Baronsmead Venture Trust plc

2019

Audited Annual Report and Financial Statements
for the year ended 30 September 2019

About Baronsmead Venture Trust plc

Our Investment Objective

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

Investment Policy

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

Dividend Policy

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

Key elements of the Business Model

Access to an attractive, diverse portfolio

Baronsmead Venture Trust plc gives shareholders access to a diverse portfolio of growth businesses.

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

The Manager's approach to investing

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

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

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

The Manager as an influential shareholder

For unquoted investments, the Manager is an engaged shareholder (on behalf of the Company) and representatives of the Manager often join the investee boards. The role of the Manager with investees is to ensure that strategy is clear, the business plan can be implemented and the management resources are in place to deliver profitable growth. The aim is to build on the business model and grow the company into an attractive target which can be sold or potentially floated in the medium term.

A more detailed explanation of how the investment policy and business model are applied is provided in the Other Matters section of the Strategic Report on pages 18 to 22. The full investment policy can be found on page 63.

Contents

Some examples of our recent investments

Yappy
Yappy is an online personalised dog product business founded in 2018 and operating in the UK and US. The Manager has successfully backed the founder of Yappy in a high growth, e-commerce business previously. The platform offers a seamless customer experience, with each user having their own personalised shop front with a large range of available products all tailored to the individual consumer.

The Panoply Holdings
The Panoply is a European IT services company focused on digital transformation in private companies and the public sector. Founded in 2016, The Panoply is pursuing a buy-and-build strategy, initially consolidating four companies at IPO. The Company provides a range of services including consultancy and software development which supports customers to digitally enhance their businesses.

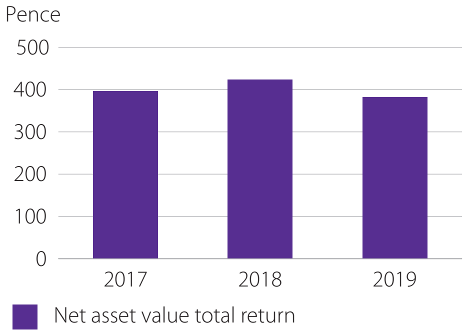
Diaceutics
Diaceutics is a data analytics business in the pharma sector. Diaceutics aggregates and cleanses multiple data points specific to diagnostic testing from thousands of laboratories globally. It then uses the data and insights to help pharma companies either launching new drugs or accelerating growth of existing drugs.

TravelLocal
TravelLocal is a global online travel marketplace, which through its technology platform connects consumers directly to vetted local travel experts to help design, organise and deliver bespoke holidays; resulting in a more authentic and personal holiday experience for each consumer.

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

Strategic Report

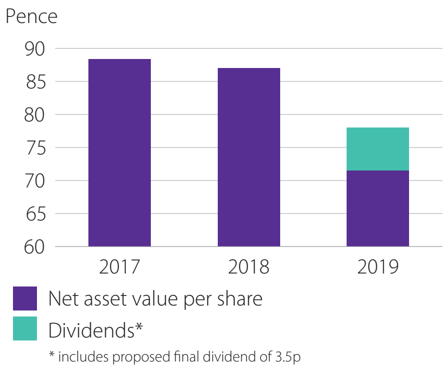
Financial Headlines



Net asset value total return[1]

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

382.4p



Net asset value per share[1,2]

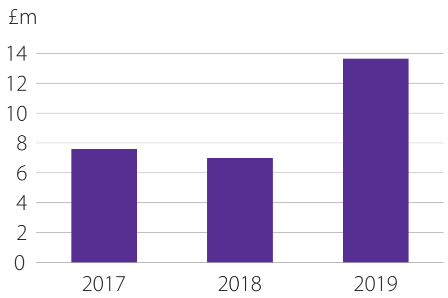
NAV per share decreased 10.3 per cent to 78.1p in the 12 months to 30 September 2019, before deductions of dividends.

(10.3)%

Annual tax free dividend yield[1,3]

Annual tax free dividend yield based on 6.5p dividends (including proposed final dividend of 3.5p) and opening NAV of 87.0p.

7.5%



New investments

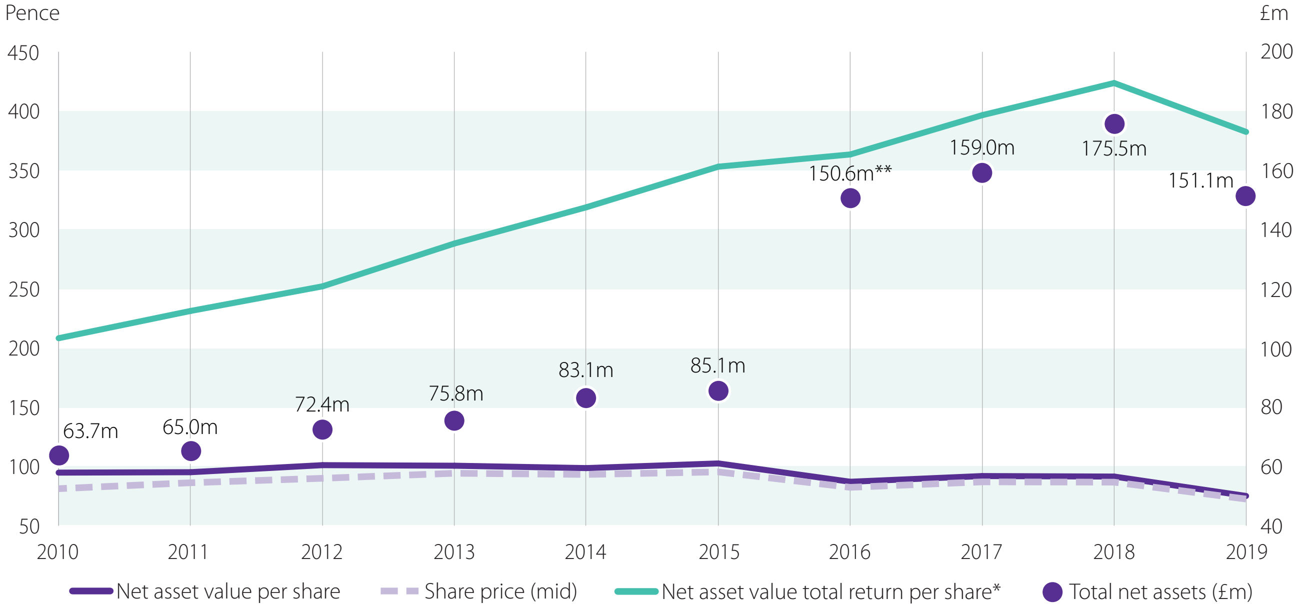
Investments made into 13 new and 7 follow on opportunities during the year.

£13.6m

[1] Alternative Performance Measures ("APM") – pleaser refer to glossary on page 68 for definitions.
[2] Please refer to table on page 4 for breakdown of NAV per share movement.
[3] New APM in 2019.

Performance Summary

Ten Year Performance Record



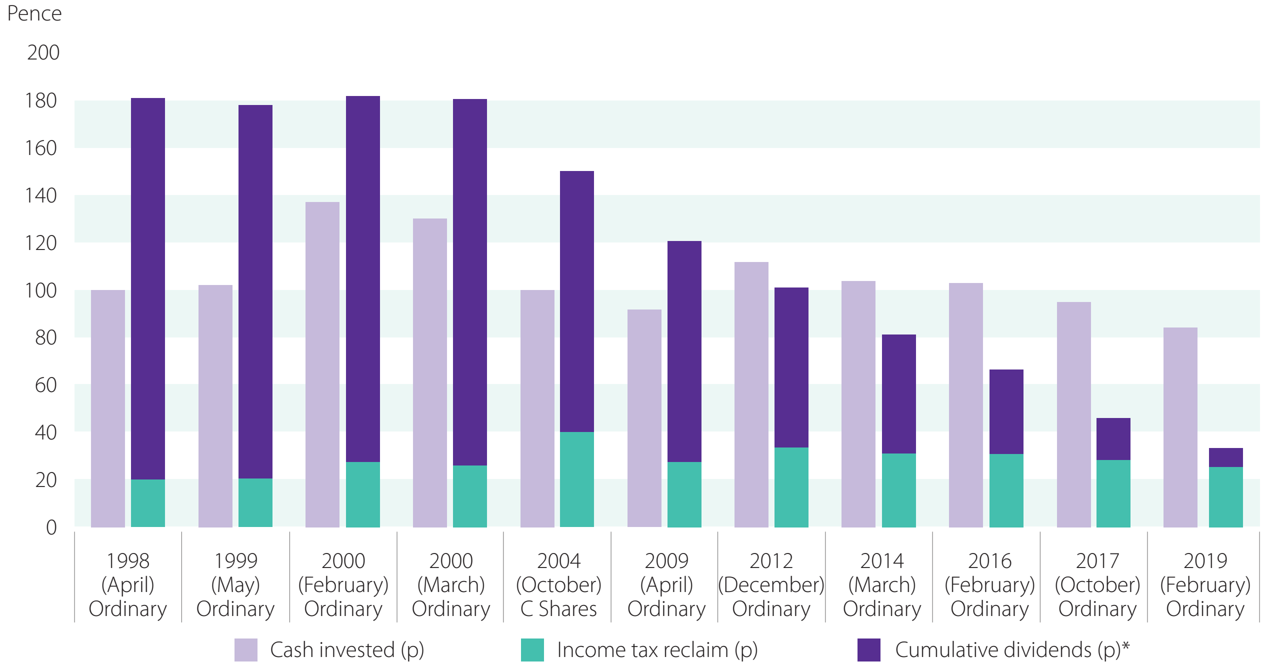
* Net asset value total return (gross dividends reinvested) rebased to 100p.

Source: Gresham House Asset Management Ltd

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

Cash Returned to Shareholders by Date of Investment

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



*Includes proposed final dividend of 3.5p

Strategic Report

The Chairman's Statement forms part of the Strategic Report.

Chairman's Statement

Peter Lawrence
Chairman

During the year we have seen steady, positive progress from our unquoted investments including several successful realisations, although the quoted portfolio suffered as a result of falling markets.

Results

The Company's NAV per share decreased 10 per cent from 87p to 78p before payments of dividends during the year.

	Pence per ordinary share
NAV as at 1 October 2018 (after final dividend)	87.0
Valuation decrease (10.3 per cent)	(8.9)
NAV as at 30 September 2019 before dividends	78.1
Less:	
Interim dividend paid on 27 September 2019	(3.0)
Proposed final dividend of 3.5p payable, after shareholder approval, on 6 March 2020	(3.5)
Illustrative NAV as at 30 September 2019 after dividends	71.6

Portfolio Review

At 30 September 2019, the Company's investment portfolio was valued at £96 million and comprised direct investments in a total of 82 companies of which 28 are unquoted and 54 are AIM-traded companies. The Company's investments in the LF Gresham House UK Micro Cap Fund ("Micro Cap") and LF Gresham House UK Multi Cap Income Fund ("Multi Cap") provide additional diversity giving investment exposure to an additional 57 AIM-traded and fully listed companies and thus spreading investment risk across some 139 companies.

During the 12 months to 30 September 2019, the underlying value of the unquoted portfolio increased by 11 per cent.

It was disappointing to see a decrease in the value of the AIM-traded portfolio of 25 per cent. Performance was negatively impacted by the de-rating of the Trust's holding in Staffline which downgraded profit expectations and undertook a dilutive equity fund raising to strengthen its balance sheet. Excluding this impact the remaining AIM-traded portfolio decreased by 16 per cent. It should be noted that including divestments in previous years the Trust's investment in Staffline has generated profits of £6.0 million, equivalent to 3.0p per share. There was also a decrease of 7 per cent in the Micro Cap fund while the Multi Cap fund performance was broadly flat over the period with a small increase of 1 per cent, following volatile trading since October 2018.

The quoted portfolios have been impacted by negative sentiment towards the UK equity markets due to the uncertainty surrounding Brexit and wider economic conditions. Smaller UK listed companies, and domestically focused businesses where your Trust's investee companies typically sit, have underperformed their larger and more international peers since the referendum result in 2016. The Manager believes that the underlying health and prospects of the portfolio remain strong and valuations are depressed. This view has been supported by an elevated level of takeover offers within UK small cap companies during 2019 coming from international trade as well as private equity buyers.

Investments and Divestments

The Manager has continued to build its investment activity to focus on the provision of development capital to earlier stage companies. The Board is pleased to report that the investment rate has continued to grow and during the year the Company invested a total of nearly £14 million in 20 companies. The new investments in earlier stage opportunities may result in greater volatility in returns over time. However, the more mature, established portfolio of existing investments should assist in sustaining returns for shareholders as the new portfolio develops and grows.

There have been a number of strong realisations during the year. Firstly, from the unquoted portfolio, there was a total of £15 million realised from full and partial sales. Full realisations included a post-2015 investment, Symphony Ventures, a robotic process automation consultancy business, resulting in a successful return on cost of 2.4x. Other notable full realisations during the year were Create Health for 3.6x cost and Kirona for 3.1x cost. Upper Street Events and IP Solutions were sold for 0.7x cost and 0.4x cost respectively.

Three quoted investments were fully realised during the period. Sanderson Group was realised after a takeover resulting in a return of 2.7x cost and a partial divestment STM Group realised 0.9x cost. A notable additional success was the partial profitable sale of shares in Bioventix. The Manager carefully reviews its larger quoted holdings and decided to crystallise some of the value in Bioventix, resulting in an outstanding return of 15.0x cost. Our investments in Crawshaw Group, a chain of butchers and Paragon Entertainment were written off in the period, although the majority of the value of these investments had decreased in previous years.

The Board is delighted to see realised capital profits being created to continue to fund current and future dividends for shareholders.

Change of Dividend policy

The Board announced a change to the dividend policy on 23 September 2019. The previous policy was to sustain an annual dividend level at an average of 6.5p per ordinary share. The Board believes this is no longer appropriate for two reasons. Firstly, the number of shares has increased and will increase further through future fundraisings and the absolute level of this dividend may in time become too high to sustain consistently as a percentage of NAV. Secondly, as the proportion of investments in earlier stage companies increases, following the VCT rule changes in 2015, it is expected that the timing of returns will be less predictable. The Board feels it is therefore prudent to adopt a yield based dividend.

The new policy is as follows:

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

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

7.5% annual dividend yield (including proposed final dividend of 3.5p)

£20.3m realised from full and partial sales during the year

NAV total return of 382.4p per 100p invested for founder shareholders

Strategic Report

Chairman's Statement

Change of manager

The change of Investment Manager from Livingbridge VC LLP ("Livingbridge") to Gresham House Asset Management Ltd ("Gresham House") on 30 November 2018 has been a smooth and well planned transition. The team that moved to Gresham House has continued to work in accordance with the terms of the original investment management and co-investment agreements, with continued support from Livingbridge partners, Andrew Garside and Sheenagh Egan.

The Board is pleased with the smooth and swift integration of the team into Gresham House and with the high level of support and investment provided by our new Investment Manager.

Fundraising

In August 2019 the Board announced its intention to raise new funds to enhance the Company's resources available for new and follow on investments over the next two to three years. Consequently, on 4 October 2019 the Company launched an offer for subscription to raise £20 million (before costs). As at the date of this statement there has been £11 million invested by shareholders and the offer remains open. We would like to thank existing shareholders for their continued support and to welcome new shareholders.

Annual General Meeting

I look forward to meeting as many shareholders as possible at the Annual General Meeting ("AGM") to be held at 11.00am on 26 February 2020, at Saddlers' Hall, 40 Gutter Lane, London, EC2V 6BR. As usual I will present my own review of the year and will be joined by the Manager. We would be delighted if you would then join us for lunch afterwards.

Brexit

The impact of the uncertainty caused by the long-awaited Brexit deal has been most keenly felt in the volatile performance of our AIM portfolio over the year. The Board and Investment Manager have considered the risks Brexit poses to the unlisted investments in the portfolio. The impact of changes in foreign currency exchange rates, the supply of labour and short-term fluctuations in demand has been assessed across the portfolio of unlisted investments. The Board and the Investment Manager continue to believe that the investment portfolio is robustly positioned to withstand the potential impact of Brexit.

The Investment Manager continues to consider the risks and opportunities that Brexit may present in all new investment and portfolio management decisions. The early stage investment arena remains highly active in the UK and Brexit does not appear to be reducing demand for investment from young, innovative and ambitious UK companies. The Board will continue to monitor Brexit developments as they occur.

Outlook

There are macro-economic risks arising from external factors including Brexit and trade wars and the quoted markets have experienced volatility this year. As always, the Investment Manager endeavours to focus on fundamentals of company performance and looks to the long term, as the evergreen structure of your VCT facilitates. Risk mitigation also comes in part from increasing diversity across a large portfolio of now 82 direct investees.

Peter Lawrence
Chairman

22 November 2019

Manager's Review

Ken Wotton
Head of Quoted Investments

Steve Cordiner
Head of Unquoted Investments

Bevan Duncan
Head of Portfolio Management

Tania Hayes
Divisional Finance Director

Andrew Hampshire
Gresham House
Chief Operating Officer

It is disappointing to report a decline in the net asset value total return over the year. This has been driven by the underperformance of the quoted portfolio primarily linked to the negative market sentiment towards UK small cap stocks. We continue to believe that there is an attractive long-term investment case for the majority of the large quoted holdings. The unquoted portfolio has seen steady performance with some strong realisations during the year helping offset some of the quoted portfolio decline.

PORTFOLIO REVIEW

Overview

The net assets of £151 million were invested as follows:

Asset class	NAV (£m)	% of NAV*	Number of investees	% return in the year**
Unquoted	**42**	**28**	**28**	**11**
AIM-traded companies	**54**	**36**	**54**	**(25)**
LF Gresham House UK Micro Cap Fund	**26**	**17**	**45**	**(7)**
LF Gresham House UK Multi Cap Income Fund	**3**	**2**	**42**	**1**
Liquid assets#	**26**	**17**	**N/A**	
Totals	**151**	**100**	**169**	

* By value as at 30 September 2019.

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

Represents cash, OEICs and net current assets.

During the year there were:

- 13 new and 7 follow on investments in unquoted and quoted companies totalling £13.6m
- 11 realisations and 1 loan note repayment that delivered proceeds totalling £20.3m

Each quarter the direction of general trading and profitability of all investee companies is assessed so that the Board can monitor the overall health and trajectory of the portfolio. At 30 September 2019, 85 per cent of the 82 companies directly held in the portfolio (excluding the investments held by Collective Investment Vehicles) were progressing steadily or better.

The tables on pages 10 and 11 show the breakdown of new investments and realisations over the course of the year and overleaf is commentary on some of the key highlights in both the unquoted and quoted portfolios.

Strategic Report

Manager's Review

Investment Activity – *Unquoted and Quoted*

During the year, £13.6 million was invested in 20 companies including 13 new additions to the portfolio and 7 follow on investments. Below are descriptions of a selection of the new investments made;

- **Diaceutics plc** (quoted) is a data analytics business in the pharma sector.
- **Rockfish Group Limited** (unquoted) is a chain of specialist seafood restaurants based in Devon. Rockfish specialise in serving fresh local & sustainable seafood from their chain of six restaurants.
- **Storyshare Holdings Ltd** (unquoted) provides learning and employee engagement software for large businesses with mobile or international workforces
- **The Panoply Holdings plc** (quoted) is an IT services company focused on digital transformation in private companies and the public sector. The Company provides a range of services including consultancy and software development which supports customers to digitally enhance their businesses.
- **TravelLocal Ltd** (unquoted) is an online travel agent that differentiates itself from traditional bespoke holiday operators by putting customers directly in touch with experts who live in each country to help arrange itineraries, providing a more authentic and unique experience.
- **Vinoteca Ltd** (unquoted) is a wine bar and restaurant business built around an extensive wine choice and seasonal contemporary food. The company operates a chain of five wine bars and restaurants in London with a sixth site currently in development in Birmingham.
- **Your Welcome** (unquoted) supplies tablets and software into vacation rental, Airbnb and corporate letting properties, with their proprietary software improving the guest experience through an information portal, providing tips and recommendations on the local area and a guest communication tool.

The company continues to execute its investment strategy developed since the November 2015 VCT rule changes. The strategy is to diversify investment across a number of smaller investments with the expectation of selectively providing follow on funding as these companies grow to develop.

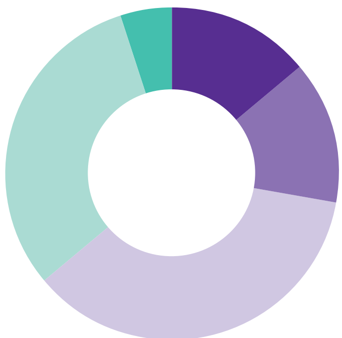
As Investment Manager we have a hands-on approach with each investment company working with the management teams to help them accelerate growth. In addition to our in-house portfolio team, we have a network of operating partners who have deep experience of supporting investee companies and in delivering key business milestones and unlocking growth.

Investment Diversification at 30 September 2019

Sector by value

Business Services	27%
Consumer Markets	14%
Healthcare & Education	17%
Technology, Media & Telecommunications ("TMT")	42%

Total assets by value



Unquoted – loan stock	14%
Unquoted – equity	14%
AIM	36%
Collective investment vehicles	31%
Net current assets	5%

Time investments held by value

Less than 1 year	12%
Between 1 and 3 years	12%
Between 3 and 5 years	14%
Greater than 5 years	62%

Unquoted Portfolio

Performance

The unquoted portfolio has had a steady year of progress with a performance of 11 per cent increase over the course of the year. The portfolio is valued by the Board using a consistent valuation methodology every quarter. The majority of the value created by portfolio companies comes from trading and operational improvements including revenue and margin growth, rather than financial leverage.

Divestments

During the year the unquoted portfolio returned £15 million in proceeds following the full realisation of Create Health (3.6x cost), Kirona (3.1x cost) and Symphony Ventures (2.4x cost). This represents an excellent trio of realisations.

Along with the three successful realisations, two companies were fully realised at a loss. Upper Street Events was sold for 0.7x cost and IP Solutions was fully realised for 0.4x cost. Armstrong Craven made a loan note repayment within the year and has now returned 1.7x original invested cost over the course of our hold period. There was also a partial loan note write off in CMME as part of a balance sheet restructure.

After the year end the Company realised its investment in CR7 at a full loss.

Quoted Portfolio (AIM-traded investments)

Performance

The quoted portfolio has had disappointing performance during the year with a decrease of 25 per cent as a result of difficult market conditions and stock specific factors.

The three top performers were Sanderson Group, a software and IT services business focused on digital retail technology and enterprise software to manufacturing, wholesale distribution and logistics sectors, which was fully realised during the year after announcing a recommended cash offer by Aptean Limited; Bioventix, a manufacturer and supplier of sheep monoclonal antibodies for global diagnostic applications, driven by strong interim results earlier in the year and Ixico, a pharma-focused data analytics and services business specialising in neurodegenerative diseases, after a strong trading update announcing contract wins and results expected to be materially ahead of expectations.

The major negative performer during the year was Staffline Recruitment Group after announcing a material profit warning in part driven by Brexit uncertainty. Other detractors to performance were Netcall, a customer engagement software provider who issued a profit downgrade due to delayed contracts, LoopUp Group, a conference calling solutions provider following a profit warning due to lower activity in the existing customer base and Dods Group, a provider of business intelligence, conference and media services to the political, public sector and corporate markets, following a profit warning due to softer trading conditions in the UK driven by political uncertainty towards the end of 2018.

While we have seen valuation decreases in a number of the companies in our quoted portfolio we believe the drop in performance is largely due to market sentiment. We closely monitor our AIM portfolio with a rolling programme of independent reviews of top AIM holdings and broadly continue to be positive on the long-term investment prospects of these companies.

Divestments

Proceeds totalled £5.3 million during the year following 3 full and 2 partial realisations. Sanderson Group plc was fully realised following a takeover by Aptean Limited realising 2.7x cost while Crawshaw Group and Paragon Entertainment were written off for zero proceeds during the year. The opportunity to crystallise some profits was taken in two companies with proceeds of £2.0 million in Bioventix representing a 15.0x cost and a small realisation in STM Group realising 0.9x cost.

Collective Investment Vehicles

LF Gresham House UK Micro Cap Fund ("Micro Cap") had a negative return of 7 per cent over the year (2018, 19 per cent). At 30 September 2019, Baronsmead Venture Trust's cumulative £7.0 million investment was valued at £25.8 million. As at 30 September 2019, the Micro Cap fund held investments in 45 AIM-traded and main market listed companies.

The investment in LF Gresham House UK Multi Cap Income Fund ("Multi Cap") has had a modest increase of 1 per cent over the year. At 30 September 2019, Baronsmead Venture Trust's investment was valued at £2.8 million. As at 30 September 2019, the Multi Cap fund held investments in 41 AIM-traded and main market listed companies.

Liquid assets (cash and near cash)

Baronsmead Venture Trust plc had cash and liquidity OEICs of approximately £28 million at the year-end. This asset class is conservatively managed to take minimal or no capital risk.

OUTLOOK

We anticipate further periods of market volatility during the remainder of 2019 and into 2020, given the wider political and macro-economic uncertainties. However, we continue to believe that in an uncertain market environment our focus on investing in a diverse portfolio of companies with strong fundamental attributes has the potential to outperform over the cycle.

Gresham House Asset Management Ltd
Investment Manager

22 November 2019

Strategic Report

Investments in the year

Company	Location	Sector	Activity	Book cost £'000
Unquoted investments ***New***				
IWP Holdings Ltd	London	Business Services	Investment management advisory services	1,407
Vinoteca Ltd	London	Consumer Markets	Chain of wine bars / restaurants	934
Samuel Knight International Ltd	Newcastle Upon Tyne	Business Services	Global recruitment specialists	705
TravelLocal Ltd	London	Consumer Markets	Online travel agent specialising in tailor-made holidays	705
Cisiv Ltd	London	TMT	Pharmaceutical web-based software platform	700
Rainbird Technologies Ltd	Norfolk	TMT	Decision support software with a focus on professional services and the financial services sector	700
RockFish Group Ltd	Devon	Consumer Markets	Seafood restaurant chain	700
Tribe Digital Holdings Pty Ltd	London	TMT	Influencer marketing interface	699
Storyshare Holdings Ltd	London	TMT	Business App developer	536
Yappy Ltd	Manchester	Consumer Markets	Supplier of customisable pet products	470
Follow on				
Custom Materials Ltd (trading as Moteefe)	London	TMT	Retailer of customisable products	782
Your Welcome Ltd	London	TMT	Supplier of tablets and software for vacation rental properties	587
Equipsme (Holdings) Ltd	London	Business Services	SME Health Insurance Plans Provider	140
SilkFred Ltd	London	Consumer Markets	Online Fashion market place	115
Total unquoted investments				**9,180**
AIM-traded investments ***New***				
Diaceutics plc	Belfast	Healthcare & Education	Pharmaceutical data analytics and services	1,410
Entertainment AI plc	London	TMT	Provides automated platform for analysis and monetisation of video content	1,410
The Panoply Holdings plc	London	TMT	Information technology services company operating in the digital transformation sector	585
Follow on				
CloudCall Group plc	Leicestershire	TMT	Cloud based telephony platform	859
Collagen Solutions plc	London	Healthcare & Education	Develops and manufactures medical grade collagen	114
Access Intelligence plc	London	Business Services	Provider of corporate communications and reputation management software	69
Total AIM-traded investments				**4,447**
Total investments in the year				**13,627**

Realisations in the year

Company		First investment date	Original book cost# £'000	Proceeds‡ £'000	Overall multiple return*
Unquoted realisations					
Create Health Ltd	Trade sale	Mar 13	556	4,923	3.6
Kirona Ltd	Trade sale	Dec 14	1,066	4,343	3.1
Symphony Ventures Ltd	Trade sale	Aug 17	1,575	3,502	2.4
Upper Street Events Ltd	Trade sale	Dec 14	1,906	1,203	0.7
Armstrong Craven Ltd	Loan repayment	Jun 13	606	934	1.7
IP Solutions Ltd	Trade sale	Dec 14	1,383	135	0.4
CMME Group Ltd	Loan note restructure	Apr 15	980	0	0.0
Total unquoted realisations			**8,072**	**15,040**	
AIM-traded realisations					
Sanderson Group plc	Take over	Dec 04	1,176	3,178	2.7
Bioventix plc	Market sale	Jun 13	134	2,004	15.0
STM Group plc	Market sale	Mar 08	124	109	0.9
Crawshaw Group plc	Write Off	Jul 14	400	0	0.0
Paragon Entertainment Ltd	Write Off	Dec 11	498	0	0.0
Total AIM-traded realisations			**2,332**	**5,291**	
Total realisations in the year			**10,404**	**20,331†**	

Residual book cost at realisation date.

‡ Proceeds at time of realisation including interest.

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

† Deferred consideration of £20,000 was received in respect of Eque2 which had been sold in a prior period.

Strategic Report

The top ten investments by current value at 30 September 2019 illustrate the diversity of investee companies within the portfolio. For consistency across the top ten and based on guidance from the AIC, data extracted from the last set of published audited accounts is shown in the tables below. However, this may not always be representative of underlying financial performance for several reasons. Published accounts lodged at Companies House are out of date and the Manager works from up to date monthly management accounts and has access to draft but unpublished annual audited accounts. In addition, pre-tax profit in statutory accounts is often not a representative indicator of underlying profitability as it can be impacted by, for example, deductions of non-cash items such as amortisation that relate to investment structures rather than operating performance.

Ten Largest Investments

1 Carousel Logistics Ltd

Sittingbourne

Unquoted

http://www.carousel.eu

Carousel Logistics based in Kent, designs and manages bespoke supply chain management solutions for clients with time critical, challenging or high touch customer care needs. Carousel has a wide range of international clients for whom it delivers a complete integrated service including e-fulfilment, procurement, warehousing, distribution, reverse logistics and international in-night services. Carousel acquired BDA in 2019, cementing its position as an industry leader underpinned by cutting edge technology. The acquisition increased company revenue by 50 per cent.

All funds managed by Gresham House

First investment: October 2013
Total original cost: £4,245,000
Total equity held: 26.7%

Baronsmead Venture Trust only

Original cost: £1,910,000
Valuation: £8,028,000
Valuation basis: Earnings Multiple
Income recognised in the year: £168,000
% of equity held: 12.0%
Voting rights: 12.9%

Year ended 31 December

	2018 £ million	2017 £ million
Sales:	38.5	31.8
Pre-tax profits:	(1.6)	0.0
Net Assets:	2.3	1.8
No. of Employees:	124	128

(Source: Carousel Logistics Limited Financial Statement 31 December 2018.)

2 Ideagen Plc

Nottinghamshire

Quoted

www.ideagen.com

Ideagen is a governance, risk management and compliance ("GRC") software and solutions business operating predominantly in the healthcare, transport, aerospace & defence, manufacturing and financial services sectors. It provides content lifecycle solutions that enable organisations to meet their regulatory and compliance standards, helping them to reduce corporate risks and deliver operational excellence. Its solutions cover enterprise and incident risk management, operational safety and quality management, audit risk management, as well as content and clinical solutions for the NHS. Since the Baronsmead VCTs invested, the company has successfully executed a buy-and-build strategy in the GRC software market to add capability and build on its market position.

All funds managed by Gresham House†

First investment: January 2013
Total original cost: £3,000,000
Total equity held: 5.0%

Baronsmead Venture Trust only

Original cost: £1,350,000
Valuation: £7,323,000
Valuation basis: Bid Price
Income recognised in the year: £13,000
% of equity held: 2.3%
Voting rights: 2.3%

Year ended 30 April

	2019 £ million	2018 £ million
Sales:	46.7	36.1
Pre-tax profits:	1.4	1.4
Net Assets:	73.7	50.5
No. of Employees:	451	375

(Source: Ideagen plc, Annual Report & Accounts, 30 April 2019.)

† Excludes collective investment vehicles.

3 Happy Days Consultancy Ltd

Cornwall

Unquoted

www.happydaysnurseries.com

Happy Days is a leading child day care and early years education provider operating from 21 settings across the South West. The business focusses on delivering outstanding quality childcare in premium settings within its target geographic markets.

The investment has enabled Happy Days to continue its UK expansion strategy through supporting the funding to develop new leasehold nursery settings in attractive markets..

All funds managed by Gresham House
First investment: April 2012
Total original cost: £7,600,000
Total equity held: 57.2%

Baronsmead Venture Trust only
Original cost: £3,420,000
Valuation: £5,027,000
Valuation basis: Earnings Multiple
Income recognised in the year: £Nil
% of equity held: 25.7%
Voting rights: 15.9%

Year ended 31 December

	2018 £ million	2017 £ million
Sales:	9.8	8.0
Pre-tax profits:	(1.9)	(2.2)
Net Assets:	(8.2)	(6.5)
No. of Employees:	371	336

(Source: H. Days Holdings Limited Annual Report and Financial Statements 31 December 2018.)

4 Glide Ltd

Somerset

Unquoted

www.glidegroup.co.uk

Glide provides broadband and WiFi connections to student accommodation, build to rent properties and business parks, and utilities & bill-sharing to students and landlords. It delivers niche connectivity to harder-to-serve parts of the market. Glide acquired its Shared Living division, focused on bill splitting, in May 2016 and Warwicknet in December 2016. The business reaches over 100,000 premises and 350,000 students, and is active internationally, selling in the UK, Ireland, Spain, Italy, Germany, Austria and The Netherlands.

All funds managed by Gresham House
First investment: May 2007
Total original cost: £5,000,000
Total equity held: 8.1%

Baronsmead Venture Trust only
Original cost: £2,500,000
Valuation: £4,892,000
Valuation basis: Earnings Multiple
Income recognised in the year: £Nil
% of equity held: 4.0%
Voting rights: 4.0%

Year ended 31 January

	2019 £ million	2018* £ million
Sales:	52.3	11.1
Pre-tax profits:	(15.1)	(4.2)
Net Assets:	(56.1)	(40.5)
No. of Employees:	278	235

(Source: Glide Topco Ltd, Report and Financial Statements 31 January 2019.)
* 3 month period ended 31 January 2018.

Strategic Report

5 Bioventix plc

Surrey

Quoted

www.bioventix.com

Bioventix manufactures and supplies high affinity sheep monoclonal antibodies for use in diagnostic applications such as clinical blood testing. The company was founded in 2003 as a biotechnology company and their strategy is to identify new or existing commercial assays for which there is a need for improved antibodies. They supply antibodies to almost all of the global multinational immunodiagnostics companies. Since the Baronsmead VCTs first invested in 2013, the company has tripled its revenues and almost quadrupled profits.

All funds managed by Gresham House†

First investment: June 2013

Total original cost: £711,000

Total equity held: 5.3%

Baronsmead Venture Trust only

Original cost: £320,000

Valuation: £4,514,000

Valuation basis: Bid Price

Income recognised in the year: £209,000

% of equity held: 2.4%

Voting rights: 2.4%

Year ended 30 June	2019 £ million	2018 £ million
Sales:	9.3	8.0
Pre-tax profits:	7.0	6.9
Net Assets:	10.8	11.0
No. of Employees:	16	15

(Source: Bioventix Plc, Annual Report and Financial Statements, 30 June 2019.)

6 Pho Holdings Ltd

London

Unquoted

www.phocafe.co.uk

Pho is a fast casual restaurant chain serving Vietnamese street food. Pho – a noodle soup – is the national dish of Vietnam. Pho also offer an array of Vietnamese dishes and drinks.

Pho was founded in 2005 and now successfully operates from 29 sites in several different channels: London High St sites (e.g. Soho, Clerkenwell); regional sites (e.g. Brighton, Leeds); and food courts in shopping centres (e.g. Westfield). Sales through the home delivery channel also continue to grow strongly.

All funds managed by Gresham House

First investment: July 2012

Total original cost: £4,402,000

Total equity held: 28.6%

Baronsmead Venture Trust only

Original cost: £1,982,000

Valuation: £4,411,000

Valuation basis: Earnings Multiple

Income recognised in the year: £Nil

% of equity held: 12.9%

Voting rights: 12.9%

Year ended 25 February	2018* £ million	2017** £ million
Sales:	30.5	25.9
Pre-tax profits:	(1.0)	0.0
Net Assets:	3.5	4.5
No. of Employees:	605	540

* 52 week period ended 25 February 2018.

** 52 week period ended 26 February 2017.

(Source: Pho 2012 Limited, Directors' Report and Financial Statements 25 February 2018.)

7 Cerillion Plc

London

Quoted

www.cerillion.com

Cerillion provides carrier-grade enterprise CRM and billing software to telecoms companies globally. Cerillion's core product provides mission critical functionality to allow customers to manage their billing, charging, network provisioning, workflow and CRM processes, all of which are key from a business operations, revenue delivery and customer pipeline management perspective. Currently Cerillion provide solutions to customers across 43 countries, which include their core product as well as Cerillion Skyline, an industry agnostic software-as-a-service billing application.

All funds managed by Gresham House

First investment: November 2015

Total original cost: £4,000,000

Total equity held: 17.8%

Baronsmead Venture Trust only

Original cost: £1,800,000

Valuation: £4,074,000

Valuation basis: Bid Price

Income recognised in the year: £109,000

% of equity held: 8.0%

Voting rights: 8.0%

Year ended 30 September	2018 £ million	2017 £ million
Sales:	17.4	16.0
Pre-tax profits:	1.8	2.0
Net Assets:	14.4	13.8
No. of Employees:	189	171

(Source: Cerillion Plc, Annual Report and Accounts 30 September 2018.)

† Excludes collective investment vehicles

8 Ten10 Group Ltd

London

Unquoted

www.ten10.com

Ten10 is one of the leading independent provider's of quality assured technical testing services in the UK onshore market. It achieves this by offering a unique, seamless set of dedicated testing services (with deep specialism in agile environments) from staff augmentation through managed delivery to outsource all deliveries through the Ten10 assurance wrapper ('Tenology').

In December 2015, Centre4Testing merged with The Test People and the combined organisation was rebranded as Ten10. Now, Ten10 has offices in both London and Leeds with over 200 specialists working alongside Enterprise and mid-market clients and helping to solve some of their most critical technical challenges.

All funds managed by Gresham House
First investment: February 2015
Total original cost: £4,237,000
Total equity held: 20.8%

Baronsmead Venture Trust only
Original cost:: £1,908,000
Valuation: £3,424,000
Valuation basis: Earnings Multiple
Income recognised in the year: £636,000
% of equity held: 9.3%
Voting rights: 8.4%

Year ended 30 April	2019 £ million	2018 £ million
Sales:	24.9	20.8
Pre-tax profits:	(0.4)	(2.2)
Net Assets:	(0.1)	0.6
No. of Employees:	228	195

(Source: Ten10 Group Limited, Annual Report and Financial Statements 30 April 2019.)

9 Custom Materials Ltd (trading as Moteefe)

London

Unquoted

www.moteefe.com

Moteefe, based in London and Lisbon, is a technology company which provides an online platform for retailers, online and offline businesses of all sizes to design, market and sell products on demand into social commerce globally using print on demand technology.

Moteefe provides an end to end solution for merchants including product range, print supply network, logistics and payment, and a suite of marketing analytics for how a merchants campaigns are performing with little to no upfront cost or investment. Currently the business operates three B2B2C brands focussed on different international markets and target merchant segments.

All funds managed by Gresham House
First investment: March 2017
Total original cost: £3,550,000
Total equity held: 16.1%

Baronsmead Venture Trust only
Original cost: £1,598,000
Valuation: £2,998,000
Valuation basis: Rebased Cost
Income recognised in the year: £Nil
% of equity held: 7.2%
Voting rights: 7.2%

Year ended 31 December	2018 £ million	2017 £ million
Net Assets:	1.9	0.5

(Source: Custom Materials Ltd, Unaudited Financial Statements 31 December 2018.)

A full set of accounts is not publicly available.

10 Inspired Energy plc

Lancashire

Quoted

www.inspiredenergy.co.uk

Inspired Energy is an energy consultancy business for commercial and industrial clients, providing energy procurement, management and advisory services to optimise energy costs and carbon emissions. Established in 2000, the company now has a team of 240 energy professionals who advise and manage over 11,500 clients. The corporate division comprises five subsidiaries and provides review, analysis and negotiation of gas and electricity contracts on behalf of corporate clients; the SME division offers reduced tariffs and contracts based on unique customer situation. The Baronsmead VCTs first invested as cornerstone investors in the 2011 IPO and since then Inspired Energy has grown revenues 11.4x both organically and by acquisitions.

All funds managed by Gresham House†
First investment: November 2011
Total original cost: £1,437,000
Total equity held: 6.4%

Baronsmead Venture Trust only
Original cost: £574,000
Valuation: £2,755,000
Valuation basis: Bid Price
Income recognised in the year: £119,000
% of equity held: 2.6%
Voting rights: 2.6%

Year ended 31 December	2018 £ million	2017 £ million
Sales:	32.7	26.4
Pre-tax profits:	4.2	3.0
Net Assets:	45.3	24.6
No. of Employees:	332	257

(Source: Inspired Energy Plc, Annual Report and Accounts 2018.)

† Excludes collective investment vehicles.

Strategic Report

Principal Risks & Uncertainties

The Board has included below details of the principal risks & uncertainties facing the Company and the appropriate measures taken in order to mitigate these risks as far as practicable.

Principal Risk	Context	Specific risks we face
Loss of approval as a Venture Capital Trust	The Company must comply with section 274 of the Income Tax Act 2007 which enables its investors to take advantage of tax relief on their investment and on future returns.	Breach of any of the rules enabling the Company to hold VCT status could result in the loss of that status.
Legislative	VCTs were established in 1995 to encourage private individuals to invest in early stage companies that are considered to be risky and therefore have limited funding options. In return the state provides these investors with tax reliefs which fall under the definition of state aid.	A change in government policy regarding the funding of small companies or changes made to VCT regulations to comply with EU State Aid rules could result in a cessation of the tax reliefs for VCT investors or changes to the reliefs that make them less attractive to investors.
Investment performance	The Company invests in small, mainly UK based companies, both unquoted and quoted. Smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals and hence tend to be riskier than larger businesses.	Investment in poor quality companies with the resultant risk of a high level of failure in the portfolio.
Economic, political and other external factors	Whilst the Company invests in predominantly UK businesses, the UK economy relies heavily on Europe as one of its largest trading partners. This, together with the increase in globalisation, means that economic unrest and shocks in other jurisdictions, as well as in the UK, can impact on UK companies, particularly smaller ones that are more vulnerable to changes in trading conditions. In addition the potential impact of leaving the European Union remains uncertain.	Events such as fiscal policy changes, Brexit, economic recession, movement in interest or currency rates, civil unrest, war or political uncertainty or pandemics can adversely affect the trading environment for underlying investments and impact on their results and valuations.
Regulatory & Compliance	The Company is authorised as a self managed Alternative Investment Fund Manager ("AIFM") under the Alternative Investment Fund Managers Directive ("AIFMD") and is also subject to the Prospectus and Transparency Directives. It is required to comply with the Companies Act 2006 and the UKLA Listing Rules.	Failure of the Company to comply with any of its regulatory or legal obligations could result in the suspension of its listing by the UKLA and/or financial penalties and sanction by the regulator or a qualified audit report.
Operational	The Company relies on a number of third parties, in particular the Investment Manager, to provide it with the necessary services such as registrar, sponsor, custodian, receiving agent, lawyers and tax advisers.	The risk of failure of the systems and controls of any of the Company's advisers leading to an inability to service shareholder needs adequately, to provide accurate reporting and accounting and to ensure adherence to all VCT legislation rules.

The financial risks faced by the Company are covered within the Notes to the Financial Statements on pages 58 to 61.

Possible impact	Mitigation
The loss of VCT status would result in shareholders who have not held their shares for the designated holding period having to repay the income tax relief they had already obtained and future dividends and gains would be subject to income tax and capital gains tax.	The Board maintains a safety margin on all VCT tests to ensure that breaches are unlikely to be caused by unforeseen events or shocks. The Investment Manager monitors all of the VCT tests on an ongoing basis and the Board reviews the status of these tests on a quarterly basis. Specialist advisors review the tests on a bi-annual basis and report to the audit committee on their findings.
The Company might not be able to maintain its asset base leading to its gradual decline and potentially an inability to maintain either its buy back or dividend policies.	The Board and the Investment Manager engage on a regular basis with HMT and industry representative bodies to demonstrate the cost benefit of VCTs to the economy in terms of employment generation and taxation revenue. In addition, the Board and the Investment Manager have considered the options available to the Company in the event of the loss of tax reliefs to ensure that it can continue to provide a strong investment proposition for its shareholders despite the loss of tax reliefs.
Reduction in both the capital value of investors shareholdings and in the level of income distributed.	The Company has a diverse portfolio where the cost of any one investment is typically less than 5 per cent of NAV thereby limiting the impact of any one failed investment. The Investment Management team has a strong and consistent track record over a long period. The Investment Manager undertakes extensive due diligence procedures on every new investment and reviews the portfolio composition maintaining a wide spread of holdings in terms of financing stage and industry sector.
Reduction in the value of the Company's assets with a corresponding impact on its share price may result in the loss of investors through buy backs and may limit its ability to pay dividends.	The Company invests in a diversified portfolio of companies across a number of industry sectors, which provides protection against shocks as the impact on individual sectors can vary depending upon the circumstances. In addition, the Manager uses a limited amount of bank gearing in its investments which enables its investments to continue trading through difficult economic conditions. The Company always maintains healthy cash balances so that it can support portfolio companies with further investment should the investment case support it. The Board reviews the make up and progress of the portfolio each quarter to ensure that it remains appropriately diversified and funded.
The Company's performance could be impacted severely by financial penalties and a loss of reputation resulting in the alienation of shareholders, a significant demand to buy back shares and an inability to attract future investment. The suspension of its shares would result in the loss of its VCT taxation status and most likely the ultimate liquidation of the Company.	The Board and the Investment Manager employ the services of leading regulatory lawyers, sponsors, auditors and other advisers to ensure the Company complies with all of its regulatory obligations. The Board has strong systems in place to ensure that the Company complies with all of its regulatory responsibilities. The Investment Manager has a strong compliance culture and employs dedicated compliance specialists within its team who support the Board in ensuring that the Company is compliant.
Errors in shareholders records or shareholdings, incorrect marketing literature, non compliance with listing rules, loss of assets, breach of legal duties and inability to provide accurate reporting and accounting all leading to reputational risk and the potential for litigation.	The Board has appointed an audit committee who review the internal control ("ISAE3402") and/or internal audit reports from all significant third party service providers, including the Investment Manager, on a bi-annual basis to ensure that they have strong systems and controls in place including Business Continuity Plans. The Board regularly reviews the performance of its service providers to ensure that they continue to have the necessary expertise and resources to provide a high class service and always where there has been any changes in key personnel or ownership.

Strategic Report

Other Matters

Applying the Business Model

This section of the Strategic Report sets out the practical steps that the Board has taken in order to apply the business model, achieve the investment objective, and adhere to the investment policy. The investment policy, which is set out in full on page 63, is designed to ensure that the Company continues to qualify and is approved, as a VCT by HM Revenue and Customs.

Investing in the Right Companies

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

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

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

The Manager's Review on pages 7 to 9 provides a review of the investment portfolio and of market conditions during the year, including the main trends and factors likely to affect the future development, performance and position of the business.

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

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

VCTs are required to comply with a number of different regulations and the Company has appointed PricewaterhouseCoopers ("PwC") as VCT Tax Status Advisers to advise it on compliance with VCT requirements. PwC reviews new investment opportunities, as appropriate, and regularly reviews the investment portfolio of the Company. PwC works closely with the Manager and reports directly to the Board.

Environmental, Human Rights, Employee, Social and Community Issues

The Company seeks to conduct its affairs responsibly and the Manager is encouraged to consider environmental, human rights, social and community issues, where appropriate, with regard to investment decisions.

The Company is required, by company law, to provide details of environmental (including the impact of the Company's business on the environment), employee, human rights, social and community issues; including information about any policies it has in relation to these matters and the effectiveness of these policies. The Company does not have any employees and as a result does not maintain specific policies in relation to these matters.

As a signatory to the UN-supported Principles for Responsible Investment, Gresham House is committed to operating responsibly and sustainably, and believes its strategy of taking the long view in delivering sustainable investment solutions will continue to be a growing factor in the strength of its market position.

Gresham House has an Environmental, Social and Governance ("ESG") policy.

The six principles of the Gresham House policy are:

1) Encourage a work environment which values and respects all employees.

2) Adopt a responsible and ethical approach to governance.

3) Incorporate ESG considerations into all investment analysis and decision-making processes where relevant.

4) Ensure Group-wide awareness of ESG issues and compliance with the Group ESG policy.

5) Promote awareness and adoption of ESG considerations.

6) Inform our investors of this ESG policy and provide them with information on our approach to ESG issues.

Within the Strategic Equity division of Gresham House, our investment teams judge sound corporate governance to be a significant factor in a company's ability to create and sustain long-term shareholder value. ESG considerations are integrated into our investment processes. Gresham House supports the UK Stewardship Code and complies with its guidelines regarding proxy voting and engagement. Gresham House is currently undertaking a review looking at how it can further integrate ESG considerations across all aspects of the investment lifecycle. As part of that, Gresham House is implementing tailored versions of its overarching policy for each asset class. Within those policies it is looking at how its approach to Sustainable Investing will contribute towards the UN Sustainable Development Goals alongside improvements to the reporting and engagement with investee companies on the subjects of governance, social impact, the environment and climate change where appropriate.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from the operations of the Company, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, including those within its underlying investment portfolio.

Gender Diversity

The Board of Directors of the Company comprises two female and two male Directors.

Appointment of the Manager

The Board expects the Manager to deliver a performance which meets the objective of achieving long-term investment returns, including tax free dividends. A review of the Company's performance during the financial year, the position of the Company at the year end and the outlook for the coming year is contained within the Chairman's Statement on pages 4 to 6. The Board assesses the performance of the Manager in meeting the Company's objective against the KPIs highlighted on page 2 of the report.

The management agreement

Under the management agreement, the Manager receives a fee of 2.0 per cent per annum of the net assets of the Company. In addition, the Manager is responsible for providing all secretarial, administrative and accounting services to the Company for an additional fee. The Manager has appointed Link Alternative Fund Administrators Ltd to provide these services to the Company on its behalf. The Company is responsible for paying the fee charged by Link Alternative Fund Administrators Ltd to the Manager in relation to the performance of these services.

Annual running costs are capped at 3.5 per cent of the net assets of the Company (excluding any performance fee payable to the Manager and irrecoverable VAT), any excess being refunded by the Manager by way of an adjustment to its management fee. The running cost as at 30 September 2019 was 2.2 per cent.

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

Performance fees

A performance fee will be payable to the Manager once the total return on shareholders' funds exceeds an annual threshold of the higher of 4 per cent or base rate plus 2 per cent calculated on a compound basis. To the extent that the total return exceeds the threshold over the relevant period then a performance fee of 10 per cent of the excess will be paid to the Manager. The amount of any performance fee which is paid in an accounting period shall be capped at 5 per cent of shareholders' funds for that period.

No performance fee is payable for the year to 30 September 2019 (2018: £548,000).

Management retention

The Board is keen to ensure that the Manager continues to have one of the best investment teams in the VCT and private equity sector. A VCT incentive scheme was introduced in November 2004 under which members of the Manager's investment team invest their own money into a proportion of the ordinary shares of each eligible unquoted investment made by the Baronsmead VCTs. The Board regularly monitors the VCT incentive scheme arrangements but considers the scheme to be essential in order to attract, retain and incentivise the best talent. The scheme is in line with current market practice in the private equity industry and the Board believes that it aligns the interests of the Manager with those of the Baronsmead VCTs.

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

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

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

Since the formation of the scheme in 2004, 82 executives have invested a total of £1,033,000 in 67 companies. At 30 September 2019, 42 of these investments have been realised generating proceeds of £338,000,000 for the Baronsmead VCTs and £18,000,000 for the VCT incentive scheme. For Baronsmead Venture Trust the average money multiple on these 42 realisations was 1.8 times cost. Had the VCT incentive scheme shares been held instead by the Baronsmead VCTs, the extra return to shareholders would have been the equivalent of 4.4p a share over 15 years (based on the current number of shares in issue). The Board considers this small cost to retain quality people to be in the best interests of shareholders.

Advisory and Directors' fees

During October and November 2018, Livingbridge VC LLP received £Nil (2018: £14,000) advisory fees, £55,000 (2018: £292,000) directors' fees for services provided to companies in the investment portfolio and incurred abort costs of £42,000 (2018: £34,000) with respect to investments attributable to Baronsmead Venture Trust plc.

For the remainder of the year, Gresham House Asset Management Ltd received £107,000 (2018: £Nil) advisory fees, £206,000 (2018: £Nil) directors' fees for services provided to companies in the investment portfolio and incurred abort costs of £23,000 (2018: £Nil) with respect to investments attributable to Baronsmead Venture Trust plc.

Alternative Investment Fund Manager's Directive ("AIFMD")

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

Viability Statement

In accordance with principle 21 of the Association of Investment Companies Code of Corporate Governance ("AIC Code"), the Directors have assessed the prospects of the Company over the three year period to 30 September 2022. This period is used by the Board during the strategic planning process and is considered reasonable for a business of our nature and size.

The three year period is considered the most appropriate given the forecasts that the Board require from the Manager and the estimated timeline for finding, assessing and completing investments.

In making this statement the Board carried out a robust assessment of the principal risks facing the Company, including those that might threaten its business model, future performance, solvency, or liquidity. The Directors have considered the ability of the Company to comply on an ongoing basis with the conditions for maintaining VCT approval status.

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

This review has considered the principal risks as outlined on pages 16 and 17. The Board concentrated its efforts on the major factors which affect the economic, regulatory and political environment. The Board also paid particular attention to the importance of its close working relationship with the Manager, Gresham House.

The Directors have also considered the Company's income and expenditure projections and find these to be realistic and sensible.

Based on the Company's processes for monitoring costs, share price discount, the Manager's compliance with the investment objective, policies and business model, asset allocation and the portfolio risk profile, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 30 September 2022.

Returns to Investors

Dividend policy

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

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

Shareholder choice

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

Strategic Report

- Fund raising | From time to time the Company seeks to raise additional funds by issuing new shares at a premium to the latest published net asset value to account for costs. The Company currently has an Offer open to raise up to £20 million.
- 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 1,934,000 shares were bought in this way during the year to 30 September 2019.
- Buy back of shares | From time to time the Company buys its own shares through the market in accordance with its share price discount policy. Subject to the likely impact on shareholders as a whole, the funding requirements of the Company and market conditions at the time, the Company seeks to maintain a mid share price discount of approximately 5 per cent to net asset value where possible. However shareholders should note this discount may widen during periods of market volatility.
- Secondary market | The Company's shares are listed on the London Stock Exchange and can be bought using a stockbroker or authorised share dealing service in the same way as shares of any other listed company. Approximately 792,000 shares were bought by investors in the Company's existing shares in the year to 30 September 2019.

On behalf of the Board
Peter Lawrence
Chairman

22 November 2019

Report of the Directors

The Chairman's Statement on pages 4 to 6, the Corporate Governance Statement on pages 26 to 33 and the Strategic Report on pages 2 to 22 forms part of the Report of the Directors.

Board of Directors

Peter Lawrence	**Chairman**
Appointed:	8 February 2016
Past experience	Peter was until the Merger on 8 February 2016 a non-executive director of Baronsmead VCT plc having been appointed in November 1999 and becoming Chairman in 2009. Peter was also a prior Chairman of Baronsmead VCT 5 plc before retiring in 2010. Peter was formerly chairman of ECO Animal Health Group plc, an Aim-traded company which he founded in 1972.
Other appointments	Peter is currently the chairman of Amati AIM VCT plc and the chairman of Anpario plc, which is traded on AIM.
Beneficial Shareholding	371,928 Ordinary Shares

Les Gabb	**Non-Executive Director and Audit Committee Chairman**
Appointed:	8 February 2016
Past experience	Les served as a director of Baronsmead VCT plc from May 2014 until the Merger on 8 February 2016. He studied biochemistry at Oxford University and subsequently qualified as a Chartered Accountant at KPMG in 1987. For 10 years Les was the managing director of the London subsidiary of the Bank of Bermuda with responsibility for the finance function of the Bank's European group.
Other appointments	Since 2015 Les has been finance partner at Felix Capital Partners and previously from 2000 held a similar role at Advent Venture Partners. Les is an ACA and an Associate of the Institute of Taxation, and a previous member of the BVCA Legal and Technical committee and the EVCA Venture Capital Council.
Beneficial Shareholding	85,660 Ordinary Shares

Valerie Marshall	**Senior Independent Director and Nomination Committee Chair**
Appointed:	8 February 2016
Past experience	Valerie served as a director of Baronsmead VCT plc from November 2009 until the Merger on 8 February 2016. Previously, she was corporate finance director at stockbrokers Greig Middleton & Co Ltd, and formerly invested in growing companies with both 3i plc and the Scottish Development Agency. She has been chair of the Council of the University of Kent and deputy chair of the Committee of University Chairs. She was also Treasurer and Trustee of the British Science Association, established by Royal Charter. Valerie has recently retired as CEO of Stratagem Corporate Finance and Strategy Ltd.
Other appointments	Valerie is the appointed Senior Independent Director of BVT and a director of Marshall Capital Limited. Valerie is also a non-executive director of Town and Country Housing Group and an investment committee member of the Angel Co-Investment Fund.
Beneficial Shareholding	77,224 Ordinary Shares

Susannah Nicklin	**Non-Executive Director and Management Engagement & Remuneration Committee Chairman**
Appointed:	21 February 2018
Past experience	Susannah Nicklin is an investment and financial services professional with 25 years of experience in executive roles at Goldman Sachs and Alliance Bernstein in the US, Australia and the UK. She has also worked in the social impact private equity sector with Bridges Ventures, the Global Impact Investing Network and Impact Ventures UK. Susannah was previously a director of Baronsmead VCT Plc.
Other appointments	Susannah is a non-executive director and senior independent director at Pantheon International Plc and City of London Investment Group Plc and a non-executive director of The North American Income Trust plc and Amati AIM VCT Plc.
Beneficial Shareholding	10,459 Ordinary Shares

Report of the Directors

The Directors of Baronsmead Venture Trust plc (Reg: 03504214) present their Twenty-first Report and audited financial statements of the Company for the year ended 30 September 2019

Shares and Shareholders

Share capital

During the year the Company bought back a total of 5,534,163 ordinary shares to be held in Treasury, representing 2.509 per cent of the issued share capital as at 30 September 2019, with an aggregate nominal value of £553,416.3. The total amount paid for these shares was £4,293,857. The Company's remaining authority to buy back shares from the AGM held in 2019 is £23,223,613. During the year the Company sold 725,000 ordinary shares from Treasury.

Since the year end, on the 10 October 2019, the Company bought back 188,915 Ordinary Shares at a price of 72.25 pence per share to be held in Treasury. On 21 November 2019 the Company allotted 13,992,088 new ordinary shares pursuant to the offer for subscription set out in the prospectus published on 4 October 2019. These new shares were allotted at a price of 76.80 pence per share, representing 5.9 per cent of the issued share capital following the allotment with an aggregate nominal value of 1,399,208.8, raising a further 10,745,923 of new funds (before expenses).

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

Share	Total	% of Shares in issue	Nominal Value
In issue	234,525,763	100.0	£23,452,576.3
Held in Treasury	19,436,897	8.29	£1,943,689.7
In circulation	215,088,866	91.71	£21,508,886.6

The maximum number of shares held in Treasury during the year was 19,297,982. Shares will not be sold out of Treasury at a discount wider than the discount at which the shares were initially bought back by the Company.

Shareholders

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

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

In addition to the powers provided to the Directors under UK Company Law and the Company's Articles of Association, at each AGM the shareholders are asked to authorise certain powers in relation to the issuing and purchasing of the Company's own shares. Details of the powers granted at the AGM held in 2019, all of which remain valid, can be found in the last notice of AGM.

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

Tax free dividends

The Company has paid or declared the following dividends for the year ended 30 September 2019:

Dividends	£'000
Interim dividend of 3.0p per ordinary share paid on 27 September 2019	6,037
Final dividend of 3.5p per ordinary share to be paid on 6 March 2020	7,045*
Total dividends paid for the year	**13,082**

* Calculated on shares in circulation as at 30 September 2019.

Subject to shareholder approval at the AGM, a final dividend of 3.5p per share will be paid on 6 March 2020 to shareholders on the register at 7 February 2020.

Annual General Meeting

The notice of the AGM of the Company to be held at 11.00am on 26 February 2020 at Saddlers' Hall, 40 Gutter Lane, London EC2V 6BR has been sent to shareholders and is available on the Company's website.

Directors

Appointments

The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and the Companies Act 2006. Further details in relation to the appointed Directors and the governance arrangements of the Board can be found on page 23 and in the Corporate Governance Statement.

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

Directors' Indemnity

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

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

Conflicts of Interest

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

Responsibility for accounts

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

Financial Instruments

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

Going Concern

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. The going concern assumption assumes that the Company will maintain its VCT status with HMRC. In arriving at this conclusion the Directors have also considered the liquidity of the Company and its ability to meet obligations as they fall due for a period of at least 12 months from the date that these financial statements were approved. As at 30 September 2019, the Company held cash balances and investments in readily realisable securities with a value of £27,930,000. 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 or covenants.

The Directors have chosen to include its report on global greenhouse emissions in its Strategic Report under the section on environmental, human rights, employee, social and community issues.

Listing Rule Disclosure

The Company confirms that there are no items which require disclosure under Listing Rule 9.4R in respect of the year ended 30 September 2019.

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

22 November 2019

Corporate Governance

The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of Baronsmead Venture Trust plc, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

Following the publication of the 2019 edition of the AIC Code, the Board has undertaken a full review of the Company's governance, which applies to the Company's financial year commencing 1 October 2019, and will report further in due course.

The tables on pages 26 to 30 provide an explanation of how the Company has complied with the AIC Code during the year and provide explanations where the Company has not complied.

AIC Code	Principle	Evidence of compliance and/or explanation of departure from the Code
1	**The Chairman should be independent.**	As outlined in the Nomination Committee Report on page 33, the Company's independent directors (excluding the Chairman) undertook an evaluation of the Chairman as part of the annual Board evaluation process and agreed that they do not consider that Mr Lawrence has any conflict of interest that compromises his independence.
2	**A majority of the Board should be independent of the manager.**	All of the Directors' appointments are non-executive and, having considered the performance and independence of each Director, including the length of service of each Director, during the annual Board evaluation process, the Board has determined that each Director is independent in character and judgement and that there are no relationships or circumstances which are likely to affect their judgement or impair their independence.

AIC Code	Principle	Evidence of compliance and/or explanation of departure from the Code
3	**Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.**	The Board has agreed that each Director will retire and, if appropriate, seek re-election annually, in line with best practice. Director performance is assessed during the annual Board evaluation process, as described in the Nomination Committee Report on page 33, prior to nomination for re-election.
4	**The Board should have a policy on tenure, which is disclosed in the annual report.**	The Board have approved a tenure policy which encompasses the whole Board to ensure that the Board continues to have the right balance of skills. In addition, the Nomination Committee regularly considers the composition of the Board and the succession plans for each Director. This ensures that its membership includes longer-serving directors who provide a balance of knowledge and experience that is not present in the absence of executive directors. In addition, the average period for holding private equity investments is considerably longer than for other types of investment.
5	**There should be full disclosure of information about the board.**	The Board is profiled on page 23 and biographies are available on the Company's website. Details of the Board's committees are set out below this table and terms of reference are also available from the Company Secretary on request.
6	**The Board should aim to have a balance of skills, experience, length of service and knowledge of the Company.**	Through the Board evaluation process, the Nomination Committee reviews the range of skills, experience, length of service and knowledge of each Director, as set out in the profiles on page 23. The balance of these factors and the diversity of the Board as a whole are considered, with recommendations made to the Board as appropriate. As reported in the Nomination Committee report on page 33, no changes to the composition of the Board were recommended in the year.
7	**The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.**	It is the Board's policy to evaluate the performance of the Board, Committees and individual Directors through an assessment process, led by the Chairman. The performance of the Chairman is evaluated by the other Directors under the leadership of the Senior Independent Director. During the year the performance of the Board, Committees and individual Directors was evaluated through an assessment process by way of a questionnaire specifically designed to assess the strength of the Board and Committees and identify areas for further development. The independence of each Director was also considered as part of this process. The results of the evaluation were considered by the Nomination Committee which ultimately concluded that the Directors, the Board and its Committees remained effective.
8	**Director remuneration should reflect their duties, responsibilities and the value of their time spent.**	The Board's Management Engagement and Remuneration Committee consider at least annually the level of the Board's fees, in accordance with the Remuneration Policy approved by shareholders at the AGM held in 2017, and will be presented to Shareholders for re-approval at the 2020 AGM. Further details on the Directors' remuneration is contained in the Directors' Remuneration Report on pages 34 to 37.
9	**The independent Directors should take the lead in the appointment of new Directors and the process should be disclosed in the annual report.**	The Nomination Committee, which is comprised entirely of independent Directors, is responsible for overseeing the recruitment of new directors. Potential candidates are identified through either the appointment of a recruitment consultant or the Board's/Manager's knowledge of available individuals.

Corporate Governance

AIC Code	Principle	Evidence of compliance and/or explanation of departure from the Code
10	**Directors should be offered relevant training and induction.**	New Directors are provided with an induction pack containing key information and governance documents relating to the Company when they are appointed. In addition, they are offered a tailored induction programme with the Manager which covers the investment portfolio and the Manager's approach to investment. Directors receive detailed updates on market and regulatory developments and are provided periodically with training to enhance and refresh their knowledge. Directors training requirements are assessed through the Board evaluation process.
11	**The Chairman (and the board) should be brought into the process of structuring a new launch at an early stage.**	Principle 11 applies to the launch of new investment companies and is therefore not applicable to the Company.
12	**Boards and managers should operate in a supportive, co-operative and open environment.**	Formal Board meetings provide important forums for the Directors and key members of the Manager's team to interact and for Directors to receive reports and provide challenge to the Manager. However, interaction between the Board and the Manager is not restricted to these meetings. Between meetings the Manager continuously updates the Board on developments and responds to queries and requests by Directors as they arise. Informal meetings take place regularly between the Directors and the Manager and senior members of the Manager's team are also invited to the Board's annual strategy meeting.
13	**The primary focus at regular board meetings should be a review of investment performance and associated matters, such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.**	At each quarterly meeting, the Board receives a report on the performance of the Company, its investments and the VCT sector (including competitors). The report also outlines compliance with the VCT Compliance tests and includes forecasts for future periods, highlighting investment opportunities, operational matters and regulatory developments that will/may impact upon the Manager's management of the investment portfolio. The Board has agreed with the Manager specific KPIs that enable both parties to monitor compliance with the agreed Investment Policy and Risk Management framework. Directors regularly seek additional information from the Manager to supplement these reports and formally review the performance measures and KPIs at their annual strategy meeting.
14	**Boards should give sufficient attention to overall strategy.**	As mentioned above, the Board monitors performance against its agreed strategy on an ongoing basis and reviews its overall strategy, including the viability of the Company in its current form, at its annual strategy meeting.
15	**The Board should regularly review both the performance of, and contractual arrangements with, the manager (or executives of a self-managed fund).**	The Management Engagement and Remuneration Committee reviews the overall performance of the Manager annually and considers both the appropriateness of the Manager's appointment and the contractual arrangements (including the structure and level of remuneration) with the Manager. The Board recognises that the Manager continues to adapt to the more restrictive investing environment imposed by current VCT legislation. In November 2018 the Investment Manager changed to Gresham House. The Board have continued to review the performance of the Manager throughout the year. Due to the previous management team transfering to Gresham House and the continued good performance, the Board has concluded that the appointment of Gresham House remains in the best interests of shareholders as a whole.

AIC Code	Principle	Evidence of compliance and/or explanation of departure from the Code
16	**The Board should agree policies with the manager covering key operational issues.**	Certain matters, including strategy, investment and dividend policies, gearing, and corporate governance procedures, are reserved for the approval of the Board. Under the terms of a management agreement, the Board has delegated the management of the investment portfolio to the Manager. The management agreement sets out the matters over which the Manager has authority and the limits above which Board approval must be sought. The Manager also provides or procures the provision of company secretarial, accounting, administrative and custodian services to the Company. In the absence of explicit instructions from the Board, the Manager is empowered to exercise discretion in the use of the Company's voting rights. All shareholdings are voted, where practicable, in accordance with the Manager's own corporate governance policy, which is to seek to maximise shareholder value by constructive use of votes at company meetings and by endeavouring to use its influence as an investor with a principled approach to corporate governance. The Board has considered the adequacy of arrangements by which staff of the Manager of the Company may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters. It has concluded that adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken within their organisation.
17	**Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.**	The Company has stated its aim to seek a mid-share price discount to NAV of 5 per cent but keeps the share price discount policy under continuous review. The performance of the Company's share price and the discount to NAV is monitored continuously and shares will be bought back depending on market conditions at the time and only where the Directors believe it to be in the best interests of all shareholders.
18	**The board should monitor and evaluate other service providers.**	The Board has established a framework for monitoring and evaluating the performance of its third party services providers and, on the Company's behalf, the Manager monitors the performance and systems and controls employed by the service providers. The Audit Committee receives detailed information in regards to the performance of all third party service providers at each meeting. The Audit Committee also receives service provider controls reports from the Manager and the Board considers if a provider should be replaced.

AIC Code	Principle	Evidence of compliance and/or explanation of departure from the Code
19	**The Board should regularly monitor the shareholder profile of the Company and put in place a system for canvassing shareholder views for communicating the Board's view to shareholders.**	As a VCT, the Company's share register is made up almost entirely of retail shareholders and the Board, through the Manager, remains in constant engagement with wealth managers and brokers to inform their understanding of its investor base. The Company's Annual Report & Financial Statements provides the Board with an opportunity to report on the performance and outlook for the Company and to update shareholders on developments. At the AGM, and any other general meetings, shareholders have an opportunity to receive more detailed presentations from the Manager on specific investments and it also provides a forum to speak directly to the Directors and members of the Manager's team. The Directors welcome the views of shareholders and are happy to correspond directly with shareholders or make themselves available to meet shareholders. Shareholders seeking to communicate with the Board should contact the Manager in the first instance (see page 72 for contact details). The last AGM was held on 27 February 2019. The Company provided 21 days' notice, in accordance with the Companies Act 2006 and 20 working days' notice, as required under the AIC Code.
20	**The Board should normally take responsibility for, and have direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.**	The Board takes responsibility for approving the content and timing of communications regarding major corporate issues. Communications usually take the form of stock exchange announcements, press releases and direct correspondence with shareholders and the Board seeks the advice and guidance of the Manager when drafting such communications.
21	**The Board should ensure that shareholders are provided with sufficient information for them to understand the risk/reward balance to which they are exposed by holding the shares.**	The Company's Annual Report is drafted to provide shareholders with sufficient information to understand the nature of their investment in the Company. The format and content of the annual report is updated each year in response to changes in best practice and to improve the quality of the information available to shareholders. Details of the Company's full portfolio as at 30 September 2019 can be found on pages 66 and 67 of this Annual Report and Financial Statements. Under the AIC Code the Company must provide an explanation regarding the prospects of the Company over a period of more than 12 months. The Company's Viability Statement can be found on page 21.

The Board's Committees

The Board has delegated certain responsibilities to its Audit, Nomination and Management Engagement and Remuneration Committees. Given the size and nature of the Board it is felt appropriate that all Directors are members of the Committees. The Board has established formal terms of reference for each of the Committees which are available from the Company Secretary upon request. An outline of the remit of each of the Committees and their activities during the year are set out by the respective Chairman below:

Audit Committee

Chairman: Mr Les Gabb

Key responsibilities:

1. reviewing the content and integrity of the Annual and Half-Yearly Accounts;
2. reviewing the Company's internal control and risk management systems;
3. reviewing the remuneration and terms of appointment of the external auditor;
4. ensuring auditor objectivity and independence is safeguarded in the provision of non-audit services; and
5. providing a forum through which the auditors may report to the Board.

During the year, the Committee continued to receive updates from the Manager regarding the ongoing procedures implemented to ensure continual compliance with General Data Protection Regulation ("GDPR"). The Manager has periodically reviewed cyber security procedures and controls of its service providers to mitigate cyber risk. The Committee receives updates regarding the implementation of these controls and continues to work with the Manager to satisfy The Committee that the procedures in place are robust and enable ongoing compliance with the legislation.

As part of the audit strategy presentation by KPMG, the Committee discussed the valuation approach in respect of unlisted investments and the degree of judgement that was adopted as part of this process. KPMG provided a clear description of the work they undertook as part of the audit process to review these valuations.

The Committee reviewed the Annual Financial Statements and the significant area of focus was the valuation of unquoted investments. The Manager confirmed that the investment valuations had been performed consistently with prior years and in accordance with published industry guidelines, taking account of the latest available information about investee companies and current market data. The Board met quarterly to assess the appropriateness of estimates and judgements made by the Manager in the valuations for their appropriateness.

Given the quantum of quoted investments, making up a significant portion of the Company's total assets, the Board assessed the Manager's approach to valuation. The Manager confirmed that such investments comprise liquid, quoted investments, the valuation of which is obtained from externally quoted prices.

The Committee oversees the operation of the Company's system of internal controls and reviewed its effectiveness during the year.

Procedures have been designed to identify and manage, rather than eliminate risk. These procedures involve the maintenance of a risk register which records the risks to which the Company is exposed, including, among others, market investment, operational and regulatory risks, and the controls employed to mitigate these risks. The residual risks are rated taking into account the impact of the mitigating factors. The Committee identify changes and update the register as required and review this register at each meeting. When necessary, the Committee also ensure that corrective action is taken.

Corporate Governance

During the year, the Committee reviewed and agreed changes to the Risk Mapping Report and Risk Register. The Committee also carried out a formal review of the effectiveness of risk management process during the year and concluded that this remained appropriate.

The Committee receives a Service Provider Control Report from the Manager that provides an overview of the main risks identified by our third-party service providers and mitigating actions put in place for these. In addition, the Committee continually reviews the internal monitoring programmes for all procedures and control; including investment, finance and operations. The Committee believes that this process provides additional rigour to the oversight and review of internal control and risk management processes.

The Committee also reviewed the need for an internal audit function. It considered the risk profile of the Company, the internal controls in place to mitigate these risks and the processes in place to provide confirmation that these controls were appropriate and effective. The Committee concluded that the systems and procedures employed by the Manager provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. The Committee therefore believe that an internal audit function, specific to the Company, is not currently required.

In November 2016 the Company conducted a full audit tender process, following which KPMG were appointed. The Committee expects to repeat a tender process in 2025 in respect of the audit for the year ended 30 September 2026, in line with the latest Corporate Governance provisions and EU requirements. In accordance with the professional guidelines the senior statutory auditor is rotated after at most five years, and the current senior statutory auditor started working with the Company in 2016.

Following the implementation of the EU Audit Directive and in accordance with the FRC's Guidance on Audit Committees, the Committee approved a non-audit services policy to ensure that the auditor's independence and objectivity was not impaired. The policy outlines those services that the external auditor is prohibited from providing as well as those that require pre-approval from the Committee. During the year, the Committee approved KPMG's review of the Half Yearly Report and Accounts as a permissible non-audit service.

The Committee carefully considered the independence of KPMG and were satisfied that there was a clear division between audit and non-audit services and the implementation of this policy will ensure that this division is maintained going forward. The only non-audit service provided by KPMG is the review of the Half Yearly Report and Accounts. Being the only non-audit service provided by the Auditor, the Committee continues to believe that the value of this service does not represent a threat to independence.

Following a review of the effectiveness of the audit, the Committee was satisfied that KPMG had continued to carry out its duties in a diligent and professional manner and maintained a good knowledge of the VCT market and continued to provide a high-level service. A resolution to re-appoint KPMG as the Company's Auditor will be put to shareholders at the forthcoming AGM.

Looking ahead to the work that will be undertaken in the next financial year, the Committee will continue to work with advisors to understand the current impact of the legislative changes to ensure full compliance and that the Company's policies in place provide necessary comfort.

Management Engagement and Remuneration Committee

Chairman: Ms Susannah Nicklin

A summary of this Committee's key responsibilities and activities carried out during the year can be found in the Remuneration Report on page 34.

Nomination Committee

Chairman: Ms Valerie Marshall

Key responsibilities:

1. Considering the appointments of additional Directors as and when considered appropriate;
2. Considering the resolutions relating to the re-election of directors; and
3. Considering the ongoing requirements of the Company and the need to have a balance of skills, experience, knowledge and diversity within the Board.

During the year we reviewed the composition of the Board and Committees, including the Chairmanship of each committee. In order to review the Board's performance, an evaluation was carried out by way of questionnaire. The Chairman's effectiveness was also assessed by the other Board members and views fed back to the Senior Independent Director. Following the evaluation, we remain satisfied with the performance of the Board, its Committees and that of individual Directors and Chairman.

The Committee annually reviews its size and structure of the Board and will continue to review succession planning and recruitment. When considering future appointments of Directors, the Nomination Committee, will look at the balance of skills, knowledge and experience, including gender diversity of the Board and will also take into account recommendations from the external board evaluations. The Committee will also consider the use of external consultants, as appropriate, when shortlisting candidates.

In accordance with the Articles of Association and best practice, all directors will be submitted for re-election on an annual basis.

The below table sets out the Directors' attendance at Board and Committee meetings held during the year to 30 September 2019. In addition, the Board established sub-committees to approve financial statements and the payment of dividends. The Directors also attended quarterly meetings to consider in detail the valuations of the unquoted investments in the portfolio.

	Board of Directors (4 meetings held)		Audit Committee (2 meetings held)		Management Engagement and Remuneration Committee (1 meeting held)		Nomination Committee (1 meetings held)	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Peter Lawrence	4	4	2	2	1	1	1	1
Valerie Marshall	4	4	2	2	1	1	1	1
Les Gabb	4	4	2	2	1	1	1	1
Susannah Nicklin	4	4	2	2	1	1	1	1

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The law requires the Company's auditor, KPMG, to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the 'Independent Auditor's Report' on pages 39 to 44.

An ordinary resolution for the approval of this report will be put to the members at the forthcoming AGM.

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

The Management Engagement and Remuneration Committee is chaired by Ms Susannah Nicklin and comprises all the Directors of the Company. The Company has no executive Directors, and considers all the Non-Executive Directors to be independent. The Management Engagement and Remuneration Committee's key responsibilities are:

1. Determining and agreeing with the Board the remuneration policy for the Board and the fees for the Company's Chairman and Non-Executive Directors, within the limits set in the Articles of Association; and
2. Reviewing the appropriateness of the Manager's appointment (including key executives thereof) together with the terms and conditions of the appointment.

Each year the Committee reviews the Directors' fees to make sure they are in line with others in the VCT industry, so that the Board can attract suitably qualified candidates to the Board. In addition they have regard to the workload that individual Directors and the Chairman undertake as members of the Board. In recent years the Board has seen a significant increase in regulation in the industry which has in turn resulted in an increase in the workload of the Directors. This trend of ever increasing regulation seems set to continue with the recent Budget announcement following the outcome of the Patient Capital Review. In addition the Directors spend a considerable amount of time monitoring the 80 per cent test, the other continuing VCT tests, and the co-investment scheme. They are also responsible for monitoring the key risks to the Company and for scrutiny of all costs. The Directors set the Strategy for the Company's continuing success and decide when fundraising is appropriate. They then monitor the performance of the Company against the strategic objectives set.

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

Further details of the responsibilities of the Directors are provided in the Corporate Governance Statement on pages 26 to 30, all of which the Board believes should be taken into account when determining the remuneration of the Directors.

Directors' Fees

In November 2018, the Management Engagement and Remuneration Committee met to consider the level of Directors' fees and concluded that, having regard for the amount and quality of work that Directors were required to undertake and the prevailing market conditions including the increase in Consumer Price Index ("CPI") it was appropriate to change the Director's fees. Accordingly the Directors' fees were increased from £25,000 to £26,650. The Audit Chairman's fee was increased from £26,000 to £26,650 and the Chairman's fee was increased from £28,000 to £28,675. These changes were effective from 1 October 2018.

In determining the remuneration of the Directors, the Company has regard inter alia, to the time spent by the Directors on matters concerning the Company, the comparative fees paid to Directors of other VCTs relative to the NAV of the VCT, the prevailing rate of CPI at the time, feedback from shareholders and the performance of the Company's portfolio. In November 2019, the Management Engagement and Remuneration Committee met to review the level of Directors' fees and concluded that the Directors' would increase from £26,650 to £27,200 and Chairman's fee would increase from £28,675 to £29,200. These changes were effective from 1 October 2019.

Directors' Remuneration Policy

The Board's policy is that the remuneration of Non-Executive Directors should reflect the experience of the Board as a whole, be fair and comparable to that of other relevant venture capital trusts that are similar in size and have similar investment objectives and structures. Furthermore, the level of remuneration should be sufficient to attract and retain the Directors needed to oversee properly the Company and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs.

The remuneration policy, as set out in the box above, was last approved by the members at the AGM held in 2017. In accordance with the regulations, an ordinary resolution to approve the Directors' remuneration policy will be put to Shareholders at the upcoming AGM on 26 February 2020, as required every three years. There are no proposed changes to the policy and if approved at the AGM, the policy will continue to the year ended 30 September 2020 and subsequent years.

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

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

Shareholders' views in respect of Directors' remuneration are communicated at the Company's AGM and are taken into account in formulating the Directors remuneration policy. At the last AGM over 94 per cent of shareholders voted for the resolution approving the Directors Remuneration Report (5.7 per cent against). At the AGM held in 2017, when the remuneration policy was last put to a shareholder vote, over 93 per cent voted for the resolution (7 per cent against), showing significant shareholder support.

Directors' Tenure

The terms of Directors' appointments, as set out in their appointment letters, provide that Directors should retire and be subject to election at the first Annual General Meeting after their appointment. As per the Company's Articles of Association, the Directors are thereafter obliged to retire by rotation, and to offer themselves for re-election by shareholders at least every three years after that. As agreed previously by the Nomination Committee, all Directors will submit themselves for annual re-election in line with best practice.

Annual Remuneration Report

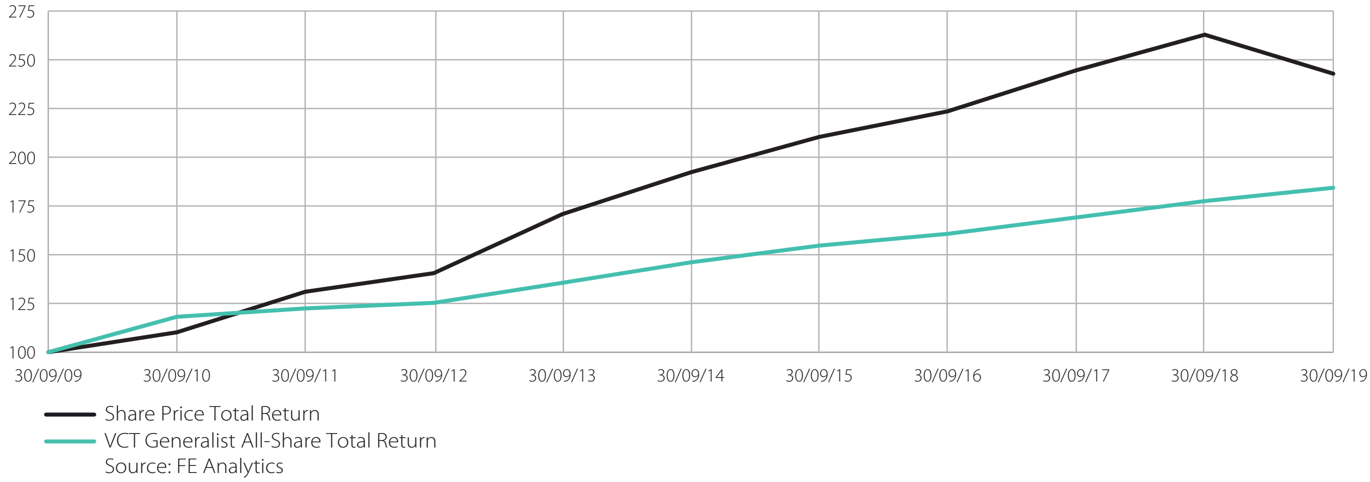
Company performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Manager through the management agreement, as referred to in the 'Report of the Directors'. The graph overleaf compares, for the 10 years ended 30 September 2019, the percentage change over each period in the share price total return (assuming all dividends are reinvested) to shareholders compared to the share price total return of approximately 44 generalist VCTs (source FE Analytics), which the Board considers to be the most appropriate benchmark for investment performance measurement purposes. An explanation of the performance of the Company is given in the Chairman's Statement and Manager's Review.

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

Directors' Remuneration Report

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



Directors' emoluments for the year (audited)

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

	Year to 30 September 2019 Fees £	Year to 30 September 2018 Fees £
Peter Lawrence	28,675	28,000
Les Gabb	26,650	26,000
Valerie Marshall	26,650	25,000
Christina McComb+	N/A	10,769
Susannah Nicklin	26,650	15,310
Total	108,625	105,079

+ Resigned on 5 December 2017. Fee for 2018 includes ex-gratia payments equivalent to three months in recognition of her contribution to the development of the Company.

Relative Importance of Spend on Directors' Fees

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

- the number of larger realisations completed, proceeds of which were required to be returned to shareholders by way of an increased dividend in the prior period, due to VCT regulations;
- the final dividend for the prior year was paid within the current financial year;
- the Director changes that occurred within the previous year; and
- the fundraising which was conducted in January 2019.

Relative Importance of Spend on Directors' Fees

	2019 £	2018 £	Percentage change
Dividend	**15,239,000**	12,565,000	21.28
Total Directors fees	**108,625**	105,079	3.37
Shares repurchased	**4,294,000**	2,878,000	49.20

Directors' Interests (audited)

The interests of the Directors in the shares of the Company, at the beginning and at the end of the year were as follows:

	30 September 2019 Ordinary 10p shares	30 September 2018 Ordinary 10p shares
Peter Lawrence	**371,928**	925,912
Les Gabb	**59,619**	35,867
Valerie Marshall	**73,318**	66,700
Susannah Nicklin	**6,553**	0
Total	**511,418**	1,028,479

The changes in holdings of the Directors between 30 September and 21 November 2019, following their participation in the fund raising were as follows:

	21 November 2019 Ordinary 10p shares	30 September 2019 Ordinary 10p shares
Peter Lawrence	**371,928**	371,928
Les Gabb	**85,660**	59,619
Valerie Marshall	**77,224**	73,318
Susannah Nicklin	**10,459**	6,553
Total	**545,271**	511,418

Approved by the Board of Directors and signed by:
Susannah Nicklin
Chairman of the Management Engagement and Remuneration Committee

22 November 2019

Statement of Directors' Responsibilities

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

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

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

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company taken as a whole; and
- the Strategic Report/Directors' report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board
Peter Lawrence
Chairman

22 November 2019

Independent auditor's report

to the members of Baronsmead Venture Trust plc

1. Our opinion is unmodified

We have audited the financial statements of Baronsmead Venture Trust plc ("the Company") for the year ended 30 September 2019 which comprise the Income Statement; Statement of Changes in Equity, Balance Sheet, Statement of Cash Flows and the related explanatory notes.

In our opinion the financial statements:

— give a true and fair view of the state of the Company's affairs as at 30 September 2019 and of its return for the year then ended;

— have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland;* and

— have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the shareholders on 20 June 2005. The period of total uninterrupted engagement is the 14 years ended 30 September 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: financial statements as a whole	£1.52m (2018: £1.77m) 1% (2018: 1%) of total assets	
Key Audit Matters		**vs 2018**
Event Driven	The impact of uncertainties due to the UK exiting the European Union on our audit	▲
Recurring risks	Valuation of unquoted investments	◀▶
	Carrying value of quoted investments	◀▶

2. Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
The impact of uncertainties due to the UK exiting the European Union on our audit *Refer to pages 16 and 17 (Principal Risks) and page 6 (Chairman's Statement)*	**Subjective valuation** **Unprecedented levels of uncertainty:** All audits assess and challenge the reasonableness of estimates, in particular as described in valuation of unquoted investments below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance. In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosures and the viability statement and to consider the directors' statement that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.	We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included: — **Our Brexit knowledge:** We considered the directors' assessment of Brexit-related sources of risk for the Company's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks. — **Sensitivity analysis:** When addressing valuation of unquoted investments we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty. — **Assessing transparency:** As well as assessing individual disclosures as part of our procedures on valuation of unquoted investments we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks. **Our results:** As reported under valuation of unquoted investments, we found the resulting estimates and related disclosures in respect of the degree of estimation and sensitivity to key assumptions made when valuing the unquoted investments to be acceptable. We also found disclosures in relation to going concern to be acceptable. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

	The risk	Our response
Valuation of unquoted investments (£41.6m; 2018: £43.3m) *Refer to pages 31 and 32 (Audit Committee Report), page 50 and page 51 (accounting policy) and page 52 (financial disclosures).*	**Subjective valuation** 27.2% of the company's total assets (by value) are held in investments where no quoted market price is available. Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as prices of recent orderly transactions, earnings multiples and net assets. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of unquoted investments has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole The financial statements (note 3.3) disclose the sensitivity estimated by the Company.	**Historical comparisons:** Assessment of investment realisations in the period, comparing actual sales proceeds to prior year end valuations to understand the reasons for significant variances and determine whether they are indicative of bias or error in the company's approach to valuations. **Methodology choice:** In the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines, we challenged the appropriateness of the valuation basis selected. **Our valuations experience:** Challenging the investment manager on key judgements affecting investee company valuations, such as discount factors and the choice of benchmark for earnings multiples. We compared key underlying financial data inputs to external sources, investee company audited accounts and management information as applicable. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report. **Comparing valuations:** Where a recent transaction has been used to value a holding, we obtained an understanding of the circumstances surrounding the transaction and whether it was considered to be on an arms-length basis and suitable as an input into a valuation. **Assessing transparency:** Consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unquoted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions. **Our results:** We found the Company's valuation of unquoted investments to be acceptable (2018: acceptable).
Carrying value of quoted investments (£101.0m; 2018: £132.4m) *Refer to pages 31 and 32 (Audit Committee Report), page 50 and page 51 (accounting policy) and page 52 (financial disclosures).*	**Low risk, high value** The company's portfolio of quoted investments makes up 66.17% of the company's total assets by value and is considered to be one of the key drivers of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our procedures included: — **Tests of detail:** Agreeing the valuation of 100 per cent of investments in the portfolio to externally quoted prices. — **Enquiry of custodians:** Agreeing 100 per cent of investment holdings in the portfolio to independently received third party confirmations from investment custodians. **Our results:** We found the carrying value of quoted investments to be acceptable (2018: acceptable).

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3. Our application of materiality and an overview of the scope of our audit

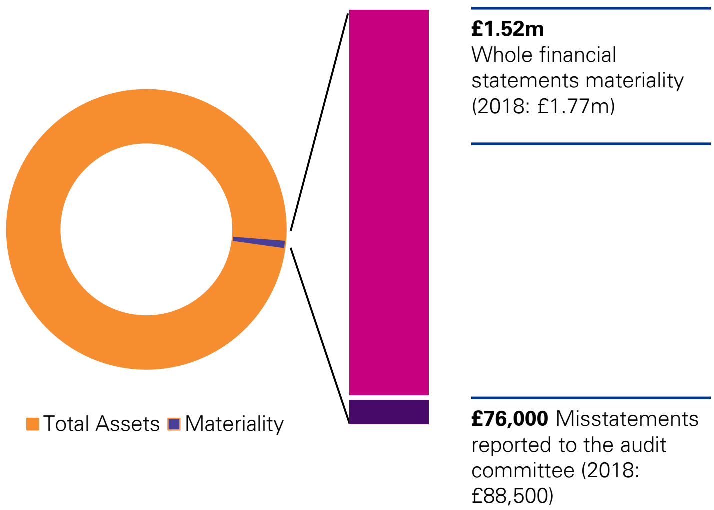
Materiality for the financial statements as a whole was set at £1.52m (2018: £1.77m), determined with reference to a benchmark of total assets, of which it represents 1% (2018: 1%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £76k (2018: £88.5k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the company was undertaken to the materiality level specified above and was performed at the administrator's offices in Exeter, the investment manager's office in London and our own offices in Edinburgh

Total Assets
£152.7m (2018: £177.1m)

Materiality
£1.52m (2018: £1.77m)



4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if:

— we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or

— the related statement under the Listing Rules set out on page 25 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

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5. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information, Strategic report and directors' report

Strategic report and directors' report

Based solely on our work on the other information:

— we have not identified material misstatements in the strategic report and the directors' report;

— in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

— in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

— the directors' confirmation within the Viability Statement on page 21 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;

— the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and

— the directors' explanation in the Viability Statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they 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, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

— we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or

— the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

— adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

— the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

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7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 38, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities, or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards). We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), and its qualification as a Venture Capital Trust under UK tax legislation, any breach of which could lead to the company losing various deductions and exemptions from UK corporation tax, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: the Listing Rules and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities

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

John Waterson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

22 November 2019

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Income Statement

For the year ended 30 September 2019

		Year ended 30 September 2019			Year ended 30 September 2018		
	Notes	**Revenue £'000**	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	2.3	**–**	**(16,181)**	**(16,181)**	–	10,925	10,925
Income	2.5	**2,665**	**–**	**2,665**	5,104	–	5,104
Investment management fee and performance fee	2.6	**(735)**	**(2,204)**	**(2,939)**	(833)	(3,048)	(3,881)
Other expenses	2.6	**(597)**	**–**	**(597)**	(590)	–	(590)
Profit/(loss) before taxation		**1,333**	**(18,385)**	**(17,052)**	3,681	7,877	11,558
Taxation	2.9	**(61)**	**61**	**–**	(330)	330	–
Profit/(loss) for the year, being total comprehensive income for the year		**1,272**	**(18,324)**	**(17,052)**	3,351	8,207	11,558
Return per ordinary share:							
Basic and diluted	2.2	**0.64p**	**(9.22p)**	**(8.58p)**	1.75p	4.28p	6.03p

All items in the above statement derive from continuing operations.

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

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

The total column of this statement is the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standards ("FRS") 102. The supplementary revenue return and capital return columns are prepared in accordance with the Statement of Recommended Practice issued in November 2014 and updated in January 2017 and February 2018 by the Association of Investment Companies ("AIC SORP").

Statement of Changes in Equity

For the year ended 30 September 2019

	Notes	Non-distributable reserves			Distributable Reserves		
		Called-up share capital £'000	**Share premium £'000**	**Revaluation reserve £'000**	**Capital reserve £'000**	**Revenue reserve £'000**	**Total £'000**
At 1 October 2018		**20,628**	**18,154**	**50,283**	**83,004**	**3,406**	**175,475**
(Loss)/profit after taxation		**–**	**–**	**(23,374)**	**5,050**	**1,272**	**(17,052)**
Net proceeds of share issues & share buybacks		**1,425**	**10,243**	**–**	**(3,783)**	**–**	**7,885**
Dividends paid	2.4	**–**	**–**	**–**	**(11,870)**	**(3,369)**	**(15,239)**
At 30 September 2019		**22,053**	**28,397**	**26,909**	**72,401**	**1,309**	**151,069**

There were no Share Premium cancellation costs in the 2019 year.

For the year ended 30 September 2018

	Notes	Non-distributable reserves			Distributable Reserves		
		Called-up share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 1 October 2017		18,412	–	41,352	97,963	1,275	159,002
Share premium cancellation costs		–	–	–	2	–	2
Profit/(loss) after taxation		–	–	8,931	(724)	3,351	11,558
Net proceeds of share issues & share buybacks		2,216	18,154	–	(2,892)	–	17,478
Dividends paid	2.4	–	–	–	(11,345)	(1,220)	(12,565)
At 30 September 2018		20,628	18,154	50,283	83,004	3,406	175,475

Balance Sheet

As at 30 September 2019

Company Number: 03504214

	Notes	As at 30 September 2019 £'000	As at 30 September 2018 £'000
Fixed assets			
Investments	2.3	**142,715**	175,746
Current assets			
Debtors	2.7	**176**	231
Cash at bank and on deposit		**9,792**	1,090
		9,968	1,321
Creditors (amounts falling due within one year)	2.8	**(1,614)**	(1,592)
Net current assets/(liabilities)		**8,354**	(271)
Net assets		**151,069**	175,475
Capital and reserves			
Called-up share capital	3.1	**22,053**	20,628
Share premium	3.2	**28,397**	18,154
Capital reserve	3.2	**72,401**	83,004
Revaluation reserve	3.2	**26,909**	50,283
Revenue reserve	3.2	**1,309**	3,406
Equity shareholders' funds		**151,069**	175,475
Net asset value per share			
– Basic and diluted	2.1	**75.05p**	91.47p

The financial statements were approved by the Board of Directors of Baronsmead Venture Trust plc on 22 November 2019 and were signed on its behalf by:

Peter Lawrence
Chairman

Statement of Cash Flows

For the year ended 30 September 2019

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Cash flows from operating activities		
Investment income received	**2,756**	5,041
Deposit interest received	**–**	8
Investment management fees paid	**(3,612)**	(3,956)
Other cash payments	**(616)**	(602)
Merger costs paid	**–**	(8)
Net cash (outflow)/inflow from operating activities	**(1,472)**	483
Cash flows from investing activities		
Purchases of investments	**(12,911)**	(31,664)
Disposals of investments	**30,477**	26,973
Net cash inflow/(outflow) from investing activities	**17,566**	(4,691)
Equity dividends paid	**(15,239)**	(12,565)
Net cash inflow/(outflow) before financing activities	**855**	(16,773)
Cash flows from financing activities		
Net proceeds of share issues, share buybacks & sale of shares from treasury	**7,847**	17,479
Share premium cancellation costs	**–**	(25)
Net cash inflow from financing activities	**7,847**	17,454
Increase in cash	**8,702**	681
Reconciliation of net cash flow to movement in net cash		
Increase in cash	**8,702**	681
Opening cash position	**1,090**	409
Closing cash at bank and on deposit	**9,792**	1,090
Reconciliation of (loss)/profit before taxation to net cash (outflow)/inflow from operating activities		
(Loss)/profit before taxation	**(17,052)**	11,558
Losses/(gains) on investments	**16,181**	(10,925)
Decrease/(increase) in debtors	**91**	(56)
(Decrease) in creditors	**(692)**	(94)
Net cash (outflow)/inflow from operating activities	**(1,472)**	483

Notes to the Financial Statements

We have grouped notes into sections under three key categories:

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

The key accounting policies have been incorporated throughout the Notes to the Financial Statements adjacent to the disclosure to which they relate. All accounting policies are included within an outlined box.

1. Basis of Preparation

1.1 Basis of accounting

These Financial Statements have been prepared under FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and in accordance with the Statement of Recommended Practice ("SORP") for investment trust companies and venture capital trusts issued by the Association of Investment Companies ("AIC") in November 2014 and updated in January 2017 and February 2018 and on the assumption that the Company maintains VCT status with HMRC.

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

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

2. Investments, performance and shareholder returns

2.1 Net asset value per share

	Number of ordinary shares		Net asset value per share attributable		Net asset value attributable	
	30 September 2019 number	30 September 2018 number	**30 September 2019 pence**	30 September 2018 pence	**30 September 2019 £'000**	30 September 2018 £'000
Ordinary shares (basic)	**201,285,693**	191,846,404	**75.05**	91.47	**151,069**	175,475

2.2 Return per share

	Weighted average number of ordinary shares		Return per ordinary share		Net profit/(loss) after taxation	
	30 September 2019 number	30 September 2018 number	**30 September 2019 pence**	30 September 2018 pence	**30 September 2019 £'000**	30 September 2018 £'000
Revenue	**198,747,709**	191,698,288	**0.64**	1.75	**1,272**	3,351
Capital	**198,747,709**	191,698,288	**(9.22)**	4.28	**(18,324)**	8,207
Total			**(8.58)**	6.03	**(17,052)**	11,558

2. Investments, performance and shareholder returns (continued)

2.3 Investments

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

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

Investments are subsequently measured at fair value through Profit and Loss. For AIM-traded securities this is either bid price or the last traded price, depending on the convention of the exchange on which the investment is traded.

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

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

Judgements

The key judgements in the fair valuation process are:

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

ii) The Directors' consideration of whether each fair value is appropriate following detailed review and challenge. The judgement applied in the selection of the methodology used for determining the fair value of each unquoted investment can have a significant impact upon the valuation.

Estimates

The key estimate in the Financial Statements is the determination of the fair value of the unquoted investments. This estimate is key as it significantly impacts the valuation of the unlisted investments at the balance sheet date. The fair valuation process involves estimates using inputs that are unobservable (for which market data is unavailable). Fair value estimates are cross-checked to alternative estimation methods where possible to improve the robustness of the estimate. As the valuation outcomes may differ from the fair value estimates a price sensitivity analysis is provided in Other Price Risk Sensitivity in note 3.3 on page 59. The risk of an over or underestimation of fair values is greater when methodologies are applied using more subjective inputs.

Assumptions

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

i) Rebased Cost

ii) Earnings Multiple

iii) Offer Less 10 per cent

The Earnings Multiple approach involves more subjective inputs than the Rebased Cost and Offer approaches and therefore presents a greater risk of over or under estimation. Rebased cost approach involves holding the investment at the price set in the latest available funding round.

2. Investments, performance and shareholder returns (continued)

2.3 Investments (continued)

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

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

The nature of the unquoted portfolio currently will influence the valuation technique applied. The valuation approach recognises that as stated in the IPEV Guidelines, the price of a recent investment, if resulting from an orderly transaction, generally represents fair value as at the transaction date and may be an appropriate starting point for estimating fair value at subsequent measurement dates. However, consideration is given to the facts and circumstances as at the subsequent measurement date, including changes in the market or performance of the investee company. Milestone analysis is used where appropriate to incorporate the operational progress of the investee company into the valuation. Additionally, the background to the transaction must be considered. As a result, various multiples based techniques are employed to assess the valuations particularly in those companies with established revenues. All valuations are cross-checked for reasonableness by employing relevant alternative techniques.

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

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

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

	As at 30 September 2019 £'000	As at 30 September 2018 £'000
Level 1		
Investments traded on AIM	**48,371**	72,814
Level 2		
Investments traded on AIM	**5,870**	–
Collective investment vehicles	**46,793**	59,549
Level 3		
Unquoted investments	**41,681**	43,383
	142,715	175,746

2. Investments, performance and shareholder returns (continued)

2.3 Investments (continued)

	Level 1	Level 2		Level 3	
	Traded on AIM £'000	Traded on AIM £'000	Collective investment vehicles £'000	Unquoted £'000	Total £'000
Opening book cost	49,916	–	43,971	31,576	125,463
Opening unrealised appreciation	22,898	–	15,578	11,807	50,283
Opening valuation	72,814	–	59,549	43,383	175,746
Transfer between levels	(5,041)	5,041	–	–	–
Purchases at cost	2,968	1,479	–	9,180	13,627
Sale – proceeds	(5,291)	–	(10,880)	(14,306)	(30,477)
Sale – realised gains on sales	1,371	–	–	1,016	2,387
Unrealised gains realised during the year	1,101	–	–	3,705	4,806
Decrease in unrealised appreciation	(19,551)	(650)	(1,876)	(1,297)	(23,374)
Closing valuation	**48,371**	**5,870**	**46,793**	**41,681**	**142,715**
Closing book cost	45,024	6,520	33,091	31,171	115,806
Closing unrealised appreciation/(depreciation)	3,347	(650)	13,702	10,510	26,909
Closing valuation	**48,371**	**5,870**	**46,793**	**41,681**	**142,715**
Equity shares	48,371	5,870	–	20,149	74,390
Preference shares	–	–	–	841	841
Loan notes	–	–	–	20,691	20,691
Collective investment vehicles	–	–	46,793	–	46,793
Closing valuation	**48,371**	**5,870**	**46,793**	**41,681**	**142,715**

The gains and losses included in the above table have all been recognised in the Income Statement on page 45.

2. Investments, performance and shareholder returns (continued)

2.4 Dividends

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

	Year ended 30 September 2019			Year ended 30 September 2018		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Amounts recognised in the year:						
For the period ended 30 September 2019						
Interim dividend of 3.0p per ordinary share paid on 27 September 2019	**302**	**5,735**	**6,037**	–	–	–
For the year ended 30 September 2018						
Interim dividend of 3.0p per ordinary share paid on 21 September 2018	–	–	–	288	5,481	5,769
Final dividend of 4.5p per ordinary share paid on 8 March 2019	**3,067**	**6,135**	**9,202**	–	–	–
For the year ended 30 September 2017						
Final dividend of 3.5p per ordinary share paid on 2 March 2018	–	–	–	932	5,864	6,796
	3,369	**11,870**	**15,239**	1,220	11,345	12,565

2.5 Income

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

Where the terms of unquoted loan notes only require interest or a redemption premium to be paid on redemption, the interest and redemption premium is recognised as income once redemption is reasonably certain. Until such date interest is accrued daily and included within the valuation of the investment. When a redemption premium is designed to protect the value of the instrument holder's investment rather than reflect a commercial rate of revenue return the redemption premium should be recognised as capital. The treatment of redemption premiums is analysed to consider if they are revenue or capital in nature on a company by company basis. A redemption premium of £61,000 was received for the year ended 30 September 2019.

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

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

Notes to the Financial Statements

2. Investments, performance and shareholder returns (continued)

2.5 Income (continued)

	Year ended 30 September 2019			Year ended 30 September 2018		
	Quoted securities £'000	**Unquoted securities £'000**	**Total £'000**	Quoted securities £'000	Unquoted securities £'000	Total £'000
Income from investments†						
Dividend income	**942**	**69**	**1,011**	1,042	–	1,042
Interest income	**176**	**1,418**	**1,594**	116	3,606	3,722
Redemption premium	**–**	**60**	**60**	–	332	332
	1,118	**1,547**	**2,665**	1,158	3,938	5,096
Other income‡						
Deposit interest			**–**			8
Total income			**2,665**			5,104

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

‡ Other income on financial assets not included at fair value through profit or loss.

2.6 Investment management fee and other expenses

All expenses are recorded on an accruals basis.

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

	Year ended 30 September 2019			Year ended 30 September 2018		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**735**	**2,204**	**2,939**	833	2,500	3,333
Performance fee	**–**	**–**	**–**	–	548	548
	735	**2,204**	**2,939**	833	3,048	3,881

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

The Manager, Gresham House Asset Management Ltd, receives a fee of 2 per cent per annum of the net assets of the Company, calculated and payable on a quarterly basis. The collective investment vehicles, Micro Cap and Multi Cap, are also managed by Gresham House. Arrangements are in place to avoid the double charging of fees.

The Manager is entitled to a performance fee if at the end of any calculation period, the total return on shareholders' funds exceeds the threshold of the higher of 4 per cent or base rate plus 2 per cent on shareholders' funds (calculated on a compound basis). The Manager is entitled to 10 per cent of the excess. The amount of any performance fee which is paid in respect of a calculation period shall be capped at 5 per cent of shareholders' funds at the end of the period.

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

2. Investments, performance and shareholder returns (continued)

2.6 Investment management fee and other expenses (continued)

Other expenses

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Directors' fees	**109**	105
Secretarial and accounting fees paid to the Manager	**152**	147
Remuneration of the auditors and their associates:		
– audit	**28**	27
– other services supplied pursuant to legislation (interim review)	**7**	5
Merger costs*	**–**	8
Other	**301**	298
	597	590

* In the year ended 30 September 2018, further merger costs were subsequently paid.

Information on directors' remuneration is given in the directors' emoluments table on page 36.

Charges for other services provided by the auditors in the year ended 30 September 2019 were in relation to the interim review. The Audit Committee reviews the nature and extent of non-audit services to ensure that independence is maintained. The Directors consider that the auditors were best placed to provide such services.

2.7 Debtors

	As at 30 September 2019 £'000	As at 30 September 2018 £'000
Prepayments and accrued income	**140**	231
Amounts due from brokers	**36**	–
	176	231

2.8 Creditors (amounts falling due within one year)

	As at 30 September 2019 £'000	As at 30 September 2018 £'000
Management, performance, secretarial and accounting fees due to the Manager	**797**	1,469
Amounts due to brokers	**716**	–
Other creditors	**101**	123
	1,614	1,592

Notes to the Financial Statements

2. Investments, performance and shareholder returns (continued)

2.9 Tax

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

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

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

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

	Year ended 30 September 2019			Year ended 30 September 2018		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Profit/(loss) before taxation	**1,333**	**(18,385)**	**(17,052)**	3,681	7,877	11,558
Corporation tax at 19.0 per cent (2018: 19.0 per cent)	**253**	**(3,493)**	**(3,240)**	699	1,497	2,196
Effect of:						
Non-taxable gains	**–**	**3,074**	**3,074**	–	(2,076)	(2,076)
Non-taxable dividend income	**(192)**	**–**	**(192)**	(198)	–	(198)
Non-deductible expenses	**–**	**–**	**–**	2	–	2
Losses carried forward	**–**	**358**	**358**	(173)	249	76
Tax charge/(credit) for the year	**61**	**(61)**	**–**	330	(330)	–

At 30 September 2019 the Company had surplus management expenses of £12,271,403 (2018: £10,411,258) which have not been recognised as a deferred tax asset. This is because the Company is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, the Company is unlikely to be able to reduce future tax liabilities through the use of existing surplus expenses. Due to the Company's status as a VCT, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

3. Other Required Disclosures

3.1 Called-up share capital

Allotted, called-up and fully paid:

Ordinary shares	£'000
206,285,223 ordinary shares of 10p each listed at 30 September 2018	20,628
14,248,452 ordinary shares of 10p each issued during the year	1,425
220,533,675 ordinary shares of 10p each listed at 30 September 2019	**22,053**
14,438,819 ordinary shares of 10p each held in treasury at 30 September 2018	(1,443)
5,534,163 ordinary shares of 10p each repurchased during the year and held in treasury	(553)
725,000 ordinary shares of 10p each sold from treasury during the year	72
19,247,982 ordinary shares of 10p each held in treasury at 30 September 2019	**(1,924)**
201,285,693 ordinary shares of 10p each in circulation* at 30 September 2019	**20,129**

* Carrying one vote each.

The 14,248,452 ordinary shares were issued at an average price of 84.2p.

During the year the Company bought back 5,534,163 ordinary shares and sold from treasury 725,000 shares, representing 2.18 per cent of the ordinary shares in issue at the beginning of the financial year.

Treasury shares

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

Shareholders have authorised the Board to sell treasury shares at a discount to the prevailing NAV subject to the following conditions:

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

Notes to the Financial Statements

3. Other Required Disclosures (continued)

3.2 Reserves

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

	Distributable reserves			Non-distributable reserves		
	Capital reserve £'000	Revenue reserve £'000	Total £'000	Share premium £'000	Revaluation reserve* £'000	Total £'000
At 1 October 2018	83,004	3,406	86,410	18,154	50,283	68,437
Gross proceeds of share issues	–	–	–	10,573	–	10,573
Purchase of shares for treasury	(4,294)	–	(4,294)	–	–	–
Sale of shares from treasury	532		532	–	–	–
Expenses of share issue and buybacks	(21)	–	(21)	(330)	–	(330)
Reallocation of prior year unrealised gains/losses	4,806	–	4,806	–	(4,806)	(4,806)
Realised gain on disposal of investments#	2,387	–	2,387	–	–	–
Net decrease in value of investments#	–	–	–	–	(18,568)	(18,568)
Management fee charged to capital#	(2,204)	–	(2,204)	–	–	–
Taxation relief from capital expenses#	61	–	61	–	–	–
Profit after taxation#	–	1,272	1,272	–	–	–
Dividends paid in the year	(11,870)	(3,369)	(15,239)	–	–	–
At 30 September 2019	**72,401**	**1,309**	**73,710**	**28,397**	**26,909**	**55,306**

The total of these items is £(17,052), which agrees to the total loss for the year.

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

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

Share premium is recognised net of issue costs.

The Company does not have any externally imposed capital requirements.

3.3 Financial instruments risks

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

3. Other Required Disclosures (continued)

3.3 Financial instruments risks (continued)

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

Market risk

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

Price Risk

The investment portfolio is managed in accordance with the policies and procedures described on pages 18 to 22 of the Strategic Report.

Investments in unquoted companies, by their nature, usually involve a higher degree of risk than investments in companies quoted on a recognised stock exchange. The Company aims to mitigate these risks by diversifying the portfolio across business sectors and asset classes.

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

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

Valuation methodology includes the application of earnings multiples derived from either listed companies with similar characteristics or recent comparable transactions. Therefore the value of the unquoted element of the portfolio may also indirectly be affected by price movements on the listed exchanges.

Price Sensitivity

The fair valuation of unquoted investments is influenced by the estimates, assumptions and judgements made in the fair valuation process (see 2.3 on pages 50 and 51). A sensitivity analysis is provided below which recognises that the valuation methodologies employed involve different levels of subjectivity in their inputs. The sensitivity analysis below applied a wider range of input variable sensitivity to the earnings multiple method due to the increased subjectivity involved in the use of this method compared to the rebased cost method, which refers to the price of a recent investment.

Security	Valuation basis	Key variable inputs	Fair Value £'000	Sensitivity %	Impact £'000	Impact % of Net Assets
Unquoted	Rebased cost	Latest funding round price	14,549	+/–10	1,455	+/–1.0
	Earnings Multiple	Estimated sustainable earnings Selection of comparable companies Application of illiquidity discount Probability estimation of Liquidation event*	27,132	+/–20	5,426	+/–3.6
	Offer less 10%	Current offer price received for sale Discount applied to offer	–	+/–10	–	–
Quoted AIM & CIV	Latest share price	N/A**	54,241	+/–10%	5,424	+/–3.6

* A liquidation event is typically a company sale or an initial public offering (IPO).
**Latest share price is set by the market.

3. Other Required Disclosures (continued)

3.3 Financial instruments risks (continued)

Interest rate risk

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

	As at 30 September 2019			As at 30 September 2018		
	Total investment £'000	**Weighted average interest rate %**	**Weighted average time for which rate is fixed Years**	Total investment £'000	Weighted average interest rate %	Weighted average time for which rate is fixed Years
Fixed rate loan note securities	**20,691**	**8.79**	**2.91**	24,804	9.39	2.09
Floating rate sterling liquidity funds	**18,140**	**–**	**–**	29,020	–	–
Cash at bank and on deposit	**9,792**	**–**	**–**	1,090	–	–
	48,623			54,914		

Movements in interest rates would not significantly affect net assets attributable to the Company's shareholders and total profits, due to interest rate income received from floating rate notes being less than 1 per cent of the total investments.

Credit risk

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

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

	As at 30 September 2019 £'000	As at 30 September 2018 £'000
Cash at bank and on deposit	**9,792**	1,090
Interest, dividends and other receivables	**176**	231
	9,968	1,321

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

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved and the high credit quality of the brokers used. The Board monitors the quality of service provided by the brokers used to further mitigate this risk.

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

3. Other Required Disclosures (continued)

3.3 Financial instruments risks (continued)

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

There were no significant concentrations of credit risk to counterparties at 30 September 2019 or 30 September 2018. No individual investment exceeded 5.3 per cent of the net assets attributable to the Company's shareholders at 30 September 2019 (2018: 4.8 per cent).

Liquidity risk

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

The Company's liquidity risk is managed on an ongoing basis by the Investment Manager. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 30 September 2019 these investments were valued at £27,930,000 (2018: £30,110,000).

3.4 Investments in Associates

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

Name	Location	Class of Shares held	% of Equity	Profit (£m)	Net Assets (£m)	Results for year ended
Happy Days Consultancy	UK	A Ordinary	25.7	(1.9)	(8.2)	31 December 2018

3.5 Related parties

Related party transactions include Management, Secretarial, Accounting and Performance fees payable to the Manager, Gresham House Asset Management Ltd, as disclosed in notes 2.6 and 2.8, and fees paid to the Directors along with their shareholdings as disclosed in the Directors' Remuneration Report. In addition, the Manager operates a VCT Incentive Scheme, detailed in the Management retention section of the Strategic Report on page 20, whereby members and staff of the Manager are entitled to participate in all eligible unquoted investments alongside the Company.

During October and November 2018, Livingbridge VC LLP received £Nil (2018: £14,000) advisory fees, £55,000 (2018: £292,000) directors' fees for services provided to companies in the investment portfolio and incurred abort costs of £42,000 (2018: £34,000) with respect to investments attributable to BVT.

For the remainder of the year, Gresham House Asset Management Ltd received £107,000 (2018: £Nil) advisory fees, £206,000 (2018: £Nil) directors' fees for services provided to companies in the investment portfolio and incurred abort costs of £23,000 (2018: £Nil) with respect to investments attributable to BVT.

A related party relationship exists between Baronsmead Venture Trust and Happy Days Consultancy, owing to the significant influence held over the operations of the company. As at 30 September 2019, the loan balance stood at £5,027,000, including £1,950,000 of capitalised interest.

3. Other Required Disclosures (continued)

3.5 Related parties (continued)

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

3.6 Segmental reporting

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

3.7 Post balance sheet events

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

- 14 million shares were issued on 21 November 2019 at an allotment price of 76.8p under the current offer
- Three full realisations: CR7 Services, realising proceeds of £Nil and making a return of 0.0x cost; Brady, realising proceeds of £0.01 million and making a return of 0.0x cost; and APC Technology Group, realising proceeds of £0.02 million and making a return of 0.3x cost
- Two partial realisations: STM Group, realising proceeds of £0.1 million and making a return of 0.9x cost; and Ideagen, realising proceeds of £1.9 million and making a return of 4.9x cost
- One new investment, Funding Xchange, and two follow on investments, Storyshare Holdings & Tribe, completed totalling £1.1 million
- Purchased 188,915 Ordinary Shares of 10p at a price of 72.25p per share to be held in Treasury.

Investment policy

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

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

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

Investment securities

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

Liquidity

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

Investment style

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

Co-investment

The Company typically invests alongside Baronsmead Second Venture Trust plc in companies sourced by Gresham House.

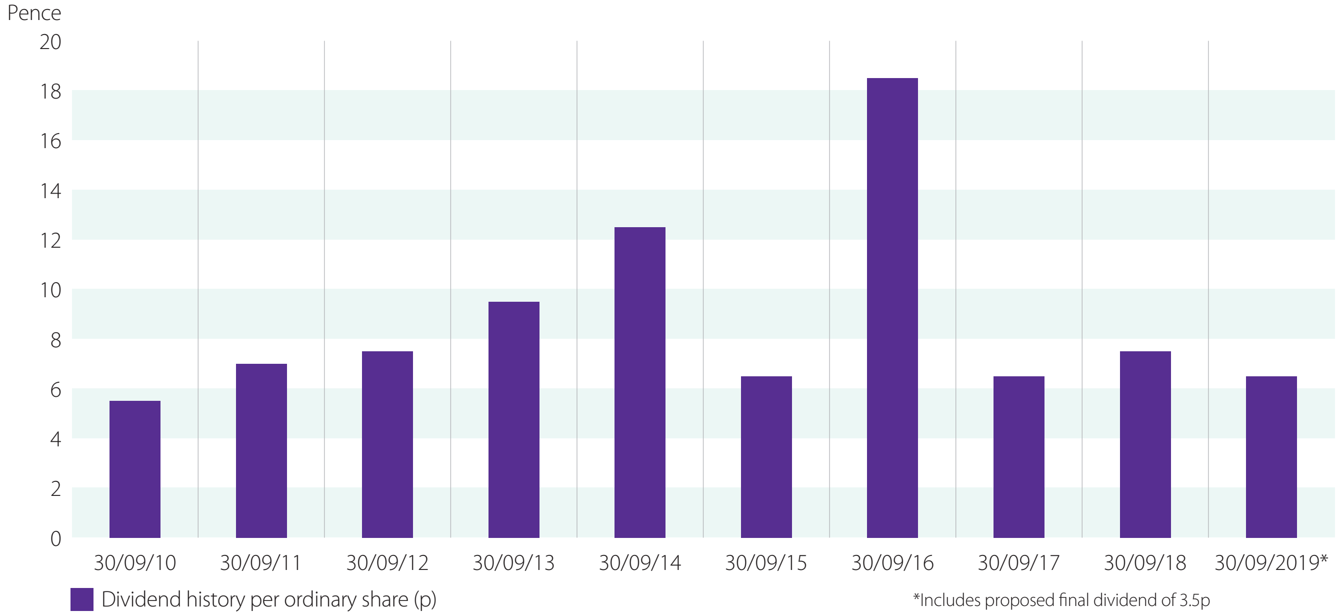
The Manager's members and staff invest in unquoted investments alongside the Company. This scheme is in line with current practice of private equity houses and its objective is to attract, recruit, retain and incentivise the Manager's team and is made on terms which align the interests of shareholders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

Borrowing powers

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

Appendices

Ten Year Dividend History



Source: Gresham House Asset Management Ltd

Dividends Paid Since Launch

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

* Includes proposed final dividend of 3.5p. Estimated revenue and capital split based on number of shares at 30 September 2019..

Performance Record Since Launch

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

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

Cash Returned to Shareholders Since Launch

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

Year subscribed	Cash invested (p)	Income tax reclaim (p)	Net cash invested (p)	Cumulative dividends paid# (p)	Return on cash invested (%)
1998 (April)	100.0	20.0	80.0	160.9	180.9
1999 (May)	102.0	20.4	81.6	157.4	174.3
2000 (February)	137.0	27.4	109.6	154.2	132.6
2000 (March)	130.0	26.0	104.0	154.2	138.6
2004 (October) – C Shares*	100.0	40.0	60.0	110.1	150.1
2009 (April)	91.6	27.5	64.1	93.0	131.5
2012 (December)	111.8	33.5	78.3	67.5	90.4
2014 (March)	103.8	31.1	72.7	50.0	78.2
2016 (February)	102.8	30.8	72.0	35.5	64.5
2017 (October)	94.8	28.4	66.4	17.5	48.5
2019 (February)	84.2	25.3	58.9	11.0	43.1

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

Appendices

Full Investment Portfolio

Company	Sector	Original Book cost† £'000	Accounting Book cost† £'000	**30 September 2019 Valuation £'000**	30 September 2018 Valuation £'000	% of net assets	% of Equity held by Baronsmead Venture Trust plc	% of Equity held by all funds#
Unquoted								
Carousel Logistics Ltd	Business Services	1,910	2,287	**8,028**	4,851	5.3	12.0	26.7
Happy Days Consultancy Ltd	Healthcare & Education	3,420	3,591	**5,027**	5,084	3.3	25.7	57.2
Glide Ltd	TMT	2,500	2,731	**4,892**	3,750	3.2	4.0	8.1
Pho Holdings Ltd	Consumer Markets	1,982	2,579	**4,411**	4,134	2.9	12.9	28.6
Ten10 Group Ltd	Business Services	1,908	2,137	**3,424**	2,761	2.3	9.3	20.8
Custom Materials Ltd (trading as Moteefe)	TMT	1,598	1,598	**2,998**	862	2.0	7.2	16.1
IWP Holdings Ltd	Business Services	1,407	1,407	**1,407**	–	0.9	3.7	9.0
SilkFred Ltd	Consumer Markets	790	790	**1,297**	708	0.9	2.3	5.0
Vinoteca Ltd	Consumer Markets	934	934	**934**	–	0.6	5.9	14.3
Your Welcome Ltd	TMT	915	914	**914**	327	0.6	7.4	15.6
Armstrong Craven Ltd	Business Services	740	1,151	**795**	3,337	0.5	19.6	43.7
TravelLocal Ltd	Consumer Markets	705	705	**705**	–	0.5	3.9	9.5
CISIV Ltd	TMT	700	700	**700**	–	0.5	8.2	17.5
Rockfish Group Ltd	Consumer Markets	700	700	**700**	–	0.5	5.8	12.5
SecureCloud+ Ltd	TMT	700	700	**700**	700	0.5	7.8	16.6
Tribe Digital Holdings Ltd	TMT	699	699	**699**	–	0.5	3.1	6.7
CMME Group Ltd	Consumer Markets	931	931	**555**	1,943	0.4	6.2	13.9
Storyshare Holdings Ltd	TMT	536	536	**536**	–	0.3	16.3	34.9
Samuel Knight International Ltd	Business Services	705	705	**528**	–	0.4	6.2	15.0
Rainbird Technologies Ltd	TMT	700	700	**525**	–	0.3	3.6	7.8
Equipsme (Holdings) Ltd	Business Services	513	513	**513**	373	0.3	5.3	11.2
Yappy Ltd	Consumer Markets	470	470	**470**	–	0.3	6.9	16.7
Pointr Ltd	TMT	466	466	**466**	466	0.3	2.5	5.3
Key Travel Ltd	Business Services	208	209	**234**	215	0.2	0.0	0.0
Munnypot Ltd	TMT	223	223	**223**	223	0.1	1.2	2.7
CR7 Services Ltd	TMT	1,808	1,808	**0**	1,887	0.0	1.5	3.4
InterQuest Group plc	Business Services	620	754	**0**	0	0.0	2.2	4.3
Labrador Ltd	TMT	233	233	**0**	233	0.0	2.8	6.0
Total unquoted		**29,021**	**31,171**	**41,681**		**27.6**		
AIM								
Ideagen plc	TMT	1,350	1,841	**7,323**	7,975	4.8	2.3	5.0
Bioventix plc	Healthcare & Education	320	846	**4,514**	5,417	3.0	2.4	5.3
Cerillion plc	TMT	1,800	1,800	**4,074**	3,837	2.7	8.0	17.8
Inspired Energy plc	Business Services	574	1,542	**2,755**	3,832	1.8	2.6	6.4
Netcall plc	TMT	1,738	3,246	**2,674**	6,190	1.8	6.9	17.2
CloudCall Group plc	TMT	2,135	2,052	**2,272**	1,387	1.5	5.9	13.0
IDOX plc	TMT	614	614	**2,030**	2,274	1.3	1.5	3.9
Synnocia plc (formerly Plastics Capital plc)	Business Services	1,586	1,486	**1,942**	1,751	1.3	1.1	10.6
Dods (Group) plc	TMT	2,022	2,545	**1,771**	2,861	1.2	4.9	12.3
Everyman Media Group plc	Consumer Markets	782	825	**1,717**	2,113	1.1	1.3	2.9
Diaceutics plc	Healthcare & Education	1,410	1,410	**1,688**	–	1.1	2.7	5.7
Entertainment AI plc	TMT	1,410	1,410	**1,567**	–	1.0	6.3	13.3
Anpario plc	Healthcare & Education	304	768	**1,408**	2,111	0.9	1.9	6.0
Wey Education plc	Healthcare & Education	428	458	**1,282**	1,710	0.9	9.0	19.9
IXICO plc	Healthcare & Education	675	675	**1,205**	627	0.8	5.1	11.4
Vianet Group plc	Business Services	1,292	1,144	**1,191**	1,139	0.8	3.6	9.5
CentralNic Group plc	TMT	918	1,048	**1,130**	1,201	0.8	1.3	2.9
Driver Group plc	Business Services	1,126	1,306	**1,092**	1,703	0.7	4.2	9.8
Property Franchise Group plc	Consumer Markets	686	806	**1,084**	960	0.7	2.1	5.9
Begbies Traynor Group plc	Business Services	433	474	**857**	797	0.6	0.9	1.8

Full Investment Portfolio (continued)

Company	Sector	Original Book cost† £'000	Accounting Book cost† £'000	**30 September 2019 Valuation £'000**	30 September 2018 Valuation £'000	% of net assets	% of Equity held by Baronsmead Venture Trust plc	% of Equity held by all funds#
AIM (continued)								
SysGroup plc	TMT	1,292	1,310	**767**	891	0.5	4.1	9.3
Access Intelligence plc	Business Services	586	586	**762**	763	0.5	2.3	5.2
Eden Research plc	Business Services	900	900	**724**	922	0.5	4.2	9.4
Staffline Group plc	Business Services	174	4,614	**724**	8,329	0.5	0.4	1.0
Castleton Technology plc	TMT	202	410	**695**	771	0.5	0.9	2.1
Rosslyn Data Technologies plc	TMT	431	431	**689**	814	0.5	2.7	11.0
The Panoply Holdings plc	TMT	585	585	**672**	–	0.4	1.9	3.4
Belvoir Lettings plc	Consumer Markets	752	671	**652**	646	0.4	1.8	3.9
Beeks Financial Cloud Group plc	TMT	337	337	**580**	851	0.4	1.3	2.9
Fusion Antibodies plc	Healthcare & Education	450	450	**357**	373	0.2	2.5	5.5
Open Orphan plc (formerly Venn Life Sciences Holdings plc)	Healthcare & Education	1,224	1,289	**353**	280	0.2	2.3	5.1
Scholium Group plc	Consumer Markets	900	626	**333**	405	0.2	5.0	14.7
Gama Aviation plc	Business Services	776	1,002	**320**	848	0.2	0.7	1.7
Collagen Solutions plc	Healthcare & Education	450	451	**316**	250	0.2	2.0	4.5
Synectics plc	Business Services	518	404	**294**	391	0.2	0.7	2.1
LoopUp Group plc	TMT	504	504	**277**	1,966	0.2	0.9	2.0
Science In Sport plc	Consumer Markets	288	263	**253**	350	0.2	6.6	0.9
PCI-PAL plc	TMT	405	405	**234**	225	0.2	1.6	4.7
KRM22 plc	TMT	450	450	**225**	486	0.2	2.4	5.2
Gresham House plc*	Business Services	112	116	**223**	187	0.2	0.1	0.3
MXC Capital Ltd	Business Services	226	266	**180**	117	0.1	0.3	0.6
I-nexus Global plc	TMT	563	562	**178**	505	0.1	2.4	5.4
STM Group plc	Business Services	199	193	**174**	438	0.1	1.0	2.2
Fulcrum Utility Services Ltd	Business Services	102	100	**112**	273	0.1	0.2	1.8
One Media iP Group plc	TMT	226	179	**100**	133	0.1	1.6	3.6
Tasty plc	Consumer Markets	1,188	2,832	**86**	375	0.1	4.2	5.4
Zoo Digital Group plc	TMT	788	442	**79**	122	0.1	0.1	0.3
Hawkwing plc (formerly TLA Worldwide plc)	Business Services	1,466	2,315	**73**	436	0.0	5.1	12.5
Adept4 plc	TMT	438	338	**67**	45	0.0	1.2	2.6
Brady plc	TMT	352	342	**54**	393	0.0	0.7	2.0
Mi-Pay Group plc	Business Services	800	474	**42**	61	0.0	1.4	2.8
Totally plc	Healthcare & Education	70	170	**36**	93	0.0	0.2	0.5
APC Technology Group plc	Business Services	1,864	942	**21**	16	0.0	0.1	0.3
AorTech International plc	Healthcare & Education	509	289	**13**	21	0.0	0.2	0.2
Total AIM		**41,730**	**51,544**	**54,241**		**35.9**		
Collective investment vehicle								
LF Gresham House UK Micro Cap Fund		7,050	12,451	**25,845**	27,742	17.1		
BlackRock Sterling Liquidity Fund		9,070	9,070	**9,070**	14,510	6.0		
JPMorgan Sterling Liquidity Fund		9,070	9,070	**9,070**	14,510	6.0		
LF Gresham House UK Multi Cap Fund		2,500	2,500	**2,808**	2,787	1.9		
Total collective investment vehicle		**27,690**	**33,091**	**46,793**		**31.0**		
Total investments		**98,441**	**115,806**	**142,715**		**94.5**		
Net current assets				**8,354**		**5.5**		
Net assets				**151,069**		**100.0**		

† The original book cost column provides the combined cost of investments made by BVCT & BVCT2 prior to the merger of the two VCTs to become BVT. This is included for information purposes for shareholders reviewing the portfolio.
The accounting cost column ties into the investment note on page 52 of these accounts. For investments owned before the assets of BVCT were acquired by BVCT 2 the accounting book cost is the sum of the original cost of the investment held in BVCT 2 and the market value of the investment in BVCT at the date of the merger.

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

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

Glossary

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

NAV total return reconciliation	Q1	Q2	Q3	Q4
Opening NAV Total return (p)	423.7	381.3	392.3	391.7
NAV movement (p)	(10.3)	(2.6)	(0.0)	(6.2)
Dividend (p)	0.0	5.5	0.0	3.8
Total return (p)	(10.3)	2.9	(0.0)	(2.4)
Change in NAV Total return (p)	(42.4)	11.0	(0.6)	(9.3)
Closing NAV Total return (p)	381.3	392.3	391.7	382.4

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

Shareholder Information and Contact Details

Warning to Shareholders

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

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

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

Shareholder Account Queries

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

- Change of address
- Latest share price
- Your current 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:

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

Shareholder Information and Contact Details

Share Price

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

Calendar

26 February 2020 Annual General Meeting

May 2020 Announcement and posting of interim report for the six months to 31 March 2020

November 2020 Announcement and posting of final results for year to 30 September 2020

Additional Information

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

Baronsmead Venture Trust plc is managed by Gresham House Asset Management Ltd which is authorised and regulated by the FCA. Past performance is not necessarily a guide to future performance. Stockmarkets 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 Venture Trust plc

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

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

Panmure Gordon	020 7886 2500
Winterflood	020 3400 0251

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

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

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

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

Corporate Information

Directors
Peter Lawrence (Chairman)
Valerie Marshall△
Les Gabb*
Susannah Nicklin†

Secretary
Gresham House Asset Management Ltd

Registered Office
5 New Street Square
London EC4A 3TW

Investment Manager
Gresham House Asset Management Ltd
5 New Street Square
London EC4 3TW

Registered Number
03504214

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

Registrars and Transfer Office
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Tel: 0800 923 1533

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

Auditor
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