

# BARONSMEAD

Baronsmead Venture Trust plc

# 2017

Half-yearly report for the six months ended  
31 March 2017



# 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

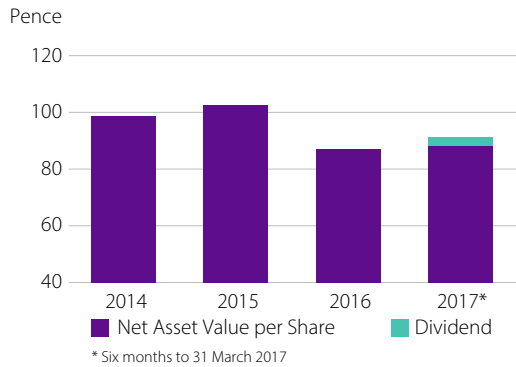
The Board of Baronsmead Venture Trust aims to sustain a minimum annual dividend level at an average of 6.5p per ordinary share, mindful of the need to maintain net asset value. The ability to meet these twin objectives depends significantly on the level and timing of profitable realisations and cannot 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 638,000 shares were bought in this way during the six months to 31 March 2017.
- **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 2,980,000 shares were bought by investors in the Company's existing shares in the six months to 31 March 2017.

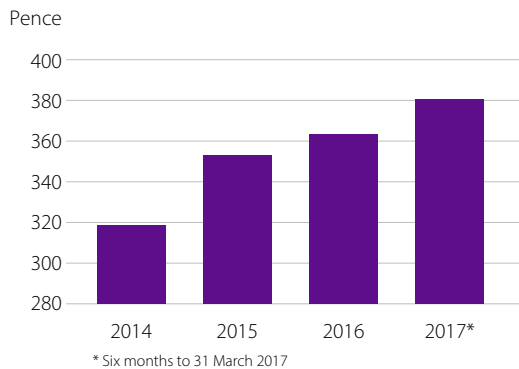
## Financial Headlines



### Net asset value per share

Net asset value ("NAV") per share increased 4.8 per cent. to 91.2p in the six months to 31 March 2017, before deduction of dividends.

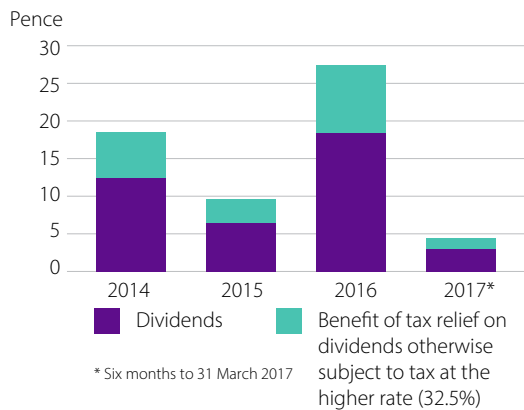
+4.8%



### NAV total return

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

380.6p



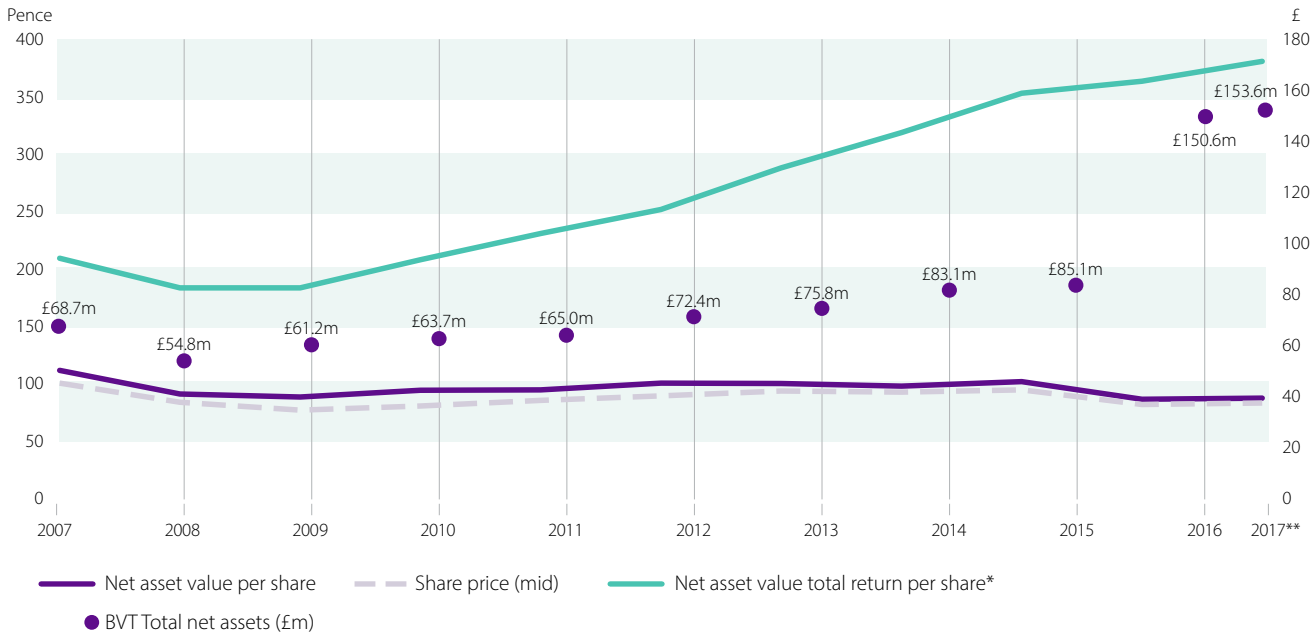
### Dividends in the period

Dividends totalled 3.0p in the six month period ended 31 March 2017.

3.0p

## Performance Summary

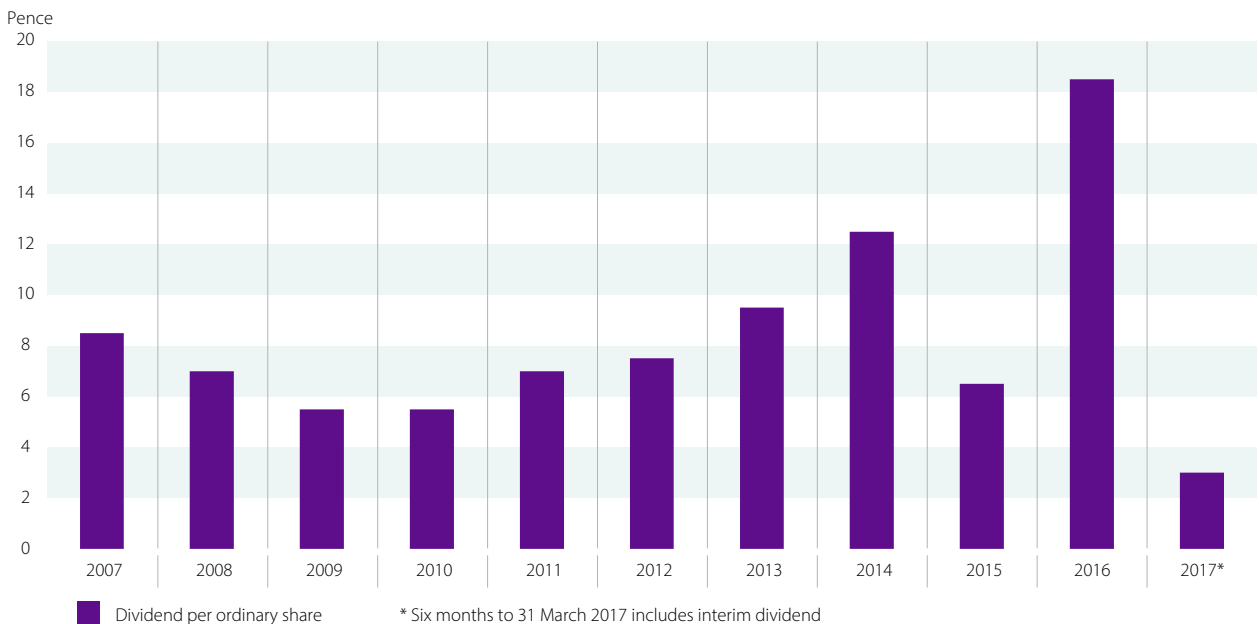
### Net Asset Value in the last ten years



\* Net asset value total return (gross dividends reinvested) rebased to 100p. \*\* Six months to 31 March 2017

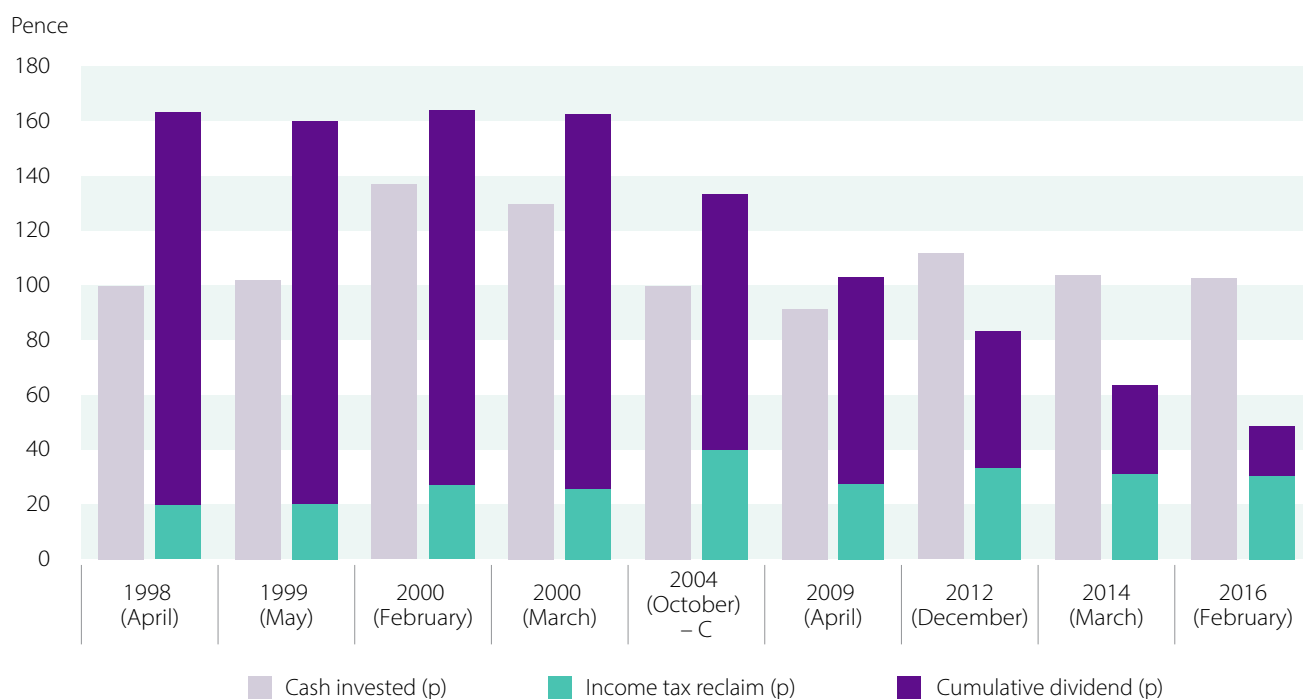
Source: Livingbridge VC LLP

### Dividend History in the last ten years



Source: Livingbridge VC LLP

## Cash returned to shareholders by date of investment



The table below shows the cash returned to shareholders that invested in **Baronsmead Venture Trust plc** (formerly known as Baronsmead VCT 2 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	143.4	163.4
1999 (May)	102.0	20.4	81.6	139.9	157.2
2000 (February)	137.0	27.4	109.6	136.7	119.8
2000 (March)	130.0	26.0	104.0	136.7	125.2
2004 (October) – C*	100.0	40.0	60.0	93.2	133.2
2009 (April)	91.6	27.5	64.1	75.5	112.4
2012 (December)	111.8	33.5	78.3	50.0	74.7
2014 (March)	103.8	31.1	72.7	32.5	61.3
2016 (February)	102.8	30.8	72.0	18.0	47.5

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



## Chairman's Statement

I am pleased to report a 4.8 per cent. (4.1p) increase in NAV per share for the six months to 31 March 2017 before dividend payments. An interim dividend of 3.0p per share was paid on 31 March 2017 in lieu of the dividend that would have otherwise been paid in June 2017 following the publication of these results.

### Peter Lawrence

Chairman

### Results

During the six months to 31 March 2017, the Company's NAV per share increased 4.8 per cent. from 87.1p to 91.2p before dividends.

	Pence per ordinary share
<b>NAV as at 1 October 2016</b>	<b>87.1</b>
Valuation uplift (4.8 per cent.)	<b>4.1</b>
<b>NAV as at 31 March 2017 before dividends</b>	<b>91.2</b>
Less:	
Interim dividend paid to the shareholders on 31 March 2017	<b>(3.0)</b>
<b>NAV as at 31 March 2017 after dividends</b>	<b>88.2</b>

The increase in NAV of 4.8 per cent. was the result of steady progress across our investment portfolio. Over the six months to 31 March 2017, our unquoted investments delivered an increase in their valuations of 3.0 per cent. Despite the continued volatility of the quoted markets, the value of our AIM-traded investments increased by 8.1 per cent. and our investment in CF Livingbridge UK Micro Cap Fund ("Micro Cap Fund", previously Wood Street Microcap Investment Fund) increased by 9.2 per cent.

### Portfolio Review

At 31 March 2017, the Company's investment portfolio was valued at £118m and comprised investments in 73 unquoted and AIM-traded companies. In addition, the Company's investment in the Micro Cap Fund provides investment exposure to a further £20m in 44 AIM-traded and fully listed companies.

### Investment and Divestments

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

The new VCT rules introduced in November 2015 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. This transition has taken time to achieve as the Manager has had to consider how best to deploy funds in generally, earlier stage companies whilst maintaining its investment quality standards and this has resulted in fewer new investments than in prior years. The Board has been supportive of a cautious approach during this transition as a hasty or imprudent deployment of funds could have proved expensive in terms of a loss of capital and a reduction in the long-term return to shareholders.

I am now pleased to report that either side of the period end the Company made two new unquoted investments as well as three investments in AIM-traded companies for a total investment of £1.9m during the period under review and £2.7m subsequently. The Board is also encouraged to note that the pipeline of potential new investments is improving and anticipates the investment of further funds over the course of the Summer.

## Dividends

An interim dividend of 3.0p per share was paid on 31 March 2017 in lieu of the dividend that would otherwise have been paid in June 2017, following the publication of the Company's results for the six months to 31 March 2017. The Board aims to sustain a minimum annual dividend level at an average of 6.5p per ordinary share and therefore in the ordinary course of events, would expect to declare a further final dividend for the financial year to 30 September 2017 which would be paid following shareholder approval at the Company's next AGM. The timing and level of future dividends depends significantly on the level and timing of profitable realisations and rate of investment. Inevitably, as these cannot be guaranteed there will be variations in the amounts and dates that dividends are paid.

## Fundraising

The Board will be considering whether to raise new funds in the 2017/18 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 would seek to raise funds during January and February, having informed shareholders of its fundraising intentions in November when its annual results are published. However, if it becomes appropriate to raise new funds earlier, the Board will ensure that shareholders are informed as soon as possible.

## VCT Legislation and Policy Review

Legislative changes to VCTs included in the March 2017 Budget were limited to technical changes to the rules concerning the restructuring of investments. In addition, the Government's venture capital schemes (SEIS, EIS and VCTs) will be included in the recently announced Patient Capital Review which aims "to ensure that high growth businesses can access the long-term capital that they need to fund productivity enhancing investment". This will provide the VCT industry with the opportunity to demonstrate that the existing tax reliefs encourage investment and entrepreneurship and are effective, well targeted and provide excellent value for money for UK taxpayers. The Manager and Board will be fully engaged throughout this process, with a view to informing you of the conclusions of the Review and any policy recommendations that might be brought forward.

## Outlook

Despite signs of a slowdown in the wider economy, as the impact of a much-weakened sterling finally begins to work its way through to the consumer, there are no signs yet of a deterioration in performance in the Company's portfolio.

The outlook for the rest of 2017 remains uncertain, with the potential for macro and geopolitical events to impact sentiment and create market volatility. However, the Manager continues to focus on areas of sectoral growth and companies that have the potential to grow profits even without a tailwind from the wider economy.

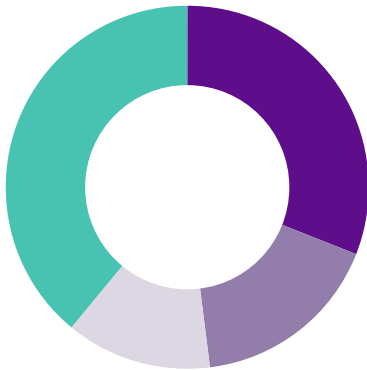
This is reflected in the valuation of the Company's investments in the NAV at 30 April 2017 which has grown by a further 1.6p per share, to 89.8p per share. Whilst changes in market sentiment may impact the valuation of investments in the short term and the general election may result in a slowdown of business transactions over the coming weeks, the diversity and quality of the Company's portfolio should continue to deliver consistent returns for shareholders over the medium to long term.

**Peter Lawrence**  
Chairman

24 May 2017

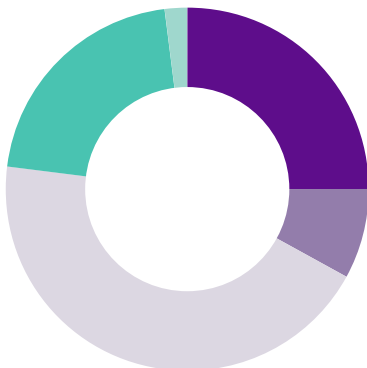
## Investment Diversification at 31 March 2017

### Sector by value



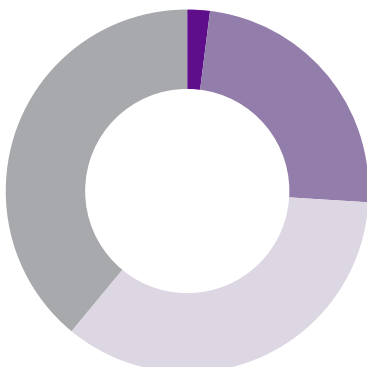
Business Services	<b>31%</b>
Consumer Markets	<b>17%</b>
Healthcare & Education	<b>13%</b>
Technology, Media & Telecommunications ("TMT")	<b>39%</b>

### Total assets by value



Unquoted - loan stock	<b>25%</b>
Unquoted - equity	<b>8%</b>
AIM	<b>44%</b>
Collective investment vehicles	<b>21%</b>
Net current assets (principally cash)	<b>2%</b>

### Time investments held by value



Less than 1 year	<b>2%</b>
Between 1 and 3 years	<b>24%</b>
Between 3 and 5 years	<b>35%</b>
Greater than 5 years	<b>39%</b>



## Investments in the period

Company	Location	Sector	Activity	Book cost £'000
<b>Unquoted investments</b>				
<i>New</i>				
Custom Materials Ltd	London	Consumer Markets	Retailer of customisable products	225
<b>Total unquoted investments</b>				<b>225</b>
<b>AIM-traded investments</b>				
<i>New</i>				
FreeAgent Holdings plc	Edinburgh	TMT*	Online accounting software	788
Collagen Solutions plc	London	Healthcare & Education	Develops and manufactures medical grade collagen	337
<i>Follow on</i>				
CloudCall Group plc	Leicestershire	TMT*	Cloud based telephony platform	599
<b>Total AIM-traded investments</b>				<b>1,724</b>
<b>Total investments in the period</b>				<b>1,949</b>

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

## Realisations in the period

Company		First investment date	Proceeds £'000	Overall multiple return
<b>Unquoted realisations</b>				
CR7 Services Ltd	Part trade sale	Aug 14	11	0.0
<b>Total unquoted realisations</b>			<b>11</b>	
<b>AIM-traded realisations</b>				
Ubisense Group plc	Part market sale	Jun 11	22	0.3
<b>Total AIM-traded realisations</b>			<b>22</b>	
<b>Total realisations in the period</b>			<b>33</b>	

Deferred consideration of £60,000 was received in respect of Kingsbridge Risk Solutions, which had been sold in a prior period.

# Independent Review Report to Baronsmead Venture Trust plc

---

## Introduction

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 2017 which comprises the Condensed Income Statement, Condensed Balance Sheet, Condensed Statement of Changes in Equity, Condensed Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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 Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("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.

## 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 condensed set of financial statements included in this half-yearly financial report has been prepared 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.

## 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. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) 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.

## Conclusion

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 2017 is not prepared, in all material respects, in accordance with FRS 104 *Interim Financial Reporting* and the DTR of the UK FCA.

## John Waterson for and on behalf of KPMG LLP

*Chartered Accountants*

Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2EG  
24 May 2017

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

---

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

24 May 2017

# Condensed Income Statement

For the six months to 31 March 2017

	Notes	Six months to 31 March 2017			Six months to 31 March 2016			Year to 30 September 2016		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Unrealised gains on movement in fair value of investments	7	–	8,161	8,161	–	3,870	3,870	–	3,190	3,190
Realised gains on disposal of investments	7	–	64	64	–	1,438	1,438	–	2,931	2,931
Income		1,037	–	1,037	1,140	–	1,140	2,115	–	2,115
Investment management fee		(370)	(1,370)	(1,740)	(277)	(938)	(1,215)	(650)	(1,949)	(2,599)
Other expenses		(284)	–	(284)	(712)	–	(712)	(990)	–	(990)
<b>Profit on ordinary activities before taxation</b>		<b>383</b>	<b>6,855</b>	<b>7,238</b>	151	4,370	4,521	475	4,172	4,647
Taxation on ordinary activities		–	–	–	–	–	–	–	–	–
<b>Profit for the period, being total comprehensive income for the period</b>		<b>383</b>	<b>6,855</b>	<b>7,238</b>	151	4,370	4,521	475	4,172	4,647
<b>Return per ordinary share:</b>										
Basic and Diluted	2	<b>0.22p</b>	<b>3.96p</b>	<b>4.18p</b>	0.14p	4.02p	4.16p	0.34p	2.98p	3.32p

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 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 by the Association of Investment Companies ("AIC SORP").

# Condensed Statement of Changes in Equity

Baronsmead Venture Trust plc  
Half-yearly report for the six months ended 31 March 2017

For the six months to 31 March 2017

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

	Notes	Non-distributable reserves			Distributable reserves		Total £'000
		Called-up share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital reserve £'000	Revenue reserve £'000	
<b>At 1 October 2015</b>		9,497	16,561	24,820	34,152	102	85,132
Profit on ordinary activities after taxation		–	–	734	3,636	151	4,521
Shares issued following the acquisition of Baronsmead VCT plc		7,942	71,227	–	–	–	79,169
Net proceeds of share issue & buybacks		973	8,727	–	(1,683)	–	8,017
Dividends paid	6	–	–	–	(2,905)	–	(2,905)
<b>At 31 March 2016</b>		<b>18,412</b>	<b>96,515</b>	<b>25,554</b>	<b>33,200</b>	<b>253</b>	<b>173,934</b>

	Notes	Non-distributable reserves			Distributable reserves		Total £'000
		Called-up share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital reserve £'000	Revenue reserve £'000	
<b>At 1 October 2015</b>		9,497	16,561	24,820	34,152	102	85,132
Profit on ordinary activities after taxation		–	–	418	3,754	475	4,647
Shares issued following the acquisition of Baronsmead VCT plc		7,942	71,227	–	–	–	79,169
Net proceeds of share issues, share buybacks & sale of shares from treasury		973	8,727	–	422	–	10,122
Dividends paid	6	–	–	–	(28,239)	(273)	(28,512)
<b>At 30 September 2016</b>		<b>18,412</b>	<b>96,515</b>	<b>25,238</b>	<b>10,089</b>	<b>304</b>	<b>150,558</b>

# Condensed Balance Sheet

As at 31 March 2017

	Notes	As at 31 March 2017 £'000	As at 31 March 2016 £'000	As at 30 September 2016 £'000
<b>Fixed assets</b>				
Unquoted investments	7	50,908	53,182	49,286
Traded on AIM	7	67,342	62,555	60,575
Collective investment vehicles	7	32,092	17,748	18,400
Listed interest bearing securities		–	20,985	–
Investments	7	150,342	154,470	128,261
<b>Current assets</b>				
Debtors		174	490	1,770
Cash at bank and on deposit		4,329	32,391	21,591
		4,503	32,881	23,361
<b>Creditors</b> (amounts falling due within one year)		(1,225)	(13,417)	(1,064)
<b>Net current assets</b>		3,278	19,464	22,297
<b>Net assets</b>		153,620	173,934	150,558
<b>Capital and reserves</b>				
Called-up share capital		18,412	18,412	18,412
Share premium		96,515	96,515	96,515
Capital reserve		4,919	33,200	10,089
Revaluation reserve	7	33,434	25,554	25,238
Revenue reserve		340	253	304
<b>Equity shareholders' funds</b>		153,620	173,934	150,558
<b>Net asset value per share</b>				
		88.23p	102.09p	87.09p
Number of ordinary shares in circulation		174,120,866	170,380,866	172,870,866
<b>Treasury net asset value per share</b>				
		88.00p	101.49p	86.80p
Number of ordinary shares held in treasury		10,003,819	13,743,819	11,253,819
Number of listed ordinary shares in issue		184,124,685	184,124,685	184,124,685

# Condensed Statement of Cash Flows

Baronsmead Venture Trust plc  
Half-yearly report for the six months ended 31 March 2017

For the six months to 31 March 2017

	<b>Six months to 31 March 2017</b> £'000	Six months to 31 March 2016 £'000	Year to 30 September 2016 £'000
Net cash outflow from operating activities	<b>(798)</b>	(655)	(1,518)
Net cash (outflow)/inflow from investing activities	<b>(13,856)</b>	864	15,998
Equity dividends paid	<b>(5,209)</b>	(2,905)	(28,512)
Net cash outflow before financing activities	<b>(19,863)</b>	(2,696)	(14,032)
Net cash inflow from financing activities	<b>2,601</b>	24,380	24,916
<b>(Decrease)/increase in cash</b>	<b>(17,262)</b>	21,684	10,884
<b>Reconciliation of net cash flow to movement in net cash</b>			
(Decrease)/increase in cash	<b>(17,262)</b>	21,684	10,884
Opening cash position	<b>21,591</b>	10,707	10,707
<b>Closing cash at bank and on deposit</b>	<b>4,329</b>	32,391	21,591
<b>Reconciliation of profit on ordinary activities before taxation to net cash outflow from operating activities</b>			
Profit on ordinary activities before taxation	<b>7,238</b>	4,521	4,647
Gains on investments	<b>(8,225)</b>	(5,308)	(6,121)
Changes in working capital and other non-cash items	<b>189</b>	132	(44)
Net cash outflow from operating activities	<b>(798)</b>	(655)	(1,518)

## Notes

- The condensed financial statements for the six months to 31 March 2017 comprise the 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 ('the SORP') for its annual financial statements. The condensed financial statements for the six months to 31 March 2017 have therefore been prepared in accordance with FRS 104 'Interim Financial Reporting' and the principles of the SORP. 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 2016.
- Return per share is based on a weighted average of 173,351,635 ordinary shares in issue (31 March 2016 – 108,808,998 ordinary shares; 30 September 2016 – 139,821,872 ordinary shares).
- Earnings for the first six months to 31 March 2017 should not be taken as a guide to the results of the full financial year to 30 September 2017.
- During the six months to 31 March 2017 the Company sold 1,250,000 shares out of treasury. At 31 March 2017, the Company held 10,003,819 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.
- Excluding treasury shares, there were 174,120,866 ordinary shares in issue at 31 March 2017 (31 March 2016 – 170,380,866 ordinary shares; 30 September 2016 – 172,870,866 ordinary shares).

## Notes (continued)

6. The interim dividend of 3.00p per share (2.80p capital, 0.20p revenue) was paid on 31 March 2017 to shareholders on the register on 10 March 2017. The ex-dividend date was 9 March 2017.

During the year to 30 September 2016, the Company paid a first interim dividend on 18 December 2015 of 3.50p per share (3.50p capital, nil revenue), a second interim dividend on 3 June 2016 of 6.50p per share (6.45p capital, 0.05p revenue) and a third interim dividend on 30 September 2016 of 8.50p per share (8.39p capital, 0.11p 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
	Traded on AIM £'000	Collective investment vehicles £'000	Unquoted £'000	£'000
Opening book cost	50,409	12,451	40,163	103,023
Opening unrealised appreciation	10,166	5,949	9,123	25,238
Opening valuation	60,575	18,400	49,286	128,261
Movements in the period:				
Purchases at cost	1,724	12,000	225	13,949
Sales – proceeds	(22)	–	(71)	(93)
– realised gains on sales	3	–	61	64
Unrealised losses realised during the period	(34)	–	(1)	(35)
Increase in unrealised appreciation	5,096	1,692	1,408	8,196
<b>Closing valuation</b>	<b>67,342</b>	<b>32,092</b>	<b>50,908</b>	<b>150,342</b>
Closing book cost	52,080	24,451	40,377	116,908
Closing unrealised appreciation	15,262	7,641	10,531	33,434
<b>Closing valuation</b>	<b>67,342</b>	<b>32,092</b>	<b>50,908</b>	<b>150,342</b>
Equity shares	67,342	–	12,952	80,294
Loan notes	–	–	37,956	37,956
Collective investment vehicles	–	32,092	–	32,092
<b>Closing valuation</b>	<b>67,342</b>	<b>32,092</b>	<b>50,908</b>	<b>150,342</b>

There has been no significant change in the risk analysis as disclosed in the Company's Annual Report and Accounts to 30 September 2016.



## Notes (continued)

8. The financial information contained in this half-yearly financial report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The information for the year to 30 September 2016 has been extracted from the latest published audited financial statements. The audited financial statements for the year to 30 September 2016, which were unqualified, have been filed with the Registrar of Companies. No statutory accounts in respect of any period after 30 September 2016 have been reported on by the Company's auditors or delivered to the Registrar of Companies.
9. The Company has one reportable segment being investing in primarily a portfolio of UK growth businesses, whether unquoted or traded on AIM.
10. Copies of the half-yearly financial report have been made available to shareholders and are available from the Registered Office of the Company at 100 Wood Street, London EC2V 7AN.

## Principal Risks and Uncertainties

The Company's assets consist of equity and fixed interest investments, shares in collective investment schemes, cash and liquid resources. Its principal risks are therefore market risk, credit risk and liquidity risk. Other risks faced by the Company include loss of approval as a Venture Capital Trust, legislative, investment performance, economic, political and other external factors, regulatory and compliance and operational risks. These risks, and the way in which they are managed, are described in more detail in the Principal Risks & Uncertainties table within the Strategic Report section in the Company's Report and Accounts for the year to 30 September 2016. 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 Investment Management Agreement' within the Strategic Report in the Company's Annual Report and Accounts for the year to 30 September 2016. During the period the Company has incurred management fees of £1,480,000 (31 March 2016 – £1,108,000; 30 September 2016 – £2,599,000) and secretarial fees of £72,000 (31 March 2016 – £75,000; 30 September 2016 – £147,000) payable to the Manager. A performance fee of £260,000 (31 March 2016 – £107,000; 30 September 2016 – £nil) has been accrued at 31 March 2017. This is described in more detail under the heading 'Performance fees' within the Strategic Report in the Company's Annual Report and Accounts for the year to 30 September 2016.

## 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 2017 the Company held cash and readily realisable securities totalling £16,329,000 including £12,000,000 in JPMorgan Sterling Liquidity Fund. 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 <sup>†</sup> £'000	Accounting Book cost <sup>†</sup> £'000	31 March 2017 Valuation £'000	30 September 2016 Valuation £'000	% of net assets	% of Equity held by Baronsmead Venture Trust plc	% of Equity held by all funds <sup>‡</sup>
<b>Unquoted</b>								
Crew Clothing Holdings Ltd	Consumer Markets	2,904	3,695	<b>4,898</b>	5,023	3.2	13.4	28.1
Create Health Ltd	Healthcare & Education	1,906	3,176	<b>4,618</b>	4,800	3.0	11.5	29.0
Happy Days Consultancy Ltd	Healthcare & Education	3,420	3,591	<b>4,128</b>	4,005	2.7	25.7	65.0
Pho Holdings Ltd	Consumer Markets	1,982	2,579	<b>3,907</b>	3,851	2.6	11.1	28.0
CableCom II Networking Holdings Ltd	TMT*	2,500	2,731	<b>3,728</b>	3,187	2.4	4.0	9.2
Eque2 Ltd	TMT*	1,532	2,073	<b>3,407</b>	2,947	2.2	15.2	38.5
Carousel Logistics Ltd	Business Services	1,912	2,287	<b>3,283</b>	3,062	2.1	12.0	40.0
Armstrong Craven Ltd	Business Services	1,346	1,854	<b>3,154</b>	2,923	2.1	15.5	46.0
Key Travel Ltd	Business Services	1,908	2,327	<b>3,112</b>	2,918	2.0	9.4	48.0
Kirona Ltd	TMT*	1,908	2,038	<b>2,796</b>	2,675	1.8	7.5	37.5
Upper Street Events Ltd	Consumer Markets	1,906	2,128	<b>2,369</b>	2,281	1.5	16.0	70.1
Ten10 Group Ltd	Business Services	1,908	2,137	<b>2,186</b>	2,201	1.4	9.4	30.6
Niche Finance Group Ltd	Consumer Markets	1,911	1,911	<b>2,098</b>	2,442	1.4	6.3	38.0
Kalyke Investments Ltd	Business Services	1,912	1,912	<b>1,912</b>	1,912	1.3	19.3	48.6
Yeo Bridge Ltd	Business Services	1,912	1,912	<b>1,912</b>	1,912	1.3	19.3	48.6
CR7 Services Ltd	TMT*	1,887	1,887	<b>1,887</b>	1,887	1.2	3.7	24.0
IP Solutions Ltd	TMT*	1,908	1,598	<b>1,288</b>	1,260	0.8	8.8	75.0
Custom Materials Ltd	Consumer Markets	225	225	<b>225</b>	–	0.2	2.5	5.5
Xention Discovery Ltd	Healthcare & Education	632	316	<b>0</b>	0	0.0	1.2	2.9
<b>Total unquoted</b>		<b>35,519</b>	<b>40,377</b>	<b>50,908</b>		<b>33.2</b>		
<b>AIM</b>								
Staffline Group plc	Business Services	174	4,614	<b>7,719</b>	5,801	5.0	2.4	2.4
Netcall plc	TMT*	1,738	3,246	<b>5,991</b>	5,249	3.9	7.1	17.7
IDOX plc	TMT*	614	614	<b>4,499</b>	4,387	2.9	1.6	4.3
Ideagen plc	TMT*	1,350	1,841	<b>3,912</b>	2,658	2.5	2.5	5.6
Dods (Group) plc	TMT*	2,022	2,546	<b>3,542</b>	3,678	2.3	8.0	20.1
Cerillion plc	TMT*	1,800	1,800	<b>3,126</b>	2,984	2.0	8.0	17.8
Bioventix plc	Healthcare & Education	454	1,200	<b>3,029</b>	1,861	2.0	3.4	7.5
Inspired Energy plc	Business Services	574	1,542	<b>2,874</b>	2,509	1.9	3.8	9.4
TLA Worldwide plc	Business Services	1,466	2,315	<b>2,545</b>	2,981	1.7	5.1	12.5
Plastics Capital plc	Business Services	1,586	1,486	<b>1,958</b>	1,783	1.3	4.5	11.6
Tasty plc	Consumer Markets	1,188	2,832	<b>1,956</b>	4,045	1.3	4.5	12.9
Sanderson Group plc	TMT*	1,176	1,427	<b>1,725</b>	1,498	1.1	4.1	8.8
Anpario plc	Healthcare & Education	304	768	<b>1,342</b>	1,078	0.9	1.9	6.1
Wey Education plc	Healthcare & Education	428	458	<b>1,282</b>	458	0.8	12.3	27.3
EG Solutions plc	TMT*	1,428	1,193	<b>1,226</b>	900	0.8	8.4	19.1
Everyman Media Group plc	Consumer Markets	782	825	<b>1,179</b>	1,028	0.8	1.6	3.5
Electric Word plc	TMT*	1,392	1,460	<b>1,151</b>	1,046	0.7	10.2	27.6
FreeAgent Holdings plc	TMT*	788	788	<b>1,125</b>	–	0.7	2.3	5.1
CentralNic Group plc	TMT*	918	1,048	<b>1,095</b>	1,013	0.7	2.5	5.5
CloudCall Group plc	TMT*	825	743	<b>1,074</b>	58	0.7	5.6	12.5
Property Franchise Group plc (formerly MartinCo plc)	Consumer Markets	686	806	<b>995</b>	1,063	0.6	2.7	6.0
Escher Group Holdings plc	TMT*	1,228	1,192	<b>976</b>	1,192	0.6	3.9	9.7
Venn Life Sciences Holdings plc	Healthcare & Education	1,224	1,289	<b>957</b>	1,413	0.6	9.8	21.7
Gama Aviation plc	Business Services	776	1,002	<b>954</b>	626	0.6	1.1	2.4
SysGroup plc	TMT*	1,292	1,310	<b>953</b>	1,202	0.6	9.0	19.9
Vianet Group plc	Business Services	1,292	1,144	<b>953</b>	963	0.6	3.7	9.6

## Full Investment Portfolio (continued)

Company	Sector	Original Book cost <sup>†</sup> £'000	Accounting Book cost <sup>†</sup> £'000	31 March 2017 Valuation £'000	30 September 2016 Valuation £'000	% of net assets	% of Equity held by Baronsmead Venture Trust plc	% of Equity held by all funds <sup>#</sup>
<b>AIM (continued)</b>								
Eden Research plc	Business Services	900	900	922	988	0.6	4.8	10.6
Driver Group plc	Business Services	1,126	1,306	917	1,026	0.6	4.1	9.6
LoopUp Group plc	TMT*	504	504	756	605	0.5	1.2	2.7
Paragon Entertainment Ltd	Consumer Markets	516	345	675	304	0.4	7.2	19.1
Belvoir Lettings plc	Consumer Markets	752	671	615	851	0.4	1.8	4.0
Begbies Traynor Group plc	Business Services	433	474	542	511	0.4	1.0	2.1
Castleton Technology plc	TMT*	202	410	489	496	0.3	1.0	2.2
Plant Impact plc	Business Services	378	419	455	453	0.3	1.1	2.5
Brady plc	TMT*	352	342	446	399	0.3	0.7	2.0
Science In Sport plc	Consumer Markets	288	263	428	341	0.3	1.1	2.4
Synectics plc	Business Services	518	404	401	401	0.3	1.1	2.1
InterQuest Group plc	Business Services	620	754	394	439	0.3	3.0	6.0
Scholium Group plc	Consumer Markets	900	625	315	324	0.2	6.6	14.7
Collagen Solutions plc	Healthcare & Education	337	337	304	–	0.2	2.1	4.6
Fulcrum Utility Services Ltd	Business Services	102	100	260	163	0.2	0.3	2.4
STM Group plc	Business Services	322	313	236	323	0.2	1.1	3.6
Totally plc	Healthcare & Education	70	171	231	251	0.2	0.8	1.7
Crawshaw Group plc	Consumer Markets	400	571	195	310	0.1	1.2	5.7
Adept4 plc	TMT*	438	339	146	226	0.1	1.2	2.6
MXC Capital Ltd	Business Services	226	265	144	261	0.1	0.3	0.6
Gresham House plc	TMT*	112	116	126	122	0.1	0.3	0.7
Mi-Pay Group plc	Business Services	800	474	90	154	0.1	1.5	3.1
One Media iP Group plc	TMT*	226	179	44	66	0.0	3.1	6.9
Ubisense Group plc	TMT*	175	107	44	56	0.0	0.2	0.4
APC Technology Group plc	Business Services	1,864	942	15	17	0.0	0.2	0.4
Zoo Digital Group plc	TMT*	788	442	10	8	0.0	0.3	0.6
AorTech International plc	Healthcare & Education	509	289	4	6	0.0	0.5	0.5
Marwyn Management Partners plc	Business Services	1,050	529	0	0	0.0	0.0	0.1
<b>Total AIM</b>		<b>42,413</b>	<b>52,080</b>	<b>67,342</b>		<b>43.8</b>		
<b>Collective investment vehicles</b>								
CF Livingbridge UK Micro Cap Fund		7,050	12,451	20,092	18,400	13.1		
JPMorgan Sterling Liquidity Fund		12,000	12,000	12,000	–	7.8		
<b>Total collective investment vehicles</b>		<b>19,050</b>	<b>24,451</b>	<b>32,092</b>		<b>20.9</b>		
<b>Total investments</b>		<b>96,982</b>	<b>116,908</b>	<b>150,342</b>		<b>97.9</b>		
<b>Net current assets</b>				<b>3,278</b>		<b>2.1</b>		
<b>Net assets</b>				<b>153,620</b>		<b>100.0</b>		

† The original book cost column provides the pro-forma combined cost of investments made by BVCT & BVCT2 prior to the acquisition and re-naming of BVCT2 as BVT. BVT acquired the investments of BVCT at fair value on 8 February 2016 (total cost – £62,819,000). The accounting cost column for the combined BVT reflects the original cost of BVCT2's assets plus the fair value cost at which BVCT's assets were purchased.

The accounting cost column ties into the investment note on page 14 of these accounts however the original cost of the investment has been included to make it clearer for shareholders to review the portfolio.

# All funds managed by the same investment manager, Livingbridge VC LLP & Livingbridge EP LLP, including Baronsmead Venture Trust plc.

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

# Shareholder Information and Contact Details

---

## 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:

<b>Telephone:</b>	0800 923 1533	<ul style="list-style-type: none"><li>• This is an automated self-service system</li><li>• It is available 24 hours a day, 7 days a week</li><li>• You should have your Shareholder Reference Number ("SRN") to hand, which is available on your share certificate and dividend tax voucher and which you should always keep confidential for security reasons</li><li>• Press '0' if you wish to speak to someone</li><li>• The Contact Centre in Bristol is available on UK business days between 8.30am – 5.00pm Monday to Friday</li></ul>
<b>On-line:</b>	Investor Centre www.investorcentre.co.uk	<ul style="list-style-type: none"><li>• Computershare's secure website, Investor Centre, allows you to manage your own shareholding online</li><li>• You will need to register to use this service on the Investor Centre web site</li><li>• You should have your SRN to hand, which is available on your share certificate and dividend tax voucher and which you should always keep confidential for security reasons</li></ul>
<b>Email:</b>	web.queries@computershare.co.uk	
<b>Post:</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ	

## Warning to Shareholders

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

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

If you are in any doubt about the veracity of an unsolicited phone call, please call either the Company's Investment Manager or the Registrar on the telephone numbers provided above and on page 20.

## 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 2017 – Quarterly Factsheet to 30 June 2017

November 2017 – Announcement of final results for the year to 30 September 2017

February 2018 – 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<sup>#</sup>  
Les Gabb\*  
Christina McComb<sup>†</sup>

## Secretary

Livingbridge VC LLP

## Registered Office

100 Wood Street  
London EC2V 7AN

## Investment Manager

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

## Registered Number

03504214

## 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 W.S.  
Broadgate Tower  
20 Primrose Street  
London EC2A 2EW

## VCT Status Adviser

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

## Website

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

<sup>#</sup> Senior Independent Director.

\* Chairman of the Audit Committee.

<sup>†</sup> Chairman of Management Engagement and Remuneration Committee,  
Chairman of the Nomination Committee.





LIVINGBRIDGE

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

100 Wood Street London EC2V 7AN T 020 7506 5600 F 020 7506 5665 [www.baronsmeadvcts.co.uk](http://www.baronsmeadvcts.co.uk)