496	0.7	0.9	1.7
Escher Group Holdings plc	TMT*	1,365	1,286	1,446	1,566	0.7	4.3	7.1
FreeAgent Holdings plc	TMT*	963	946	1,329	1,031	0.7	2.8	5.1
Property Franchise Group plc	Consumer Markets	838	1,032	1,115	1,073	0.6	3.2	5.9
SysGroup plc	TMT*	1,579	1,578	1,063	1,051	0.5	11.0	19.9
Eden Research plc	Business Services	1,100	1,105	966	1,181	0.5	5.2	9.4
Belvoir Lettings plc	Consumer Markets	919	826	774	812	0.4	2.2	3.9
Begbies Traynor Group plc	Business Services	545	513	766	792	0.4	1.1	2.1
STM Group plc	Business Services	755	677	765	765	0.4	2.4	3.6

## Full Investment Portfolio (continued)

Company	Sector	Original Book cost† £'000	Accounting Book cost† £'000	31 March 2018 Valuation £'000	30 September 2017 Valuation £'000	% of net assets	% of Equity held by Baronsmead Second Venture Trust plc	% of Equity held by all funds‡
<b>AIM (continued)</b>								
Fusion Antibodies plc	Healthcare & Education	550	550	704	–	0.4	3.0	5.5
Castleton Technology plc	TMT*	247	499	691	588	0.4	1.2	2.2
Brady plc	TMT*	653	702	652	751	0.3	1.3	2.0
Tasty plc	Consumer Markets	2,033	6,085	651	1,752	0.3	8.4	12.9
Scholium Group plc	Consumer Markets	1,100	682	528	495	0.3	8.1	14.7
Beeks Financial Cloud Group plc	TMT*	413	413	470	–	0.2	1.7	3.1
Rosslyn Data Technologies plc	TMT*	527	527	468	761	0.2	6.2	11.3
Venn Life Sciences Holdings plc	Healthcare & Education	1,496	1,488	468	881	0.2	11.9	21.7
Science In Sport plc	Consumer Markets	352	330	440	405	0.2	0.9	1.6
Paragon Entertainment Ltd	Consumer Markets	1,045	642	425	715	0.2	11.9	19.1
PCI-PAL plc	TMT*	495	495	396	–	0.2	2.6	4.7
Synectics plc	Business Services	481	373	327	473	0.2	1.0	2.1
Collagen Solutions plc	Healthcare & Education	412	412	231	392	0.1	2.5	4.6
One Media iP Group plc	TMT*	276	180	230	81	0.1	3.1	5.6
InterQuest Group plc	Business Services	620	726	203	304	0.1	2.9	5.8
Gresham House plc	TMT*	137	145	195	165	0.1	0.4	0.7
MXC Capital Ltd	Business Services	276	308	143	154	0.1	0.3	0.6
Crawshaw Group plc	Consumer Markets	835	1,310	133	579	0.1	3.1	3.9
Totally plc	Healthcare & Education	86	197	119	233	0.1	0.8	1.5
Zoo Digital Group plc	TMT*	817	586	100	38	0.1	0.1	0.3
Adept4 plc	TMT*	535	359	65	155	0.0	1.4	2.6
Mi-Pay Group plc	Business Services	800	474	58	83	0.0	1.4	2.8
APC Technology Group plc	Business Services	2,638	946	26	21	0.0	0.2	0.4
<b>Total AIM</b>		<b>53,564</b>	<b>70,011</b>	<b>84,848</b>		<b>43.4</b>		
LF Livingbridge UK Micro Cap Fund		6,189	10,335	21,310	20,389	10.9		
BlackRock Sterling Liquidity Fund		17,920	17,920	17,920	7,745	9.2		
JPMorgan Sterling Liquidity Fund		17,920	17,920	17,920	7,745	9.2		
LF Livingbridge UK Multi Cap Income Fund		2,500	2,500	2,705	2,611	1.3		
<b>Total collective investment vehicles</b>		<b>44,529</b>	<b>48,675</b>	<b>59,855</b>		<b>30.6</b>		
<b>Total investments</b>		<b>133,450</b>	<b>160,075</b>	<b>195,432</b>		<b>100.0</b>		
<b>Net current assets</b>				<b>5</b>		<b>0.0</b>		
<b>Net assets</b>				<b>195,437</b>		<b>100.0</b>		

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

The accounting cost column ties into the investment note on page 14 of these accounts.

# All funds managed by the same investment manager, Livingbridge VC LLP & Livingbridge EP LLP and Livingbridge Enterprise LLP.

\* Technology, Media & Telecommunications ("TMT").

# Shareholder Information and Contact Details

## Shareholder Account Queries

The Registrar for **Baronsmead Second Venture Trust** is Computershare Investor Services PLC (“Computershare”). The Registrar will deal with all of your queries with regard to your shareholder account, such as:

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

You can contact Computershare with your queries in several ways:

<b>Telephone:</b>	0800 923 1534	<ul style="list-style-type: none"><li>● This is an automated self-service system</li><li>● It is available 24 hours a day, 7 days a week</li><li>● You should have your Shareholder Reference Number (“SRN”) to hand, which is available on your share certificate and dividend tax voucher and which you should always keep confidential for security reasons</li><li>● Press ‘0’ if you wish to speak to someone</li><li>● The Contact Centre in Bristol is available on UK business days between 8.30am – 5.00pm Monday to Friday</li></ul>
<b>On-line:</b>	Investor Centre www.investorcentre.co.uk	<ul style="list-style-type: none"><li>● Computershare’s secure website, Investor Centre, allows you to manage your own shareholding online</li><li>● You will need to register to use this service on the Investor Centre web site</li><li>● You should have your SRN to hand, which is available on your share certificate and dividend tax voucher and which you should always keep confidential for security reasons</li></ul>
<b>Email:</b>	web.queries@computershare.co.uk	
<b>Post:</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ	

## Warning to Shareholders

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

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

If you are in any doubt about the veracity of an unsolicited phone call, please call either the Company’s Investment Manager or the Registrar on the numbers provided above and on the inside the back cover of this report.

## Share Price

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

## Financial Calendar

August 2018 – Quarterly factsheet to 30 June 2018

November 2018 – Announcement of final results for the period to 30 September 2018

February 2019 – Annual General Meeting

## Additional Information

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

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

## Secondary Market in the Shares of Baronsmead Second Venture Trust plc

The existing shares of the Company are listed on the London Stock Exchange and can be bought and sold using a stockbroker in the same way as shares of any other listed company.

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

Panmure Gordon & Co.	020 7886 2500 (the Company's broker)
Winterflood	020 3400 0251

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

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

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

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

## Directors

Anthony Townsend (Chairman)<sup>†</sup>  
John Davies<sup>‡</sup>  
Malcolm Groat\*  
Ian Orrock

## Secretary

Livingbridge VC LLP

## Registered Office

100 Wood Street  
London EC2V 7AN

## Investment Manager

Livingbridge VC LLP  
100 Wood Street  
London EC2V 7AN  
020 7506 5717

## Registered Number

04115341

## Registrars and Transfer Office

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol BS99 6ZZ  
Tel: 0800 923 1534

## Brokers

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

## Auditor

KPMG LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2EG

## Solicitors

Dickson Minto  
Broadgate Tower  
20 Primrose Street  
London EC2A 2EW

## VCT Status Adviser

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

## Website

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

\* Chairman of the Audit Committee

† Chairman of Management Engagement and Remuneration Committee,  
Chairman of the Nomination Committee

‡ Senior Independent Director



LIVINGBRIDGE

Investment Manager  
[www.livingbridge.com](http://www.livingbridge.com)  
T 020 7506 5600

100 Wood Street London EC2V 7AN T 020 7506 5717 [www.baronsmeadvcts.co.uk](http://www.baronsmeadvcts.co.uk)