

BARONSMEAD

Baronsmead Venture Trust plc

2018

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



About Baronsmead Venture Trust plc

Our Investment Objective

Baronsmead Venture Trust 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

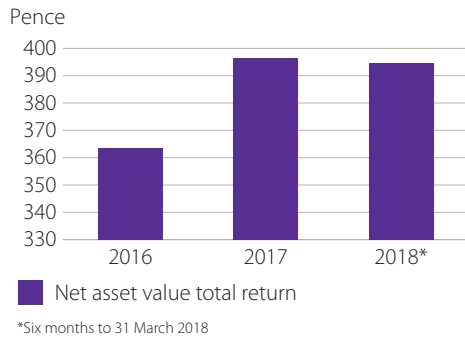
The Board of Baronsmead Venture Trust aims to sustain a minimum annual dividend level at an average of 6.5p per ordinary share, mindful of the need to maintain net asset value. The ability to meet these twin objectives depends significantly on the level and timing of profitable realisations and cannot be guaranteed. There will be variations in the amount of dividends paid year on 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 requirements and in a way that treats all shareholders equally.

- **Fund raising** | From time to time the Company seeks to raise additional funds by issuing new shares at a premium to the latest published net asset value to account for issue costs. This enables shareholders seeking additional investments to do so with taxation relief.
- **Dividend Reinvestment Plan** | The Company offers a Dividend Reinvestment Plan which enables shareholders to purchase additional shares through the market in lieu of cash dividends. Approximately 770,000 shares were bought in this way during the six months to 31 March 2018.
- **Buy back of shares** | From time to time the Company buys its own shares through the market in accordance with its share price discount policy. Subject to certain conditions, the Company seeks to maintain a mid market share price discount of approximately 5 per cent. to net asset value.
- **Secondary market** | The Company's shares are listed on the London Stock Exchange and can be bought or sold by shareholders using a stockbroker or authorised share dealing service in the same way as shares of any other listed company. Approximately 505,000 shares were bought by investors in the Company's existing shares in the six months to 31 March 2018.

Financial Headlines



NAV total return

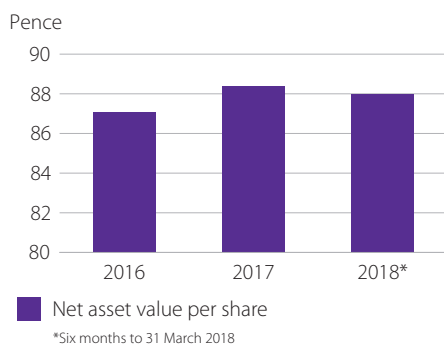
NAV total return to shareholders for every 100.0p invested at launch.

394.7p

£21m

Funds raised

£21m raised in the period (before costs).



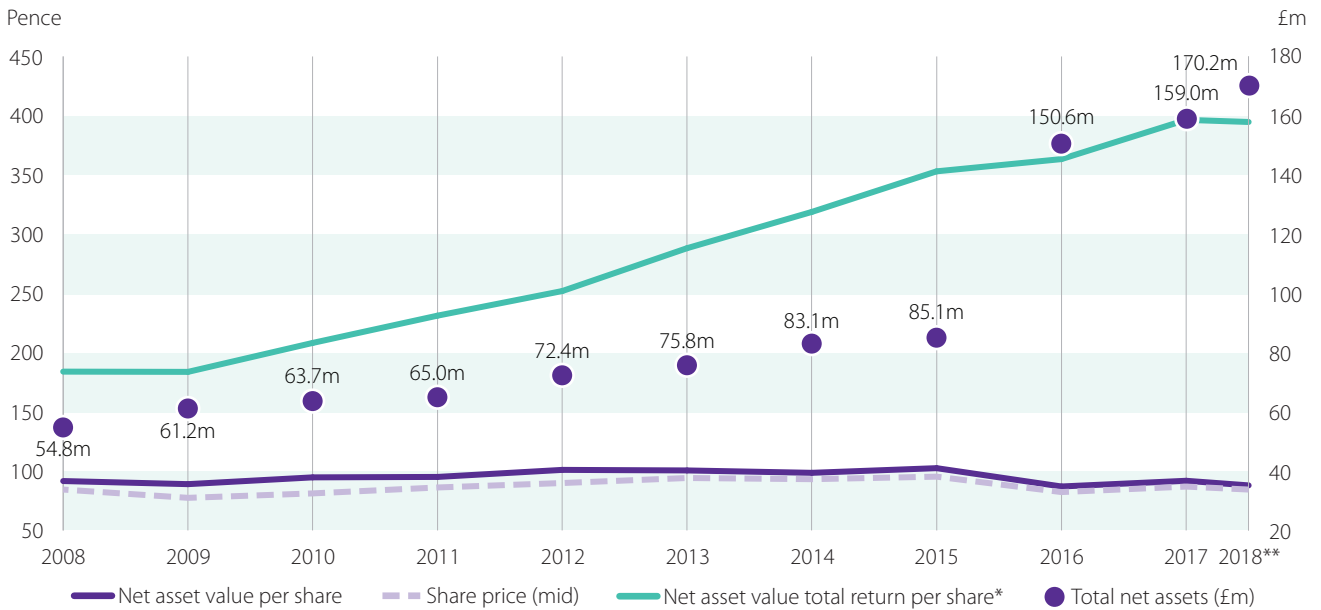
Net asset value per share

Net asset value ("NAV") per share decreased 0.4 per cent to 88.01p in the six months to 31 March 2018.

(0.4)%

Performance Summary

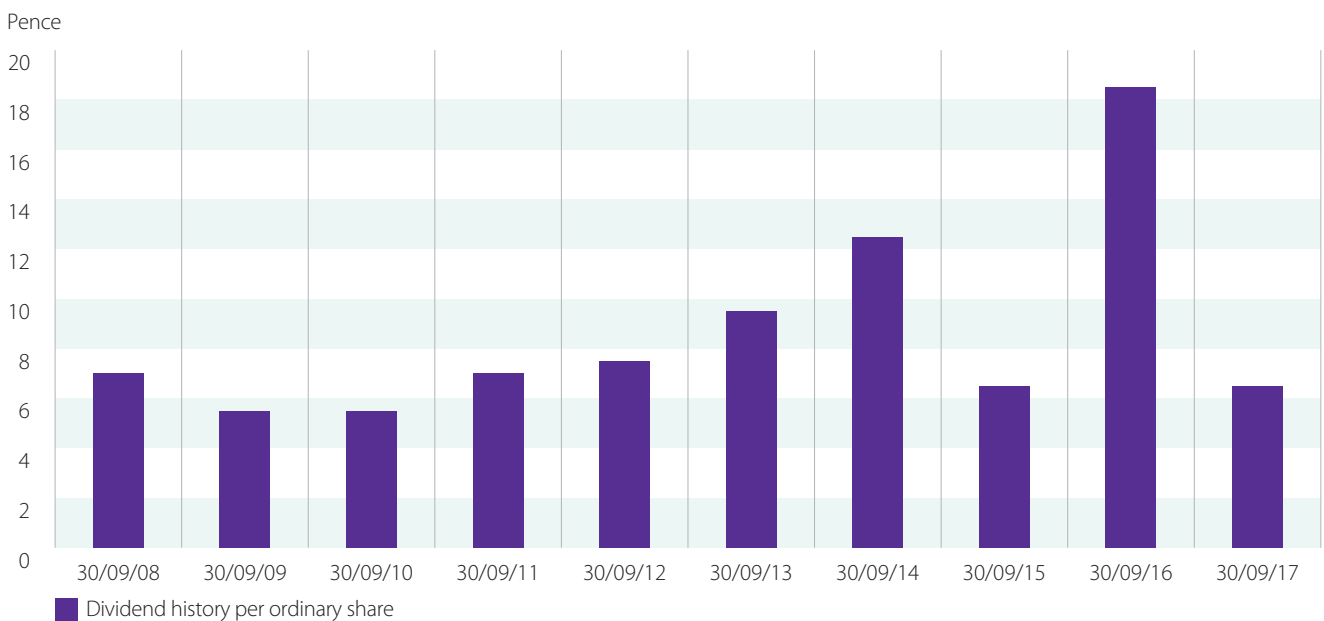
Net Asset Value in the last ten years



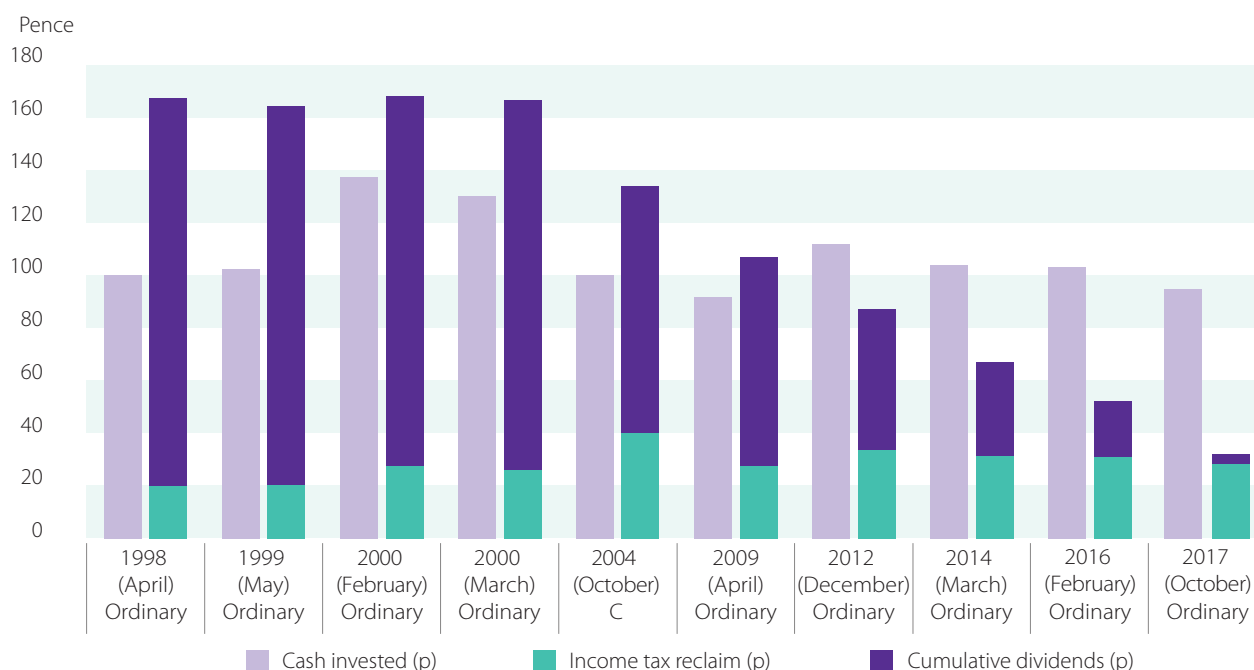
* Net asset value total return (gross dividends reinvested) rebased to 100p.
 ** Six months to 31 March 2018.

Source: Livingbridge VC LLP

Dividend History in the last ten years



Cash returned to shareholders by date of investment



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

Year subscribed	Cash invested (p)	Income tax reclaim (p)	Net cash invested (p)	Cumulative dividends paid (p)	Return on cash invested (%)
1998 (April)	100.0	20.0	80.0	146.9	166.9
1999 (May)	102.0	20.4	81.6	143.4	160.6
2000 (February)	137.0	27.4	109.6	140.2	122.3
2000 (March)	130.0	26.0	104.0	140.2	127.9
2004 (October) – C shares*	100.0	40.0	60.0	96.6	136.6
2009 (April)	91.6	27.5	64.1	79.0	116.2
2012 (December)	111.8	33.5	78.3	53.5	77.9
2014 (March)	103.8	31.1	72.7	36.0	64.7
2016 (February)	102.8	30.8	72.0	21.5	50.9
2017 (October)	94.8	28.4	66.4	3.5	33.7

* Share dividend calculated using conversion ratio of 0.9657, which is the rate the C shares were converted into ordinary shares.

Chairman's Statement



Peter Lawrence

Chairman

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

During the period, the Company successfully raised £21m (before costs) through an offer for subscription which became fully subscribed on 3 November 2017.

Results

During the six months to 31 March 2018, the Company's NAV per share decreased 0.4 per cent from 88.4p to 88.0p after the payment of a final dividend of 3.5p per share on 2 March 2018.

	Pence per ordinary share
NAV as at 1 October 2017 (after deducting the final dividend of 3.5p)	88.4
Valuation decrease (0.4 per cent)	(0.4)
NAV as at 31 March 2018	88.0

The decrease in NAV of 0.4 per cent was primarily the result of a period of uncertainty in the quoted markets and a reduction in value of our unquoted holding in In the Style Fashion, which was offset by steady progress being made by most of the more mature unquoted investments.

Over the six months to 31 March 2018, our unquoted investments delivered an increase in their valuations of 2.0 per cent after allowing for provisions on some underperforming investments. There has been an increased period of weakness in quoted markets, particularly in the second half of the period under review and the value of our AIM-traded and other listed investments decreased by 2.5 per cent. However, our investment in LF Livingbridge UK Micro Cap Fund ("Micro Cap Fund"), increased by 4.5 per cent and our new investment, made in November 2017, in LF Livingbridge UK Multi Cap Income Fund ("Multi Cap Income Fund") increased by 1.3 per cent, demonstrating some resilience in this market.

Portfolio review

At 31 March 2018, the Company's investment portfolio was valued at £136m and comprised investments in 70 unquoted and AIM-traded companies. The Company's investments in the Micro Cap Fund and Multi Cap Income Fund provides investment exposure to an additional 55 AIM-traded and fully listed companies.

Investment and divestments

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

As I have discussed previously, the new VCT rules introduced in November 2015 and further amended in the Autumn Budget in 2017, have required the Investment Manager to adapt its investment strategy to focus on the provision of development capital to younger companies to enable them to grow their businesses organically rather than through acquisition.

The Manager, with the support of the Board, took time to consider how best to deploy funds into these earlier stage companies and, following the seven new investments made in the 2017 financial year, I am now pleased to report that the Company made three new investments totalling £1.2m and two follow-on investments totalling £0.7m in the six months to 31 March 2018. The new investments included PCI-PAL, a secure cloud payment solutions provider, Beeks Financial Cloud Group, a provider of specialist hosting and connectivity solutions to financial institutions and Fusion Antibodies, a specialist healthcare services provider. Follow on investments were made into SilkFred, a fast fashion e-tailer and CloudCall Group, a cloud based telephony platform.

During the period, a total of £13.1m was realised from the full and partial sale of both unquoted and quoted investments. Full realisations included one of our longest standing unquoted investments, Crew Clothing, a clothing brand specialising in active, outdoor and casual wear resulting in a return on cost of 2.3x and, Eque2, an unquoted investment which provides software to the construction industry at 3.0x cost. Regrettably, one quite recent unquoted investment, In the Style Fashion, has been fully provided for in the period.

Dividends

A final dividend of 3.5p per share was paid on 2 March 2018, having been approved at the AGM on 21 February 2018.

The Board aims to sustain a minimum annual dividend level at an average of 6.5p per ordinary share and going forward, the Board will wherever possible, seek to pay two dividends to shareholders in each calendar year. I must of course remind shareholders that the payment date and amount of future dividends depends significantly on the level and timing of profitable realisations and cannot be guaranteed and inevitably, there will be variations in the amounts and dates on which dividends are paid.

Fundraising

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

VCT legislation and policy review

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

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

Board succession

Christina McComb, who had been a non-executive director of Baronsmead VCT 2 since 2011, decided to retire from the Board in December last year in order to focus on her other business interests. We would like to thank Christina for her contribution to the Company and wish her all the best for the future.

I am delighted to welcome Susannah Nicklin to the Board. Susannah is a former non-executive director of Baronsmead VCT plc, with 20 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 is senior independent director of Pantheon International plc and a non-executive director of City of London Investment Group plc and Amati AIM VCT plc.

Outlook

While there are continued negotiations surrounding Brexit and ongoing political uncertainty, the UK economy has remained relatively resilient, although we have witnessed some declines in markets since the beginning of the year. Despite this, the Company's portfolio is diverse and continues to make steady progress.

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

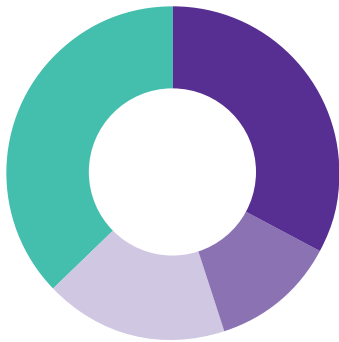
Peter Lawrence

Chairman

25 May 2018

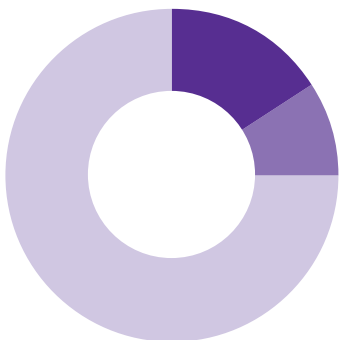
Investment Diversification at 31 March 2018

Sector by value



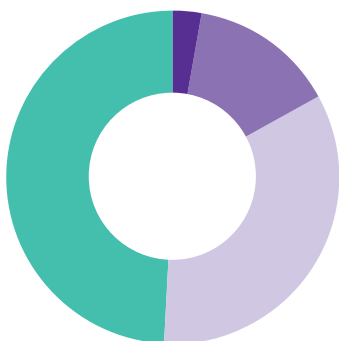
Business Services	33%
Consumer Markets	12%
Healthcare & Education	18%
Technology, Media & Telecommunications ("TMT")	37%

Total assets by value



Unquoted – loan stock	16%
Unquoted – equity	9%
AIM & collective investment vehicles	75%

Time investments held by value



Less than 1 year	3%
Between 1 and 3 years	14%
Between 3 and 5 years	34%
Greater than 5 years	49%

Investments in the period

Company	Location	Sector	Activity	Book cost £'000
Unquoted investments				
<i>Follow on</i>				
SilkFred Limited	London	Consumer Markets	Online fashion market place	225
Total unquoted investments				225
AIM-traded investments				
<i>New</i>				
Fusion Antibodies plc	Belfast	Healthcare & Education	Development of antibodies for both therapeutic and diagnostic applications	450
PCI-PAL plc	London	TMT*	Secure payment services provider	405
Beeks Financial Cloud Group plc	Renfrewshire	TMT*	Cloud hosting services for the financial trading sector	337
<i>Follow on</i>				
CloudCall Group plc	Leicestershire	TMT*	Cloud based telephony platform	450
Total AIM-traded investments				1,642
Total investments in the year				1,867

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

Realisations in the period

Company		First investment date	Proceeds‡ £'000	Overall multiple return*
Unquoted realisations				
Crew Clothing Holdings Limited	Trade sale	Nov 06	5,362	2.3
Eque2 Limited	Trade sale	Apr 13	4,197	3.0
Kirona Limited	Partial loan repayment	Dec 14	983	1.2
Xention Pharma Limited	Write off	Jul 05	0	0.0
Total unquoted realisations			10,542	
AIM-traded realisations				
EG Solutions plc	Scheme of arrangement	May 05	2,155	1.5
Plant Impact plc	Scheme of arrangement	Feb 15	403	0.3
Ubisense Group plc	Market sale	Jun 11	19	0.2
Total AIM-traded realisations			2,577	
Total realisations in the year			13,119†	

‡ 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 £7,000 was received in respect of Kingsbridge Risk Solutions which had been sold in a prior period.

Independent Review Report to Baronsmead Venture Trust plc

Conclusion

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

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

Scope of review

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

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

Directors' responsibilities

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

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

Our responsibility

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

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

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

John Waterson for and on behalf of KPMG LLP

Chartered Accountants

Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

25 May 2018

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

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

We confirm that to the best of our knowledge:

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

On behalf of the Board

Peter Lawrence
Chairman

25 May 2018

Condensed Income Statement (unaudited)

For the six months to 31 March 2018

Notes	Six months to 31 March 2018			Six months to 31 March 2017			Year to 30 September 2017			
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
Unrealised (losses)/gains on movement in fair value of investments	7	-	(12)	(12)	-	8,161	8,161	-	15,108	15,108
Realised (losses)/gains on disposal of investments	7	-	(2,542)	(2,542)	-	64	64	-	134	134
Income		3,699	-	3,699	1,037	-	1,037	2,569	-	2,569
Investment management fee and performance fee		(410)	(1,230)	(1,640)	(370)	(1,370)	(1,740)	(750)	(2,955)	(3,705)
Other expenses		(338)	-	(338)	(284)	-	(284)	(501)	-	(501)
Profit/(loss) before taxation		2,951	(3,784)	(833)	383	6,855	7,238	1,318	12,287	13,605
Taxation		(291)	291	-	-	-	-	-	-	-
Profit/(loss) for the period, being total comprehensive income for the period		2,660	(3,493)	(833)	383	6,855	7,238	1,318	12,287	13,605
Return per ordinary share:										
Basic and Diluted	2	1.39p	(1.83p)	(0.44p)	0.22p	3.96p	4.18p	0.76p	7.08p	7.84p

All items in the above statement derive from continuing operations.

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

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

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

Condensed Statement of Changes in Equity (unaudited)

Baronsmead Venture Trust plc

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

For the six months to 31 March 2018

	Notes	Non-distributable reserves			Distributable Reserves		Total £'000
		Called-up share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital reserve £'000	Revenue reserve £'000	
At 1 October 2017		18,412	–	41,352	97,963	1,275	159,002
Share premium cancellation costs		–	–	–	2	–	2
(Loss)/profit after taxation		–	–	(3,317)	(176)	2,660	(833)
Net proceeds of share issue & share buybacks	4	2,216	18,154	–	(1,533)	–	18,837
Dividends paid	6	–	–	–	(5,864)	(932)	(6,796)
At 31 March 2018		20,628	18,154	38,035	90,392	3,003	170,212

	Notes	Non-distributable reserves			Distributable Reserves		Total £'000
		Called-up share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital reserve £'000	Revenue reserve £'000	
At 1 October 2016		18,412	96,515	25,238	10,089	304	150,558
Profit/(loss) after taxation		–	–	8,196	(1,341)	383	7,238
Net proceeds of sale of shares from treasury	4	–	–	–	1,033	–	1,033
Dividends paid	6	–	–	–	(4,862)	(347)	(5,209)
At 31 March 2017		18,412	96,515	33,434	4,919	340	153,620

	Notes	Non-distributable reserves			Distributable Reserves		Total £'000
		Called-up share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital reserve £'000	Revenue reserve £'000	
At 1 October 2016		18,412	96,515	25,238	10,089	304	150,558
Cancellation of share premium		–	(96,515)	–	96,515	–	–
Share premium cancellation costs		–	–	–	(31)	–	(31)
Profit/(loss) after taxation		–	–	16,114	(3,827)	1,318	13,605
Net proceeds of share buybacks & sale of shares from treasury	4	–	–	–	79	–	79
Dividends paid	6	–	–	–	(4,862)	(347)	(5,209)
At 30 September 2017		18,412	–	41,352	97,963	1,275	159,002

Condensed Balance Sheet (unaudited)

As at 31 March 2018

	Notes	As at 31 March 2018 £'000	As at 31 March 2017 £'000	As at 30 September 2017 £'000
Fixed assets				
Unquoted investments	7	42,219	50,908	51,644
Traded on AIM	7	67,158	67,342	69,811
Collective investment vehicles	7	60,692	32,092	38,675
Investments	7	170,069	150,342	160,130
Current assets				
Debtors		519	174	175
Cash at bank and on deposit		653	4,329	409
Creditors (amounts falling due within one year)		1,172 (1,029)	4,503 (1,225)	584 (1,712)
Net current assets/(liabilities)		143	3,278	(1,128)
Net assets		170,212	153,620	159,002
Capital and reserves				
Called-up share capital		20,628	18,412	18,412
Share premium		18,154	96,515	–
Capital reserve		90,392	4,919	97,963
Revaluation reserve	7	38,035	33,434	41,352
Revenue reserve		3,003	340	1,275
Equity shareholders' funds		170,212	153,620	159,002
Basic net asset value per share				
Number of ordinary shares in circulation		88.01p 193,406,404	88.23p 174,120,866	91.90p 173,020,866

Condensed Statement of Cash Flows (unaudited)

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

For the six months to 31 March 2018

	Six months to 31 March 2018	Six months to 31 March 2017	Year to 30 September 2017
	£'000	£'000	£'000
Net cash inflow/(outflow) from operating activities	1,123	(798)	(990)
Net cash outflow from investing activities	(12,897)	(13,856)	(16,627)
Equity dividends paid	(6,796)	(5,209)	(5,209)
Net cash outflow before financing activities	(18,570)	(19,863)	(22,826)
Net cash inflow from financing activities	18,814	2,601	1,644
Increase/(decrease) in cash	244	(17,262)	(21,182)
Reconciliation of net cash flow to movement in net cash			
Increase/(decrease) in cash	244	(17,262)	(21,182)
Opening cash position	409	21,591	21,591
Closing cash at bank and on deposit	653	4,329	409
Reconciliation of (loss)/profit before taxation to net cash inflow/(outflow) from operating activities			
(Loss)/profit before taxation	(833)	7,238	13,605
Losses/(gains) on investments	2,554	(8,225)	(15,242)
Changes in working capital and other non-cash items	(598)	189	647
Net cash inflow/(outflow) from operating activities	1,123	(798)	(990)

Notes

- The condensed financial statements for the six months to 31 March 2018 comprise the unaudited statements set out on pages 10 to 13 together with the related notes on pages 13 to 15. The Company applies FRS 102 and the AIC's Statement of Recommended Practice issued in November 2014 and updated in January 2017 and February 2018 ('the SORP') for its annual financial statements. The condensed financial statements for the six months to 31 March 2018 have therefore been prepared in accordance with FRS 104 'Interim Financial Reporting' and the principles of the SORP. They have been prepared on a going concern basis. The accounts have been prepared on the same basis as the accounting policies set out in the Company's Annual Report and Financial Statements for the year ended 30 September 2017.
The financial information contained in this half-yearly financial report does not constitute statutory accounts as defined in sections 434 - 436 of the Companies Act 2006. The information for the year to 30 September 2017 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The report of the auditor for the audited financial statements for the year to 30 September 2017 was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. No statutory accounts in respect of any period after 30 September 2017 have been reported on by the Company's auditors or delivered to the Registrar of Companies.
- Return per share is based on a weighted average of 190,645,869 ordinary shares in issue (31 March 2017 – 173,351,635 ordinary shares; 30 September 2017 – 173,485,578 ordinary shares).
- Earnings for the first six months to 31 March 2018 should not be taken as a guide to the results of the full financial year to 30 September 2018.

Notes (continued)

4. During the six months to 31 March 2018, the Company issued 22,160,538 shares at net proceeds of £20,370,000 (including costs). During the same period, the Company purchased 1,775,000 shares to be held in treasury at a cost of £1,533,000. At 31 March 2018, the Company held 12,878,819 ordinary shares in treasury. Shares may be sold out of treasury below Net Asset Value as long as the discount at issue is narrower than the average discount at which the shares were bought into treasury.
5. Excluding treasury shares, there were 193,406,404 ordinary shares in issue at 31 March 2018 (31 March 2017 – 174,120,866 ordinary shares; 30 September 2017 – 173,020,866 ordinary shares).
6. The final dividend in relation for the year ended 30 September 2017 of 3.50p per share (3.02p capital, 0.48p revenue) was paid on 2 March 2018 to shareholders on the register on 2 February 2018. The ex-dividend date was 1 February 2018. During the year to 30 September 2017, the Company paid an interim dividend on 31 March 2017 of 3.00p per share (2.80p capital, 0.20p revenue).
7. All investments are initially recognised and subsequently measured at fair value. Changes in fair value are recognised in the Income Statement.
The methods of fair value measurement are classified into a hierarchy based on reliability of the information used to determine the valuation.
 - Level 1 – Fair value is measured based on quoted prices in an active market.
 - Level 2 – Fair value is measured based on directly observable current market prices or indirectly being derived from market prices.
 - Level 3 – Fair value is measured using a valuation technique that is not based on data from an observable market.

	Level 1	Level 2	Level 3		Total £'000
	Traded on AIM £'000	Collective investment vehicles £'000	Traded on AIM £'000	Unquoted £'000	
Opening book cost	48,755	27,781	2,315	39,927	118,778
Opening unrealised appreciation/(depreciation)	19,965	10,894	(1,224)	11,717	41,352
Opening valuation	68,720	38,675	1,091	51,644	160,130
Movements in the period:					
Transfer between levels	1,267	–	(1,267)	–	–
Purchases at cost	1,642	22,730	–	225	24,597
Sale - proceeds	(2,577)	(1,800)	–	(7,727)	(12,104)
- realised losses on sales	(598)	–	–	(1,944)	(2,542)
Unrealised gains realised during the period	599	–	–	2,706	3,305
(Decrease)/increase in unrealised appreciation	(3,237)	1,087	1,518	(2,685)	(3,317)
Closing valuation	65,816	60,692	1,342	42,219	170,069
Closing book cost	49,088	48,711	1,048	33,187	132,034
Closing unrealised appreciation	16,728	11,981	294	9,032	38,035
Closing valuation	65,816	60,692	1,342	42,219	170,069
Equity shares	65,816	–	1,342	15,281	82,439
Loan notes	–	–	–	26,938	26,938
Collective investment vehicles	–	60,692	–	–	60,692
Closing valuation	65,816	60,692	1,342	42,219	170,069

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

Notes (continued)

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

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

Principal Risks and Uncertainties

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

Related Parties

Livingbridge VC LLP ('the Manager') manages the investments of the Company. The Manager also provides or procures the provision of secretarial, administrative and custodian services to the Company. Under the management agreement, the Manager receives a fee of 2.0 per cent per annum of the net assets of the Company. This is described in more detail under the heading 'The management agreement' within the Strategic Report in the Company's Annual Report and Financial Statements for the year to 30 September 2017. During the period the Company has incurred management fees of £1,640,000 (31 March 2017 – £1,480,000; 30 September 2017 – £3,001,000) and secretarial fees of £72,000 (31 March 2017 – £72,000; 30 September 2017 – £143,000) payable to the Manager. No performance fee has been accrued at 31 March 2018 (31 March 2017 – £260,000; 30 September 2017 – £704,000). This is described in more detail under the heading 'Performance fees' within the Strategic Report in the Company's Annual Report and Financial Statements for the year to 30 September 2017.

Going Concern

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion the Directors have considered the liquidity of the Company and its ability to meet obligations as they fall due for a period of at least twelve months from the date that these financial statements were approved. As at 31 March 2018 the Company held cash and investments in readily realisable securities with a value of £34,413,000. 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 covenants.

Appendices

Full Investment Portfolio

Company	Sector	Original Book cost† £'000	Accounting Book cost† £'000	31 March 2018 Valuation £'000	30 September 2017 Valuation £'000	% of net assets	% of Equity held by Baronsmead Venture Trust plc	% of Equity held by all funds ⁴
Unquoted								
Carousel Logistics Limited	Business Services	1,910	2,287	4,738	3,823	2.8	12.0	40.0
Create Health Limited	Healthcare & Education	1,006	2,276	4,722	3,657	2.8	11.5	29.0
Happy Days Consultancy Limited	Healthcare & Education	3,420	3,591	4,554	4,114	2.7	25.7	65.0
Pho Holdings Limited	Consumer Markets	1,982	2,579	4,129	4,204	2.4	11.1	28.0
CableCom II Networking Holdings Limited	TMT*	2,500	2,731	3,926	3,779	2.3	4.0	9.2
Key Travel Limited	Business Services	1,908	2,327	3,894	3,665	2.3	9.4	48.0
Armstrong Craven Limited	Business Services	1,346	1,854	3,535	3,137	2.1	19.7	58.4
Ten10 Group Limited	Business Services	1,908	2,137	2,413	2,332	1.4	9.4	30.6
Kirona Limited	TMT*	1,065	1,157	2,320	3,133	1.4	7.5	37.5
CMME Group Limited (formerly Niche Finance Group Limited)	Consumer Markets	1,911	1,911	2,207	2,212	1.3	6.2	35.7
CR7 Services Limited	TMT*	1,887	1,887	1,887	1,887	1.1	1.5	10.0
Symphony Ventures Limited	Business Services	1,574	1,574	1,574	1,574	0.9	4.0	10.0
Upper Street Events Limited	Consumer Markets	1,906	2,128	858	1,287	0.5	16.0	70.1
SilkFred Limited	Consumer Markets	675	675	675	450	0.4	2.4	5.3
IP Solutions Limited	TMT*	1,908	1,598	562	1,124	0.3	31.5	80.5
Custom Materials Limited	Consumer Markets	225	225	225	225	0.1	2.5	5.5
In The Style Fashion Limited	Consumer Markets	2,250	2,250	0	2,250	0.0	8.0	23.0
Total unquoted		29,381	33,187	42,219		24.8		
AIM								
Staffline Group plc	Business Services	174	4,614	6,270	7,813	3.7	2.4	2.4
Ideagen plc	TMT*	1,350	1,841	5,668	4,012	3.3	2.5	5.6
Netcall plc	TMT*	1,738	3,246	4,853	4,754	2.9	6.9	17.3
Bioventix plc	Healthcare & Education	454	1,200	4,414	4,673	2.6	3.4	7.5
Dods (Group) plc	TMT*	2,022	2,546	3,678	3,678	2.2	8.0	20.0
Inspired Energy plc	Business Services	574	1,542	3,376	3,558	2.0	3.2	8.0
Cerillion plc	TMT*	1,800	1,800	3,316	2,795	2.0	8.0	17.8
Wey Education plc	Healthcare & Education	428	458	2,565	2,321	1.5	9.6	21.4
CloudCall Group plc	TMT*	1,275	1,193	2,253	1,674	1.3	6.0	13.3
Everyman Media Group plc	Consumer Markets	782	825	2,226	1,622	1.3	1.3	3.0
LoopUp Group plc	TMT*	504	504	2,117	1,361	1.2	1.2	2.7
IDOX plc	TMT*	614	614	1,889	4,147	1.1	1.5	4.2
Anpario plc	Healthcare & Education	304	768	1,848	1,760	1.1	1.9	6.1
Plastics Capital plc	Business Services	1,586	1,486	1,719	1,878	1.0	4.1	10.6
Sanderson Group plc	TMT*	1,176	1,427	1,702	1,475	1.0	3.8	8.1
Driver Group plc	Business Services	1,126	1,306	1,594	1,266	0.9	4.1	9.5
Vianet Group plc	Business Services	1,292	1,144	1,346	1,108	0.8	3.7	9.5
TLA Worldwide plc	Business Services	1,466	2,315	1,345	1,091	0.8	5.1	12.5
CentralNic Group plc	TMT*	918	1,048	1,342	1,531	0.8	2.4	5.4
Gama Aviation plc	Business Services	776	1,002	1,112	1,149	0.7	0.7	1.7
FreeAgent Holdings plc	TMT*	788	788	1,088	844	0.6	2.3	5.1
Escher Group Holdings plc	TMT*	910	883	964	1,044	0.6	2.8	7.1
Property Franchise Group plc	Consumer Markets	686	806	913	878	0.5	2.7	5.9
SysGroup plc	TMT*	1,292	1,310	870	860	0.5	9.0	19.9
Eden Research plc	Business Services	900	900	790	966	0.5	4.2	9.4
Begbies Traynor Group plc	Business Services	433	474	702	725	0.4	1.0	2.1
Belvoir Lettings plc	Consumer Markets	752	671	633	664	0.4	1.8	4.0
Fusion Antibodies plc	Healthcare & Education	450	450	576	-	0.3	2.5	5.5

Company	Sector	Original Book cost† £'000	Accounting Book cost† £'000	31 March 2018 Valuation £'000	30 September 2017 Valuation £'000	% of net assets	% of Equity held by Baronsmead Venture Trust plc	% of Equity held by all funds‡
AIM (continued)								
Castleton Technology plc	TMT*	202	410	565	481	0.3	1.0	2.2
Scholium Group plc	Consumer Markets	900	625	432	405	0.3	6.6	14.7
Beeks Financial Cloud Group plc	TMT*	337	337	385	-	0.2	1.4	3.1
Roslyn Data Technologies plc	TMT*	431	431	383	622	0.2	5.1	11.3
Venn Life Sciences Holdings plc	Healthcare & Education	1,224	1,289	383	721	0.2	9.8	21.7
Science In Sport plc	Consumer Markets	288	263	360	331	0.2	0.7	1.6
STM Group plc	Business Services	322	313	357	357	0.2	1.1	3.6
Synectics plc	Business Services	518	404	352	509	0.2	1.1	2.1
Brady plc	TMT*	352	342	351	405	0.2	0.7	2.0
Tasty plc	Consumer Markets	1,188	2,832	348	938	0.2	4.5	12.9
PCI-PAL plc	TMT*	405	405	324	-	0.2	2.1	4.7
Fulcrum Utility Services Limited	Business Services	102	100	267	223	0.2	0.2	1.9
Paragon Entertainment Limited	Consumer Markets	516	345	257	432	0.2	7.2	19.1
InterQuest Group plc	Business Services	620	754	203	304	0.1	2.9	5.8
Collagen Solutions plc	Healthcare & Education	337	337	189	321	0.1	2.1	4.6
One Media iP Group plc	TMT*	226	179	188	66	0.1	2.5	5.6
Gresham House plc	TMT*	112	116	159	135	0.1	0.3	0.7
MXC Capital Limited	Business Services	226	265	117	126	0.1	0.3	0.6
Totally plc	Healthcare & Education	70	171	97	190	0.1	0.7	1.5
Zoo Digital Group plc	TMT*	788	442	96	37	0.1	0.1	0.3
Mi-Pay Group plc	Business Services	800	474	58	83	0.0	1.4	2.8
Adept4 plc	TMT*	438	339	53	127	0.0	1.2	2.6
Crawshaw Group plc	Consumer Markets	400	571	36	157	0.0	0.8	3.9
APC Technology Group plc	Business Services	1,864	942	17	14	0.0	0.2	0.4
AorTech International plc	Healthcare & Education	509	289	12	5	0.0	0.5	0.5
Total AIM		39,745	50,136	67,158		39.5		
Collective investment vehicles								
LF Livingbridge UK Micro Cap Fund		7,050	12,451	24,399	23,345	14.3		
BlackRock Sterling Liquidity Fund		16,880	16,880	16,880	7,665	9.9		
JPMorgan Sterling Liquidity Fund		16,880	16,880	16,880	7,665	9.9		
LF Livingbridge UK Multi Cap Income Fund		2,500	2,500	2,533	-	1.5		
Total collective investment vehicles		43,310	48,711	60,692		35.6		
Total investments		112,436	132,034	170,069		99.9		
Net current assets				143		0.1		
Net assets				170,212		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 14 of these accounts.

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

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

Shareholder Information and Contact Details

Shareholder Account Queries

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

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

You can contact Computershare with your queries in several ways:

Telephone:	0800 923 1533	<ul style="list-style-type: none">● 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	<ul style="list-style-type: none">● 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	

Warning to Shareholders

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

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

If you are in any doubt about the veracity of an unsolicited phone call, please call either the Company's Investment Manager or the Registrar on the telephone numbers provided above and on page 18.

Share Price

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

Financial Calendar

August 2018 – Quarterly Factsheet to 30 June 2018

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

February 2019 – Annual General Meeting

Additional Information

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

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

Secondary Market in the Shares of Baronsmead Venture Trust plc

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

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

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

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

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

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

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

Corporate Information

Directors

Peter Lawrence (Chairman)
Valerie Marshall[#]
Les Gabb*
Susannah Nicklin

Secretary

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Website

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[#] Senior Independent Director and Chairman of the Nomination Committee

* Chairman of the Audit Committee and Chairman of Management Engagement and Remuneration Committee



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