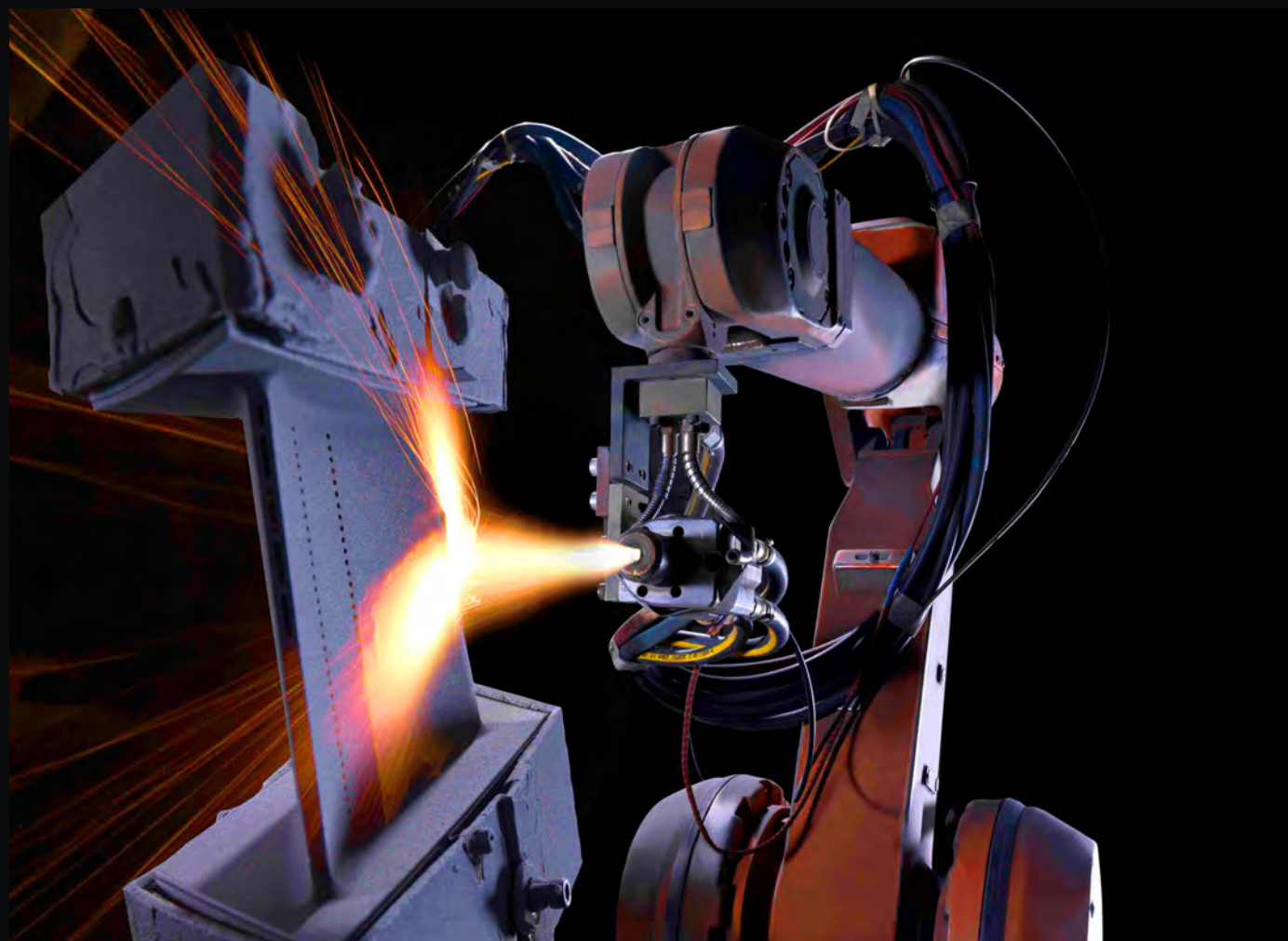


BlackRock

BlackRock Smaller Companies Trust plc

Half Yearly Financial Report 31 August 2024



Keeping in touch

We know how important it is to receive up-to-date information about the Company.

To ensure that you are kept abreast, please scan the QR code to the right of this page to visit our website. If you have a smartphone, you can activate the QR code by opening the camera on your device and pointing it at the QR code. This will then open a link on the relevant section on the Company's website. By visiting our website, you will have the opportunity to sign up to our monthly newsletter which includes our latest factsheets and market commentary, as well as upcoming events and webinars. Information about how we process personal data is contained in our privacy policy available on our website.

Further information about the Company can be found at www.blackrock.com/uk/brsc.

General enquiries about the Company should be directed to the Company Secretary at: cosec@blackrock.com.



Use this QR code to take you to the Company's website where you can sign up to monthly insights and factsheets.



Corporate summary

The Company	The Company is an investment trust, and its shares are listed on the London Stock Exchange. The Company aims to attract long-term private and institutional investors wanting to benefit from the growth prospects of smaller companies.										
Investment objective	To achieve long-term capital growth for shareholders through investment mainly in smaller UK quoted companies.										
Benchmark index	Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index.										
Alternative Investment Fund Manager	BlackRock Fund Managers Limited (The Manager or AIFM).										
Investment Manager	BlackRock Investment Management (UK) Limited (BIM (UK)) – Portfolio Manager: Roland Arnold.										
Board	The Company has an independent Board of Directors which is responsible for the governance of the Company, monitors its performance and keeps the investment strategy under review.										
Website	Information about the Company can be found on the website www.blackrock.com/uk/brsc .										
AIC	The Company is a member of the Association of Investment Companies.										
Financial calendar	<table><tr><td>October/November 2024</td><td>Announcement of results for six months ending 31 August 2024</td></tr><tr><td>November 2024</td><td>Payment of interim dividend on ordinary shares</td></tr><tr><td>April/May 2025</td><td>Announcement of results for year ending 28 February 2025</td></tr><tr><td>June 2025</td><td>Payment of final dividend on ordinary shares</td></tr><tr><td>June 2025</td><td>Annual General Meeting</td></tr></table>	October/November 2024	Announcement of results for six months ending 31 August 2024	November 2024	Payment of interim dividend on ordinary shares	April/May 2025	Announcement of results for year ending 28 February 2025	June 2025	Payment of final dividend on ordinary shares	June 2025	Annual General Meeting
October/November 2024	Announcement of results for six months ending 31 August 2024										
November 2024	Payment of interim dividend on ordinary shares										
April/May 2025	Announcement of results for year ending 28 February 2025										
June 2025	Payment of final dividend on ordinary shares										
June 2025	Annual General Meeting										
Depository, Custodian and Fund Accountant	The Bank of New York Mellon (International) Limited (BNYM).										

Why BlackRock Smaller Companies Trust plc?

Further information

Further details about the Company, including the latest annual and interim reports, factsheets and stock exchange announcements, are available on the website at www.blackrock.com/uk/brsc.

Reasons to invest



Outperforming asset class

The Company offers investors exposure to UK smaller companies, an asset class that has historically outperformed larger companies by circa 3.4%¹ per annum.



Opportunities for active managers

There are at least 1,100 small and mid-cap companies listed on the UK stock market that are well diversified across a broad range of sectors and geographies. BlackRock believes that this area of the market represents an attractive hunting ground since these companies operate in an inefficient and under-researched area of the market thereby presenting attractive opportunities to generate good returns for investors over the long term.



Highly experienced Emerging Companies team² with a robust investment process

The BlackRock team has excellent access to company managements and undertakes about 700 company meetings each year. The team looks to find hidden gems and invest in growth companies with the potential to become much larger. When selecting stocks the team looks for high quality, cash generative companies with strong management teams that are able to generate their own growth regardless of the wider economic environment.



Globally diversified portfolio

The UK small and mid-cap universe contains many industry leaders often operating and selling globally. This allows BlackRock to construct a portfolio of global businesses. Currently around 47%^{3,4} of the portfolio's revenues are generated from overseas operations.



IPO opportunities

Due to the high standards of governance, strong accounting standards and consistent rule of law, London is attractive for companies seeking an initial public offering (IPO). There are often significant IPO opportunities within the UK smaller companies' sector, and many companies purchased at IPO have been extremely strong contributors to performance.



Differentiated source of income

Investing in high quality, cash generative businesses has enabled the Company to increase its total annual dividend every year for 21 years.



Additional exposure through leverage

The Company has the ability to borrow up to 15% of net assets, offering investors the ability to increase exposure to high quality businesses, potentially enhancing returns over the longer term.



Benefits of a closed-ended vehicle

Closed-end funds do not have to deal with daily liquidity requirements that come with open-ended funds. As a result, the Company can invest more freely in exciting smaller companies that might be further down the market cap scale or less liquid.



Strong performance record

The Company has a proven strategy with a consistent track record, outperforming its benchmark for 19 out of the last 21 financial years³.

Past performance is not a reliable indicator of current or future results and should not be the sole consideration when selecting a product or strategy. The value of investments and the income from them can fall as well as rise and is not guaranteed. The investor may not get back the amount originally invested.

¹ Source: LSEG Datastream. For the period 1955 to 2024. Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Total Return Index (previously known as Hoare Govett). Barclays Equity Total Return (December 1955 to December 2006). FTSE All-Share Total Return (January 2007 to August 2024).

² Previously referred to as UK small and mid-cap team.

³ Sources: BlackRock and LSEG Datastream, for the year ended 29 February 2024.

⁴ Based on total revenue earned during the period.

Details about the Company are available on the website at www.blackrock.com/uk/brsc.

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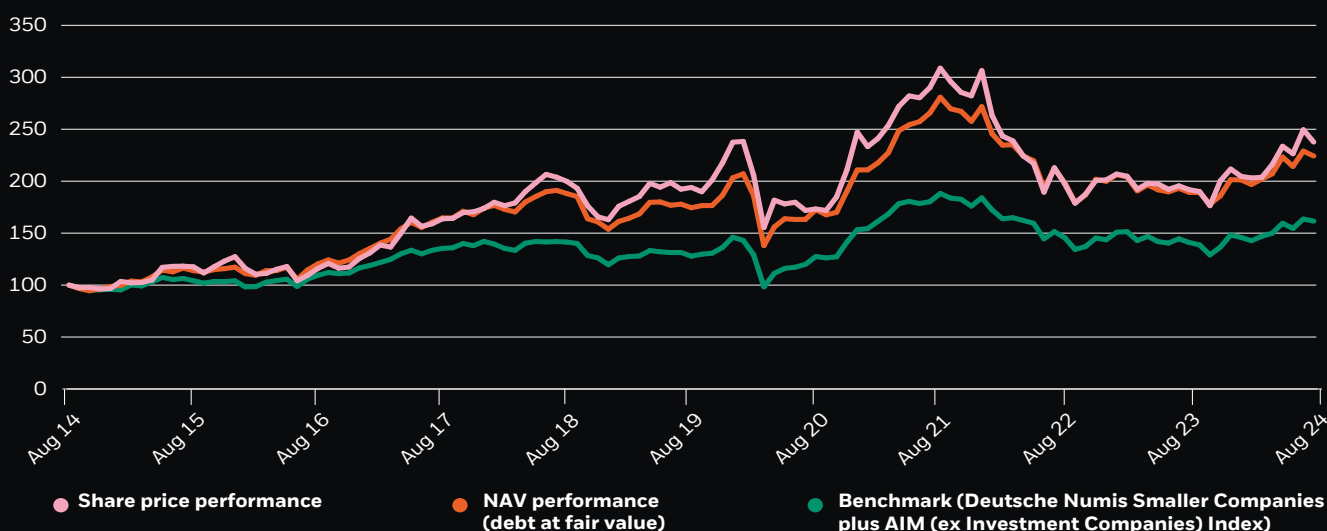
A member of the Association of Investment Companies



Performance record

	As at 31 August 2024	As at 29 February 2024	
Net asset value per ordinary share (debt at par value) (pence) ¹	1,634.26	1,450.15	
Net asset value per ordinary share (debt at fair value) (pence) ¹	1,684.43	1,502.25	
Ordinary share price (mid-market) (pence) ¹	1,524.00	1,326.00	
Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index ²	17,183.46	15,173.40	
Assets			
Total assets less current liabilities (£'000)	839,263	755,721	
Equity shareholders' funds (£'000) ³	769,734	686,206	
Ongoing charges ratio ^{4,5}	0.8%	0.8%	
Dividend yield ⁴	2.8%	3.2%	
Gearing ⁴	10.6%	11.5%	
	For the six months ended 31 August 2024	For the six months ended 31 August 2023	
Performance (with dividends reinvested)			
Net asset value per ordinary share (debt at par value) ^{2,4}	14.6%	-7.8%	
Net asset value per ordinary share (debt at fair value) ^{2,4}	13.9%	-7.3%	
Ordinary share price (mid-market) ^{2,4}	17.0%	-6.3%	
Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index ^{2,4}	13.2%	-6.9%	
	For the six months ended 31 August 2024	For the six months ended 31 August 2023	Change %
Revenue and dividends			
Revenue return per ordinary share	27.54p	25.11p	+9.7
Interim dividend per ordinary share	15.50p	15.00p	+3.3

Performance from 31 August 2014 to 31 August 2024



Sources: BlackRock and LSEG Datastream.

Share price, NAV and Benchmark is with dividends reinvested and rebased to 100.

¹ Without dividends reinvested.

² Total return basis with dividends reinvested.

³ The change in equity shareholders' funds represents the portfolio movements during the period and dividends paid.

⁴ Alternative Performance Measures, see Glossary on pages 33 to 37. Full details setting out how calculations with dividends reinvested are performed are set out in the Glossary on page 35.

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

Chairman's Statement

for the six months ended 31 August 2024

Dear Shareholder



Ronald Gould
Chairman

I am pleased to present to shareholders the half yearly financial report for the six months ended 31 August 2024.

Performance

Investor sentiment and risk appetite, appear to have improved during the six month period ended 31 August 2024 and UK equity markets continued their upward trend. Market performance has been supported by a more benign economic backdrop of falling inflation, lower cost of borrowing, rising consumer confidence, high employment and strong wage growth. These factors have been positive for our asset class and this momentum has been reflected in the performance of our portfolio in the first six months of our financial year.

The Company's net asset value (NAV) rose by 13.9%^{1,2,3} over the period under review, to 1,684.43p per share, outperforming the Company's benchmark, the Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index, which rose by 13.2%^{1,3} over the same period. The Company's share price rose by 17.0%^{1,3} to 1,524.00p per share over the same period. Looking at the broader market environment, the FTSE 100 Index rose by 12.5%¹ over the period, the FTSE 250 Index rose by 12.6%¹ and the FTSE All Share Index rose by 12.6%¹. The performance of both the NAV and share price over the longer term are illustrated in the table below.

Performance to 31 August 2024	6 Months change %	1 Year change %	3 Years change %	5 Years change %	10 Years change %
Net asset value per share (with dividends reinvested) ^{1,2}	13.9	18.5	-20.1	28.6	123.9
Share price (with dividends reinvested) ¹	17.0	23.9	-23.0	22.5	137.7
Benchmark (with dividends reinvested) ¹	13.2	14.6	-14.1	26.4	61.6

¹ Percentages in Sterling terms with dividends reinvested.

² Debt at fair value.

³ Alternative Performance Measure, see Glossary on pages 33 to 37.

Returns and dividends

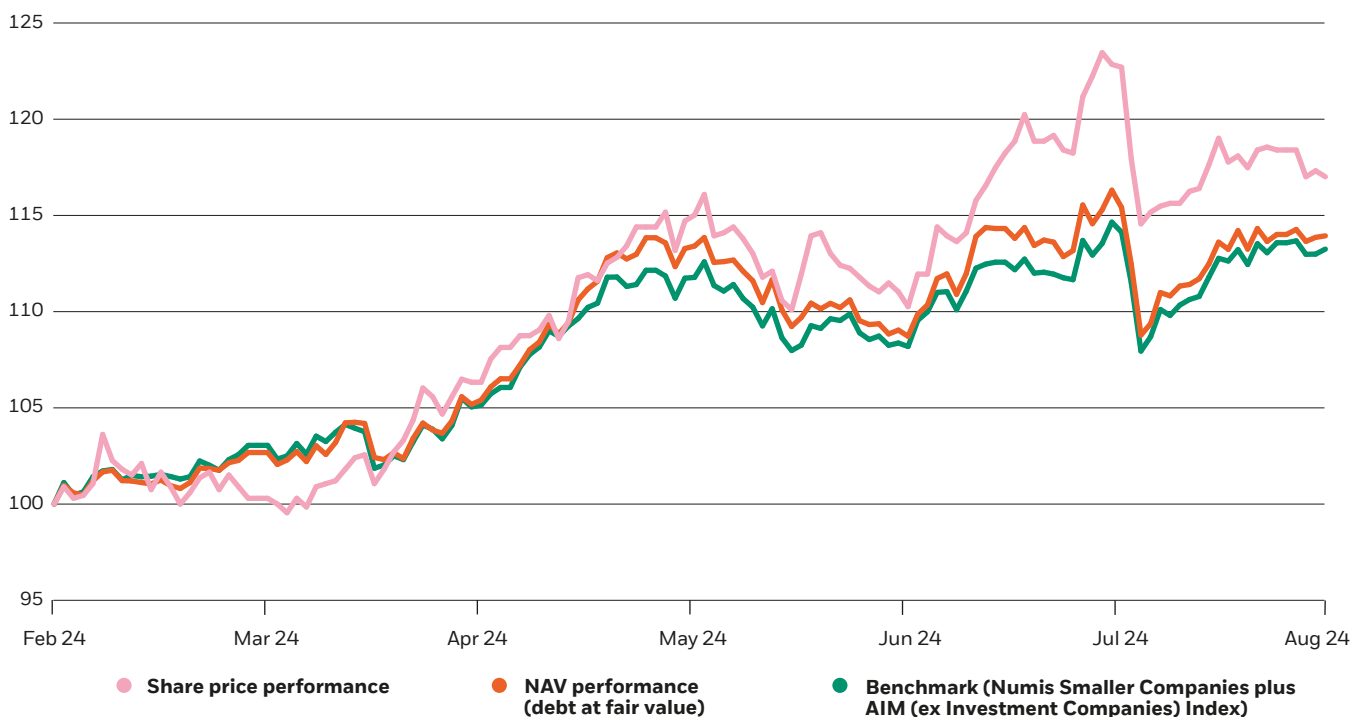
Dividend revenue from portfolio companies increased this period, with the Company's revenue return per share for the six months ended 31 August 2024 up by 9.7% to 27.54p per share (compared to 25.11p revenue return per share for the six months to 31 August 2023). After adjusting for the impact of special dividends received, which amounted to 1.45p per share (31 August 2023: 2.02p per share), regular dividend income from portfolio companies increased by 11.4% compared to 2023 levels.

The Board is mindful of the importance of our dividend to shareholders. The Board is also cognisant of the benefits of the Company's investment trust structure which enables it to retain up to 15% of total revenue each year to build up reserves which may be carried forward and used to pay dividends during leaner times. The Company has substantial distributable reserves (£703.3 million as at 31 August 2024, including revenue reserves of £18.9 million). To put this into context, the current level of annual dividend distribution based on dividends declared in respect of the year ended 29 February 2024 amounted to £19.9 million. Accordingly, the Board is pleased to declare an interim dividend of 15.50p per share (2023: 15.00p per share) representing an increase of 3.3% over the previous interim dividend. The interim dividend will be paid on 4 December 2024 to shareholders on the Company's register on 1 November 2024. The Board continues to monitor the Company's income levels and projected future dividend income streams closely as the year proceeds and will make an assessment in respect of the final dividend in due course, noting that it has the ability to utilise revenue reserves should it deem this appropriate.

Gearing

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

Performance for the six months to 31 August 2024



Sources: BlackRock and LSEG Datastream.

Share price, NAV (debt at fair value) and Benchmark data is with dividends reinvested and rebased to 100.

It continues to be the Board's intention that net gearing will not exceed 15% of the net assets of the Company at the time of the drawdown of the relevant borrowings. Under normal operating conditions it is envisaged that gearing will be within a range of 0%-15% of net assets. During the period net gearing ranged between 10.5% to 12.8%. The Company's net gearing stands at 10.9% of net assets as at 22 October 2024, well within our target range.

Management of share rating

During the period, the Company's shares traded at an average discount to NAV (with debt at fair value) of 10.5%. The discount ranged between 5.7% and 14.1% and ended the period at 9.5%. The Company's shares were trading at a discount of 12.7% to NAV (with debt at fair value) as at close of business on 22 October 2024. During the period the Company bought back a total of 220,000 ordinary shares for a total consideration of £2,968,000 to be held in treasury.

The Board believes that the share buyback activity undertaken has helped reduce the volatility in our share rating, which currently stands at 12.7% compared to an AIC UK Smaller Companies sector average of 12.2%. As we navigate more volatile and uncertain markets, your Board will continue to monitor the Company's share rating and may deploy its powers to buyback the Company's shares where it believes that it is in shareholders' long-term best interests to do so. Shares are only bought back at a discount to NAV which ensures that these transactions are accretive to the NAV per share and enhance NAV returns for shareholders.

Since the period end and as at the date of this report, the Company has not bought back any shares. The share buyback activity undertaken from 1 March 2024 contributed 0.1% to the NAV per share return over this period.

Outlook

Since the period end, and up until the close of business on 22 October 2024, the Company's NAV per share fell by -4.4%^{1,2} and the share price decreased by -7.7%, whilst the benchmark fell by -2.6%¹.

The smaller company landscape in the UK is truly diverse, with a wide range of sectors represented and a large number of companies within our target universe. Given our bottom-up investment approach, this is a fertile environment for active stockpickers investing for long-term growth.

There are clearly a range of uncertainties impacting the current business outlook, economic, political and geopolitical. While these uncertainties make portfolio decisions more challenging, they also give our managers opportunities to identify and select portfolio companies they see as strong performers for the future. Lower interest rates are already helping an improvement in business confidence while better economic policy clarity will be important for short-term market sentiment.

Unemployment remains low, balance sheets remain strong, inflation is falling (slower than we would like) and consumer confidence is improving. This backdrop gives us more confidence that the earnings outlook for our portfolio of companies is broadly positive although not with the level of robustness we had originally hoped. The new government's policies are unfortunately proving to be less clear than expected and all eyes are on the upcoming budget and the associated tax changes that may emerge. In the short term at least, this is limiting the rate of improvement we had hoped in sectors that have been important to our portfolio. Investor flows into the UK had markedly improved after the July election but those flows have since fallen away as investor confidence has receded, at least temporarily. Despite the hopes of many investors, the new government has committed too many "own goals" and markets will need more substantive information on developing policies before they again show signs of real confidence.

Our Portfolio Manager's focus on financially strong companies with innovative and disruptive business models and market leading offerings should, over time, see a return of the strong and consistent investment performance to which our shareholders have become accustomed. But the current environment is unsettled and there have been some earnings disappointments as well. Your Board remains supportive of our current approach but the near-term road ahead, like the real world, will have some tricky potholes.

If shareholders would like to contact me, please write to BlackRock Smaller Companies Trust plc, Exchange Place One, 1 Semple Street, Edinburgh EH3 8BL marked for the attention of the Chairman.

Ronald Gould

Chairman
24 October 2024

Investment Manager's report

for the six months ended 31 August 2024



Roland Arnold

Market review

I always find the start of these reports difficult to write; where should the emphasis be, what are the important events that have shaped markets, are there one or two key facts that should be discussed before all others in order to set the scene? The first six months of this financial year have offered so much that it is even more challenging than normal to find a pithy introduction. Focusing solely on markets we have seen the oscillation in expectations between a hard and soft landing scenario, often pivoting on the back of one single data point. We have seen interest rates start to reduce in major economies, resulting in an enormous amount of intellectual capital spent on whether it will be two or three cuts before the end of the year (newsflash it doesn't really matter as long as rates are heading down). The geopolitical situation continues to worsen, with no end in sight to the conflict in Ukraine, and new fronts opening up in the Middle East. The oil price has fallen and risen in the face of changing demands expectations, to then fall again on news the Saudis will pump all they can, and then rise again on further Middle East tension. We have seen Biden's campaign fall apart in 90 minutes of painful debate, Trump survives not one but two assassination attempts, and the Labour party sweep to power with an overwhelming majority, only to then have their first 100 days of power dominated by the £22 billion black hole and plummeting popularity largely on the back of some sartorial questions. In bond markets the initial decline in UK gilt yields, itself a reflection of inflation being under control and interest rates beginning their downward path, has now been scuppered over fears the new government will bend fiscal rules and raise more debt than the market had expected. Whilst all of these events are shaping daily news flow, the underlying themes of artificial intelligence ("AI") and climate change continue to spark debate globally, and at points having a significant impact on market moves.

Performance review

The Company has modestly outperformed its benchmark, producing an overall return of 13.9% vs an index return of 13.2%.

On the positive side a number of the core holdings performed well. Investment platform provider **IntegraFin** rallied in the period as positive sentiment returned to financial markets, and the company reassured the market the issues with their cost base were consigned to history. Publisher **Bloomsbury Publishing** continued the recent run of upgrades, this time augmenting their operating momentum with an accretive acquisition. **Funding Circle**, who provide loans to Small and Medium-sized Enterprises (SMEs) in the UK announced the disposal of their loss making US operations, and a significant return of capital. The volatility within financial markets has been a boon to pension consultant **XPS Pensions**, who have seen significant demand for their services from pension trustees looking to understand the impact shifting yields are having on their fund assets and liabilities.

In terms of the shares that have negatively impacted on performance, there are three clear groups; the ones where trading has disappointed, the stocks we didn't own, and the stocks that are significant benchmark positions that have performed well. With regard to stocks that suffered trading issues, the main disappointment was media firm **YouGov**, which has seen competition in one division leading to pricing pressure. Veterinary services provider **CVS Group** has been impacted not by demand weakness, but by the announcement of a Competition and Markets Authority (CMA) investigation into the industry. The second group, stocks that we didn't own that were beneficiaries of the spike in M&A activity for UK listed companies and therefore hurt relative performance, including video game service provider **Keywords**, and media business **Ascential**. The final group, the large index constituents we didn't own that have done well, include the likes of ground services firm **Keller**, spread betting provider **Plus500**, gaming software provider **Playtech**, and **Bank of Cyprus**.

Transaction activity

The UK consumer continues to see an improvement in disposable income, as wage growth is running ahead of inflation. The Asda income tracker is currently showing double digit year-on-year increases to household income, although currently this is resulting in a higher savings ratio. As consumers become more confident in the economic outlook we should see this manifest in increased spending. In anticipation of this we have added to a number of names within the leisure sector, including **Dominos Pizza**, **Wetherspoons** and **Loungers**. The latter two of these have recently given positive updates on trading.

The new Labour government has a clear policy to build one and a half million houses over five years. Whilst there has to be considerable risk with regards to this number given the repeated failure of government policy to reach these levels, to get anywhere close there will have to be significant improvements in planning, and substantial investment in the supply chain. In conjunction with lower interest rates spurring banks to become more competitive with regard to mortgage pricing, we see a positive multi year backdrop for the housebuilding and building product sectors. We have added to our position in housebuilder **MJ Gleeson**, brick manufacturer **Ibstock**, paving supplier **Marshalls**, and plumbing supplier **Genuit**.

The IPO (initial public offering) market has been frustratingly quiet in the period, with the Company only taking part in **Raspberry Pi**, the designer and manufacturer of Single Board Computers, and **Rosebank**, the new venture from the former management team of Melrose. Given the timing of the budget it feels unlikely we will see much issuance in the period to the end of this calendar year, but are hopeful the New Year will see a more conducive environment for capital market activity.

Whilst this year has seen an increase in takeover activity, the Company has only benefitted from self-storage provider **Lok'n Store Group**, telecom equipment supplier **Spirent**, and financial services firm **Mattioli Woods**.

We also sold positions in shipping broker **Clarkson**, where we felt near-term operating momentum has possibly peaked, media business **YouGov**, which is seeing increased competition leading to pricing pressure, and defence business **QinetiQ**, where we had become concerned about the cash flow.

Outlook

It is almost impossible to address the outlook without addressing the change of government in the UK. The Labour party swept to power with an overwhelming majority, a mandate for change, and an ability to set long-term economic policy. With the Labour party claiming to offer a more business-friendly outlook this should have been a perfect set up for a market friendly environment. Sadly, their early statements have instead generated increased uncertainty as the market tries to understand how the government will shape policy to fill the "£22 billion black hole". With potential changes to inheritance tax, pensions, and capital gains tax, investors are doing what they traditionally do in the face of an information vacuum, selling. We, like everyone else with exposure to the UK stock market, await budget day with keen interest, and hope that once everyone has the certainty the budget will bring, they will be able to position for the long term. And this long term is where we have more conviction. As a consequence of the current uncertainty, consumer confidence has recently weakened. However, in the background real wages are rising, unemployment remains low, and household disposable income is increasing, all suggesting that as confidence returns the consumer maintains an ability to spend. Survey data suggests UK corporations are still positive

and are themselves awaiting clarity before deciding to invest. And that clarity could (and should) come from the Labour Party, as they move away from the budget and start to enact their agenda; developing the framework to build one and a half million homes, investing in infrastructure and public services whilst at the same time reducing waste, lifting the skills and education of the workforce, and fostering innovation. On a global basis the more recent economic data suggests a soft landing is still the likely outcome. Finally, and importantly, the valuation of UK small and mid-cap companies is attractive on an historic basis. As we move through this near-term noise, the opportunity presented by the UK small and mid-cap market should be revealed, and maybe we will finally see investors looking to allocate back to an asset class that has historically been a profitable one.

Roland Arnold

BlackRock Investment Management (UK) Limited

24 October 2024

Twenty largest investments

as at 31 August 2024

Company	Business activity	Market value £'000	% of total portfolio
IntegraFin	Investment platform for financial advisers	22,312	2.6
Workspace Group	Supply of flexible workspace to businesses in London	22,081	2.6
Hill & Smith	Production of infrastructure products and supply of galvanizing services	21,671	2.5
Gamma Communications	Provider of communication services to UK businesses	19,861	2.3
Breedon	UK construction materials	19,727	2.3
Chemring Group	Advanced technology products and services for the aerospace, defence and security markets	19,054	2.2
Bloomsbury Publishing	Publisher of fiction and non-fiction	17,652	2.1
Tatton Asset Management	Provider of discretionary fund management services to financial advisers	16,620	2.0
Baltic Classifieds Group	Operator of online classified businesses in the Baltics	15,790	1.9
XPS Pensions	Leading independent pensions consultancy and administration firm	14,669	1.7
4imprint Group	Promotional merchandise in the US	14,306	1.6
Great Portland Estates	British property development and investment company	13,366	1.6
GlobalData	Data analytics and consulting company	12,866	1.5
Boku	Digital payments company	12,838	1.5
Oxford Instruments	Designer and manufacturer of tools and systems for industry and scientific research	12,622	1.5
TT Electronics	Global manufacturer of electronic components	12,377	1.5
FRP Advisory	A business advisory firm providing services in corporate restructuring, insolvency, debt advisory, and financial solutions to businesses	12,347	1.5
Ibstock	Manufacture of clay bricks and concrete products	11,898	1.4
Johnson Service Group	Provider of textile services	11,818	1.4
MJ Gleeson	UK-based low-cost house builder and strategic land promoter	11,519	1.4
Twenty largest investments		315,394	37.1
Remaining investments		535,803	62.9
Total		851,197	100.0

Details of the full portfolio are available on the Company's website at www.blackrock.com/uk/brsc.

Twenty largest investments

continued

Portfolio holdings in excess of 3% of issued share capital

At 31 August 2024, the Company did not hold any equity investments comprising more than 3% of any company's share capital other than as disclosed in the table below:

Security	% of share capital held
Distribution Finance Capital Holdings	5.1
The Pebble Group	4.8
TT Electronics	4.3
Secure Trust Bank	3.9
Tatton Asset Management	3.9
Mercia Asset Management	3.5
Treatt	3.4
Luceco	3.4
MJ Gleeson	3.4
FRP Advisory	3.3
Robert Walters	3.2
Diaceutics	3.2
Central Asia Metals	3.1
Ultimate Products	3.1
Sylvania Platinum	3.1
Porvair	3.1
Bloomsbury Publishing	3.0
Fuller Smith and Turner - A Shares	3.0

Investment exposure

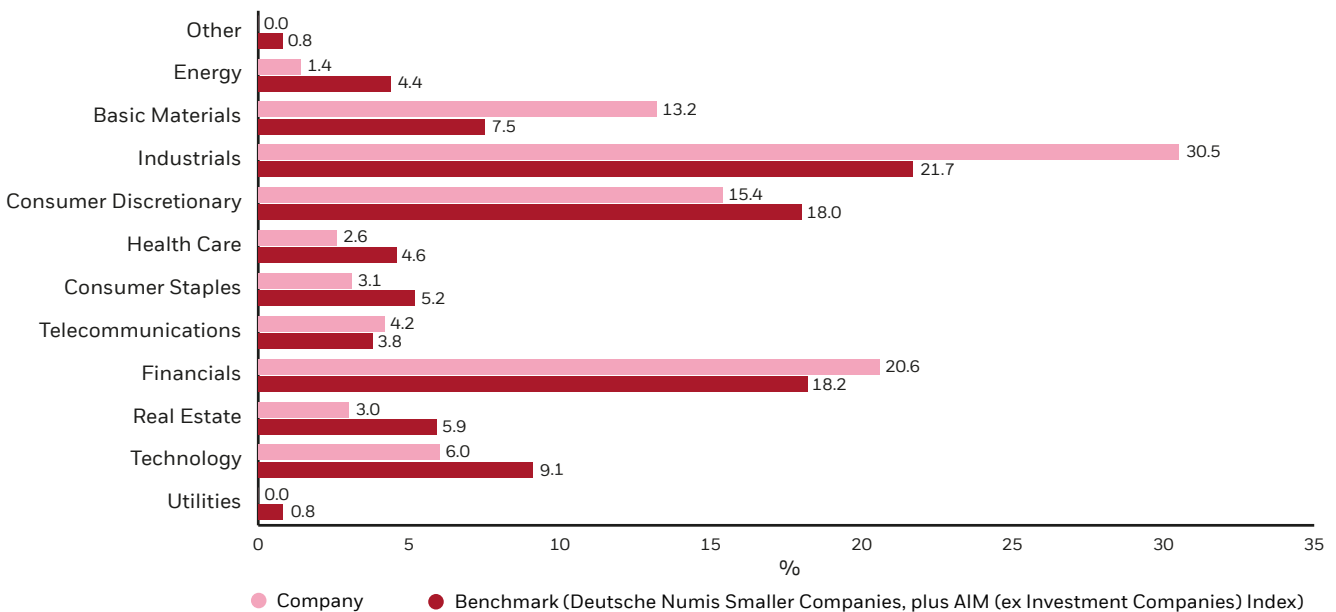
as at 31 August 2024

Investment size



Source: BlackRock.

Analysis of portfolio value by sector



Sources: BlackRock and LSEG Datastream.

Interim Management Report and Responsibility Statement

The Chairman's Statement on pages 5 to 7 and the Investment Manager's Report on pages 8 to 10 give details of the important events which have occurred during the period and their impact on the financial statements.

Principal risks and uncertainties

The principal risks faced by the Company can be divided into various areas as follows:

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

The Board reported on the principal risks and uncertainties faced by the Company in the Annual Report and Financial Statements for the year ended 29 February 2024. A detailed explanation can be found in the Strategic Report on pages 33 to 37 and note 17 on pages 99 to 106 of the Annual Report and Financial Statements which is available on the website maintained by BlackRock at www.blackrock.com/uk/brsc.

The Board and the Investment Manager continue to monitor investment performance in line with the Company's investment objectives, and the operations of the Company and the publication of net asset values are continuing.

In the view of the Board, there have not been any changes to the fundamental nature of the principal risks and uncertainties since the previous report and these are equally applicable to the remaining six months of the financial year as they were to the six months under review.

Going concern

The Board is mindful of the risk that unforeseen or unprecedented events including (but not limited to) heightened geopolitical tensions such as the wars in Ukraine and Middle East, their longer-term effects on the global economy, high inflation and the current cost of living crisis could have a significant impact on global markets. Notwithstanding this significant degree of uncertainty, the Directors, having considered the nature and liquidity of the portfolio, the Company's investment objective, the Company's projected income and expenditure, are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and is financially sound.

Related party disclosure and transactions with the AIFM and Investment Manager

BlackRock Fund Managers Limited (BFM) was appointed as the Company's Alternative Investment Fund Manager (AIFM) with effect from 2 July 2014. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Both BFM and BIM (UK) are regarded as related parties under the Listing Rules. Details of the management and marketing fees payable are set out in notes 4 and 5 respectively on page 20 and note 14 on pages 26 and 27. The related party transactions with the Directors are set out in note 15 on page 27.

Directors' Responsibility Statement

The Disclosure Guidance and Transparency Rules (DTR) of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Management Report and Financial Statements.

The Directors confirm to the best of their knowledge and belief that:

- the condensed set of financial statements contained within the Half Yearly Financial Report has been prepared in accordance with the applicable UK Accounting Standard FRS 104 Interim Financial Reporting; and
- the Interim Management Report together with the Chairman's Statement and Investment Manager's Report, include a fair review of the information required by 4.2.7R and 4.2.8R of the Financial Conduct Authority's (FCA) Disclosure Guidance and Transparency Rules.

The Half Yearly Financial Report has not been audited or reviewed by the Company's Auditor.

The Half Yearly Financial Report was approved by the Board on 24 October 2024 and the above Responsibility Statement was signed on its behalf by the Chairman.

Ronald Gould

for and on behalf of the Board
24 October 2024

Income Statement

for the six months ended 31 August 2024

	Notes	Six months ended 31 August 2024 (unaudited)			Six months ended 31 August 2023 (unaudited)			Year ended 29 February 2024 (audited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss		-	88,199	88,199	-	(69,846)	(69,846)	-	(48,408)	(48,408)
Losses on foreign exchange		-	(7)	(7)	-	-	-	-	(9)	(9)
Income from investments held at fair value through profit or loss	3	14,494	798	15,292	13,385	782	14,167	21,884	782	22,666
Other income	3	-	-	-	155	-	155	379	-	379
Total income/(loss)		14,494	88,990	103,484	13,540	(69,064)	(55,524)	22,263	(47,635)	(25,372)
Expenses										
Investment management fee	4	(615)	(1,845)	(2,460)	(564)	(1,692)	(2,256)	(1,109)	(3,328)	(4,437)
Other operating expenses	5	(510)	(14)	(524)	(439)	(14)	(453)	(869)	(21)	(890)
Total operating expenses		(1,125)	(1,859)	(2,984)	(1,003)	(1,706)	(2,709)	(1,978)	(3,349)	(5,327)
Net profit/(loss) on ordinary activities before finance costs and taxation		13,369	87,131	100,500	12,537	(70,770)	(58,233)	20,285	(50,984)	(30,699)
Finance costs	6	(332)	(900)	(1,232)	(237)	(708)	(945)	(471)	(1,408)	(1,879)
Net profit/(loss) on ordinary activities before taxation		13,037	86,231	99,268	12,300	(71,478)	(59,178)	19,814	(52,392)	(32,578)
Taxation		(55)	-	(55)	(88)	-	(88)	(123)	-	(123)
Net profit/(loss) on ordinary activities after taxation		12,982	86,231	99,213	12,212	(71,478)	(59,266)	19,691	(52,392)	(32,701)
Earnings/(loss) per ordinary share (pence) - basic and diluted	8	27.54	182.93	210.47	25.11	(146.99)	(121.88)	40.70	(108.29)	(67.59)

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

The net profit/(loss) for the period disclosed above represents the Company's total comprehensive income/(loss).

The notes on pages 19 to 28 form part of these financial statements.

Statement of Changes in Equity

for the six months ended 31 August 2024

	Notes	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
For the six months ended 31 August 2024 (unaudited)							
At 29 February 2024		12,498	51,980	1,982	601,098	18,648	686,206
Total comprehensive income:							
Net profit for the period		-	-	-	86,231	12,982	99,213
Transactions with owners, recorded directly to equity:							
Ordinary shares repurchased into treasury		-	-	-	(2,940)	-	(2,940)
Share buyback costs		-	-	-	(28)	-	(28)
Dividends paid ¹	7	-	-	-	-	(12,717)	(12,717)
At 31 August 2024		12,498	51,980	1,982	684,361	18,913	769,734
For the six months ended 31 August 2023 (unaudited)							
At 28 February 2023		12,498	51,980	1,982	673,479	18,590	758,529
Total comprehensive (loss)/income:							
Net (loss)/profit for the period		-	-	-	(71,478)	12,212	(59,266)
Transactions with owners, recorded directly to equity:							
Ordinary shares repurchased into treasury		-	-	-	(3,272)	-	(3,272)
Share buyback costs		-	-	-	(23)	-	(23)
Dividends paid ²	7	-	-	-	-	(12,395)	(12,395)
At 31 August 2023		12,498	51,980	1,982	598,706	18,407	683,573
For the year ended 29 February 2024 (audited)							
At 28 February 2023		12,498	51,980	1,982	673,479	18,590	758,529
Total comprehensive (loss)/income:							
Net (loss)/profit for the year		-	-	-	(52,392)	19,691	(32,701)
Transactions with owners, recorded directly to equity:							
Ordinary shares repurchased into treasury		-	-	-	(19,859)	-	(19,859)
Share buyback costs		-	-	-	(130)	-	(130)
Dividends paid ³	7	-	-	-	-	(19,633)	(19,633)
At 29 February 2024		12,498	51,980	1,982	601,098	18,648	686,206

¹ Final dividend paid in respect of the year ended 29 February 2024 of 27.00p per share was declared on 14 May 2024 and paid on 27 June 2024.

² Final dividend paid in respect of the year ended 28 February 2023 of 25.50p was declared on 9 May 2023 and paid on 27 June 2023.

³ Interim dividend paid in respect of the year ended 29 February 2024 of 15.00p was declared on 26 October 2023 and paid on 4 December 2023. Final dividend paid in respect of the year ended 28 February 2023 of 25.50p was declared on 9 May 2023 and paid on 27 June 2023.

For information on the Company's distributable reserves, please refer to note 12.

The notes on pages 19 to 28 form part of these financial statements.

Balance Sheet

as at 31 August 2024

	Notes	31 August 2024 (unaudited) £'000	31 August 2023 (unaudited) £'000	29 February 2024 (audited) £'000
Non current assets				
Investments held at fair value through profit or loss	13	851,197	753,759	765,178
Current assets				
Current tax assets		132	177	210
Debtors		4,958	2,092	4,667
Cash and cash equivalents		–	644	28
Total current assets		5,090	2,913	4,905
Current liabilities				
Bank overdraft		(10,102)	–	(7,899)
Other creditors		(6,922)	(3,580)	(6,463)
Net current liabilities		(11,934)	(667)	(9,457)
Total assets less current liabilities		839,263	753,092	755,721
Non current liabilities	9, 10	(69,529)	(69,519)	(69,515)
Net assets		769,734	683,573	686,206
Total equity				
Called up share capital	11	12,498	12,498	12,498
Share premium account		51,980	51,980	51,980
Capital redemption reserve		1,982	1,982	1,982
Capital reserves		684,361	598,706	601,098
Revenue reserve		18,913	18,407	18,648
Total shareholders' funds	8	769,734	683,573	686,206
Net asset value per ordinary share (debt at par value) (pence)	8	1,634.26	1,407.04	1,450.15
Net asset value per ordinary share (debt at fair value) (pence)	8	1,684.43	1,460.02	1,502.25

The financial statements on pages 15 to 28 were approved and authorised for issue by the Board of Directors on 24 October 2024 and signed on its behalf by Ronald Gould, Chairman and Mark Little, Director and Audit Committee Chairman.

BlackRock Smaller Companies Trust plc

Registered in Scotland, No. SC006176

The notes on pages 19 to 28 form part of these financial statements.

Statement of Cash Flows

for the six months ended 31 August 2024

	Six months ended 31 August 2024 (unaudited) £'000	Six months ended 31 August 2023 (unaudited) £'000	Year ended 29 February 2024 (audited) £'000
Operating activities			
Net profit/(loss) on ordinary activities before taxation	99,268	(59,178)	(32,578)
Add back finance costs	1,232	945	1,879
(Gains)/losses on investments held at fair value through profit or loss	(88,199)	69,846	48,408
Net movement in foreign exchange	7	-	9
Sale of investments held at fair value through profit or loss	211,755	149,604	322,366
Purchase of investments held at fair value through profit or loss	(207,606)	(163,539)	(327,895)
Net amount for capital special dividends received	(798)	(782)	(782)
(Increase)/decrease in debtors	(1,273)	(771)	7
Increase/(decrease) in other creditors	409	(2,315)	(1,280)
Taxation on investment income	(55)	(88)	(123)
Net cash generated from/(used in) operating activities	14,740	(6,278)	10,011
Financing activities			
Ordinary shares repurchased into treasury	(3,006)	(3,295)	(19,792)
Share buyback costs	(28)	-	(130)
Interest paid	(1,213)	(924)	(1,854)
Dividends paid	(12,717)	(12,395)	(19,633)
Net cash used in financing activities	(16,964)	(16,614)	(41,409)
Decrease in cash and cash equivalents	(2,224)	(22,892)	(31,398)
Cash and cash equivalents at beginning of the period/year	(7,871)	23,536	23,536
Effect of foreign exchange rate changes	(7)	-	(9)
Cash and cash equivalents at end of period/year	(10,102)	644	(7,871)
Comprised of:			
Cash at bank	-	644	-
Cash Fund ¹	-	-	28
Bank overdraft	(10,102)	-	(7,899)
	(10,102)	644	(7,871)

¹ Cash Fund represents funds held on deposit with the BlackRock Institutional Cash Series plc - Sterling Liquid Environmentally Aware Fund.

The notes on pages 19 to 28 form part of these financial statements.

Notes to the Financial Statements

for the six months ended 31 August 2024

1. Principal activity

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

2. Basis of preparation

The financial statements of the Company are prepared on a going concern basis in accordance with Financial Reporting Standard 104 Interim Financial Reporting (FRS 104) applicable in the United Kingdom and Republic of Ireland and the revised Statement of Recommended Practice – Financial Statements of Investment Trust Companies and Venture Capital Trusts (SORP), issued by the Association of Investment Companies (AIC) in October 2019 and updated in July 2022, and the provisions of the Companies Act 2006.

The accounting policies and estimation techniques applied for the condensed set of financial statements are as set out in the Company's Annual Report and Financial Statements for the year ended 29 February 2024.

3. Income

	Six months ended 31 August 2024 (unaudited) £'000	Six months ended 31 August 2023 (unaudited) £'000	Year ended 29 February 2024 (audited) £'000
Investment income¹:			
UK dividends	11,921	9,686	16,538
UK special dividends	605	984	1,230
Property income dividends	841	558	1,058
Overseas dividends	1,049	2,157	3,058
Overseas special dividends	78	–	–
Total investment income	14,494	13,385	21,884
Other income:			
Bank interest	–	3	8
Interest from Cash Fund	–	152	371
	–	155	379
Total income	14,494	13,540	22,263

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

Special dividends of £798,000 have been recognised in capital during the period ended 31 August 2024 (six months ended 31 August 2023: £782,000; year ended 29 February 2024: £782,000).

Dividends and interest received in cash during the period amounted to £13,289,000 and £nil (six months ended 31 August 2023: £12,413,000 and £231,000; year ended 29 February 2024: £21,699,000 and £447,000).

Notes to the Financial Statements

continued

4. Investment management fee

	Six months ended 31 August 2024 (unaudited)			Six months ended 31 August 2023 (unaudited)			Year ended 29 February 2024 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	615	1,845	2,460	564	1,692	2,256	1,109	3,328	4,437
Total	615	1,845	2,460	564	1,692	2,256	1,109	3,328	4,437

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

5. Other operating expenses

	Six months ended 31 August 2024 (unaudited) £'000	Six months ended 31 August 2023 (unaudited) £'000	Year ended 29 February 2024 (audited) £'000
Allocated to revenue:			
Custody fees	5	5	10
Depository fees	42	52	78
Auditor's remuneration	29	34	50
Registrar's fee	23	19	42
Directors' emoluments	112	90	201
Director search fees	-	18	35
Marketing fees	136	59	174
AIC fees	11	11	22
Bank charges	12	16	28
Broker fees	18	18	35
Stock exchange listings	21	17	34
Printing and postage fees	24	22	37
Legal fees	9	8	21
Prior year expenses written back ¹	-	(7)	(1)
Other administrative costs	68	77	103
	510	439	869
Allocated to capital:			
Custody transaction charges ²	14	14	21
	524	453	890

¹ No expenses have been written back during the six month period ended 31 August 2024 (six months ended 31 August 2023: depository fees and miscellaneous fees; year ended 29 February 2024: miscellaneous fees).

² For the six month period ended 31 August 2024, expenses of £14,000 (six months ended 31 August 2023: £14,000; year ended 29 February 2024: £21,000) were charged to the capital account of the Income Statement. These relate to transaction costs charged by the custodian on sale and purchase trades.

The direct transaction costs incurred on the acquisition of investments amounted to £887,000 for the six months ended 31 August 2024 (six months ended 31 August 2023: £708,000; year ended 29 February 2024: £1,393,000). Costs relating to the disposal of investments amounted to £159,000 for the six months ended 31 August 2024 (six months ended 31 August 2023: £113,000; year ended 29 February 2024: £249,000). All direct transaction costs have been included within capital reserves.

6. Finance costs

	Six months ended 31 August 2024 (unaudited)			Six months ended 31 August 2023 (unaudited)			Year ended 29 February 2024 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on 2.74% loan note 2037	87	260	347	87	260	347	173	518	691
Interest on 2.41% loan note 2044	60	182	242	60	182	242	121	362	483
Interest on 2.47% loan note 2046	76	228	304	76	228	304	152	456	608
Interest on bank overdraft	105	220	325	10	28	38	17	52	69
2.74% Amortised loan note issue expenses	2	5	7	2	5	7	4	10	14
2.41% Amortised loan note issue expenses	1	2	3	1	2	3	2	5	7
2.47% Amortised loan note issue expenses	1	3	4	1	3	4	2	5	7
Total	332	900	1,232	237	708	945	471	1,408	1,879

Finance costs have been allocated 25% to the revenue account and 75% to the capital account of the Income Statement.

7. Dividends

In accordance with FRS 102, Section 32 Events After the End of the Reporting Period, the interim dividend payable on the ordinary shares has not been included as a liability in the financial statements, as interim dividends are only recognised when they have been paid.

The Board has declared an interim dividend of 15.50p per share (31 August 2023: 15.00p per share), payable on 4 December 2024 to shareholders on the Company's register as at 1 November 2024; the ex dividend date is 31 October 2024. The total cost of this dividend, based on 47,099,792 shares in issue at 22 October 2024, is £7,300,000 (31 August 2023: £7,238,000).

Notes to the Financial Statements

continued

8. Returns and net asset value per share

Revenue earnings, capital loss and net asset value per share are shown below and have been calculated using the following:

	Six months ended 31 August 2024 (unaudited)	Six months ended 31 August 2023 (unaudited)	Year ended 29 February 2024 (audited)
Revenue return attributable to ordinary shareholders (£'000)	12,982	12,212	19,691
Capital profit/(loss) attributable to ordinary shareholders (£'000)	86,231	(71,478)	(52,392)
Total profit/(loss) attributable to ordinary shareholders (£'000)	99,213	(59,266)	(32,701)
Total shareholders' funds (£'000)	769,734	683,573	686,206
The weighted average number of ordinary shares in issue during the period on which the earnings per ordinary share was calculated was:	47,138,725	48,625,566	48,381,588
The actual number of ordinary shares in issue at the end of each period on which the undiluted net asset value was calculated was:	47,099,792	48,582,292	47,319,792
Earnings per share			
Revenue earnings per share (pence) - basic and diluted	27.54	25.11	40.70
Capital earnings/(loss) per share (pence) - basic and diluted	182.93	(146.99)	(108.29)
Total earnings/(loss) per share (pence) - basic and diluted	210.47	(121.88)	(67.59)
	As at 31 August 2024 (unaudited)	As at 31 August 2023 (unaudited)	As at 29 February 2024 (audited)
Net asset value per ordinary share (debt at par value) (pence)	1,634.26	1,407.04	1,450.15
Net asset value per ordinary share (debt at fair value) (pence)	1,684.43	1,460.02	1,502.25
Ordinary share price (pence)	1,524.00	1,268.00	1,326.00

9. Borrowings

	Six months ended 31 August 2024 (unaudited) £'000	Six months ended 31 August 2023 (unaudited) £'000	Year ended 29 February 2024 (audited) £'000
Amounts falling due after more than one year			
2.74% loan note 2037	25,000	25,000	25,000
Unamortised loan note issue expenses	(166)	(189)	(182)
	24,834	24,811	24,818
2.41% loan note 2044	20,000	20,000	20,000
Unamortised loan note issue expenses	(130)	(136)	(133)
	19,870	19,864	19,867
2.47% loan note 2046	25,000	25,000	25,000
Unamortised loan note issue expenses	(175)	(156)	(170)
	24,825	24,844	24,830
Total borrowings	69,529	69,519	69,515

The fair value of the 2.74% loan note has been determined based on a comparative yield for UK Gilts for similar duration maturity and spreads, and as at 31 August 2024 equated to a valuation of 76.63p per note (31 August 2023: 72.24p; 29 February 2024: 74.55p), a total of £19,158,000 (31 August 2023: £18,060,000; 29 February 2024: £18,638,000). The fair value of the 2.41% loan note has been determined based on a comparative yield for UK Gilts for similar duration maturity and spreads, and as at 31 August 2024 equated to a valuation of 61.74p per note (31 August 2023: 59.30p; 29 February 2024: 60.55p), a total of £12,348,000 (31 August 2023: £11,860,000; 29 February 2024: £12,110,000). The fair value of the 2.47% loan note has been determined based on a comparative yield for UK Gilts for similar duration maturity and spreads, and as at 31 August 2024 equated to a valuation of 57.58p per note (31 August 2023: 55.44p; 29 February 2024: 56.44p), a total of £14,395,000 (31 August 2023: £13,860,000; 29 February 2024: £14,110,000).

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

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

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

The Company had in place a £35 million three year multi-currency revolving loan facility with SMBC Bank International plc. This facility was terminated on 25 November 2022 and any loan amounts repaid. As at 31 August 2022, the facility was not utilised. Prior to the termination, interest on the facility was reset every three months and was charged at the Sterling Overnight Index Average rate (SONIA) plus a credit adjustment spread of 0.326% for one month borrowings and 0.1193% for three month borrowings.

The Company also has available an uncommitted overdraft facility of £60 million with The Bank of New York Mellon (International) Limited, of which £nil had been utilised at 31 August 2024 (31 August 2023: £nil; 29 February 2024: £nil).

The Company has complied with all covenants during the period related to the loan and borrowings.

Notes to the Financial Statements

continued

10. Reconciliation of liabilities arising from financing activities

	Six months ended 31 August 2024 (unaudited) £'000	Six months ended 31 August 2023 (unaudited) £'000	Year ended 29 February 2024 (audited) £'000
Debt arising from financing activities:			
Debt arising from financing activities at beginning of the period/year	69,515	69,504	69,504
Cash flows:			
Non-cash flows:			
Amortisation of debenture and loan note issue expenses	14	15	11
Debt arising from financing activities at end of the period/year	69,529	69,519	69,515

11. Called up share capital

	Ordinary shares in issue (number)	Treasury shares (number)	Total shares (number)	Nominal Value £'000
Allotted, called up and fully paid share capital comprised:				
Ordinary shares of 25p each				
At 29 February 2024	47,319,792	2,673,731	49,993,523	12,497
Ordinary shares bought back into treasury	(220,000)	220,000	-	-
At 31 August 2024	47,099,792	2,893,731	49,993,523	12,497

During the period ended 31 August 2024, the Company has bought back 220,000 shares into treasury for a total consideration of £2,968,000 (six months ended 31 August 2023: bought back 247,500 shares for a total consideration of £3,295,000; year ended 29 February 2024: bought back 1,510,000 shares for a total consideration of £19,989,000).

Since 31 August 2024 and up to the latest practicable date of 22 October 2024 no further shares have been bought back.

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

12. Reserves

The share premium account and capital redemption reserve are not distributable reserves under the Companies Act 2006. In accordance with ICAEW Technical Release O2/17BL on Guidance on Realised and Distributable Profits under the Companies Act 2006, the capital reserve may be used as distributable reserves for all purposes and, in particular, the repurchase by the Company of its ordinary shares and for payments such as dividends. In accordance with the Company's Articles of Association, the capital reserve and the revenue reserve may be distributed by way of dividend. The gain on the capital reserve arising on the revaluation of investments of £109,443,000 (31 August 2023: gain of £18,222,000; 29 February 2024: gain of £35,601,000) is subject to fair value movements and may not be readily realisable at short notice, as such it may not be entirely distributable. The investments are subject to financial risks, as such capital reserves (arising on investments sold) and the revenue reserve may not be entirely distributable if a loss occurred during the realisation of these investments.

13. Valuation of financial instruments

The Company's investment activities expose it to the various types of risk which are associated with the financial instruments and markets in which it invests. The risks are substantially consistent with those disclosed in the previous annual financial statements.

Market risk arising from price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, climate change or other events could have a significant impact on the Company and its investments and could result in increased premiums or discounts to the Company's net asset value.

Valuation of financial instruments

Financial assets and financial liabilities are either carried in the Balance Sheet at their fair value (investments) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash and cash equivalents and bank overdrafts). Section 34 of FRS 102 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note on page 89 of the Annual Report and Financial Statements for the year ended 29 February 2024.

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

The fair value hierarchy has the following levels:

Level 1 - Quoted market price for identical instruments in active markets

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

Level 2 - Valuation techniques using observable inputs

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

Level 3 - Valuation techniques using significant unobservable inputs

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

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

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

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

Notes to the Financial Statements

continued

13. Valuation of financial instruments continued

Fair values of financial assets and financial liabilities

The table below is an analysis of the Company's financial instruments measured at fair value at the balance sheet date.

Financial assets at fair value through profit or loss at 31 August 2024 (unaudited)

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Equity investments	851,197	–	–	851,197
Total	851,197	–	–	851,197

Financial assets at fair value through profit or loss at 31 August 2023 (unaudited)

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Equity investments	753,759	–	–	753,759
Total	753,759	–	–	753,759

Financial assets at fair value through profit or loss at 29 February 2024 (audited)

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Equity investments	765,178	–	–	765,178
Total	765,178	–	–	765,178

There were no transfers between levels for financial assets during the period recorded at fair value as at 31 August 2024, 31 August 2023 and 29 February 2024. The Company did not hold any Level 3 securities throughout the six month period or as at 31 August 2024 (31 August 2023: none; 29 February 2024: none).

For exchange listed equity investments, the quoted price is the bid price. Substantially, all investments are valued based on unadjusted quoted market prices. Where such quoted prices are readily available in an active market, such prices are not required to be assessed or adjusted for any business risks, including climate change risk, in accordance with the fair value related requirements of the Company's financial reporting framework.

14. Transactions with the Investment Manager and AIFM

BlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six months' notice. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed on page 49 of the Directors' Report in the Company's Annual Report and Financial Statements for the year ended 29 February 2024.

The investment management fee payable for the six months ended 31 August 2024 amounted to £2,460,000 (six months ended 31 August 2023: £2,256,000; year ended 29 February 2024: £4,437,000). At the period end, £3,569,000 was outstanding in respect of the management fee (31 August 2023: £2,256,000; 29 February 2024: £3,319,000).

In addition to the above services, BIM (UK) has provided the Company with marketing services. The total fees paid or payable for these services for the six months ended 31 August 2024 amounted to £136,000 including VAT (six months ended 31 August 2023: £59,000; year ended 29 February 2024: £174,000). At the period end, £273,000 was outstanding in respect of the marketing fees (31 August 2023: £196,000; 29 February 2024: £137,000).

During the period, the Manager pays the amounts due to the Directors. These fees are then reimbursed by the Company for the amounts paid on its behalf. As of 31 August 2024, an amount of £232,000 (31 August 2023: £196,000; 29 February 2024: £210,000) was payable to the Manager in respect of Directors' fees.

The Company had an investment in the BlackRock Institutional Cash Series plc – Sterling Liquid Environmentally Aware Fund of £nil as at 31 August 2024 (31 August 2023: £nil; 29 February 2024: £28,000).

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

15. Related party disclosure

Directors' emoluments

As at 31 August 2024, the Board consisted of six non-executive Directors, all of whom are considered to be independent of the Manager by the Board. None of the Directors has a service contract with the Company. The Chairman receives an annual fee of £50,000, the Audit Committee Chairman receives an annual fee of £38,000, the Senior Independent Director receives a fee of £35,000 and each of the other Directors receives an annual fee of £33,000.

As at 31 August 2024, an amount of £19,000 (31 August 2023: £15,000; 29 February 2024: £17,000) was outstanding in respect of Directors' fees.

At the period end members of the Board held ordinary shares in the Company as set out below:

	As at 31 August 2024 Ordinary shares	As at 31 August 2023 Ordinary shares	As at 29 February 2024 Ordinary shares
Ronald Gould (Chairman)	3,544	3,544	3,544
Susan Platts-Martin	2,800	2,800	2,800
Mark Little	491	491	491
James Barnes	2,500	2,500	2,500
Helen Sinclair	988	988	988
Dunke Afe ¹	–	–	–

¹ Ms Afe was appointed 1 January 2024.

Significant holdings

The following investors are:

- funds managed by the BlackRock Group or are affiliates of BlackRock, Inc. (Related BlackRock Funds); or
- investors (other than those listed in (a) above) who held more than 20% of the voting shares in issue in the Company and are, as a result, considered to be related parties to the Company (Significant Investors).

	Total % of shares held by Related BlackRock Funds	Total % of shares held by Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.	Number of Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.
As at 31 August 2024	5.92	n/a	n/a
As at 31 August 2023	9.19	n/a	n/a
As at 29 February 2024	9.70	n/a	n/a

16. Contingent liabilities

There were no contingent liabilities at 31 August 2024, 29 February 2024 or 31 August 2023.

Notes to the Financial Statements

continued

17. Publication of non-statutory accounts

The financial information contained in this Half Yearly Financial Report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the six months ended 31 August 2024 and 31 August 2023 has not been audited, or reviewed, by the Company's auditors.

The information for the year ended 29 February 2024 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The report of the auditor in those financial statements contained no qualification or statement under Sections 498(2) or (3) of the Companies Act 2006.

18. Annual results

The Board expects to announce the annual results for the year ending 28 February 2025 in early May 2025.

Copies of the results announcement can be obtained from the Secretary on 020 7743 3000 or at cosec@blackrock.com. The Annual Report should be available by the beginning of May 2025 with the Annual General Meeting being held in June 2025.

Management and other service providers

Directors

Ronald Gould (Chairman)

James Barnes

Mark Little (Chairman of the Audit Committee)

Susan Platts-Martin (Senior Independent Director and Chair of the Nomination and Remuneration Committee)

Helen Sinclair

Dunke Afe

Registered Office

(Registered in Scotland, No. 006176)

Exchange Place One

1 Semple Street

Edinburgh EH3 8BL

Investment Manager And Company Secretary

BlackRock Investment Management (UK) Limited¹

12 Throgmorton Avenue

London EC2N 2DL

Email: cosec@blackrock.com

Alternative Investment Fund Manager

BlackRock Fund Managers Limited^{1,2}

12 Throgmorton Avenue

London EC2N 2DL

Telephone: 020 7743 3000

Depository

The Bank of New York Mellon (International) Limited¹

160 Queen Victoria Street

London EC4V 4LA

Registrar

Computershare Investor Services PLC¹

The Pavilions

Bridgwater Road

Bristol BS99 6ZZ

Telephone: 0370 707 1649

Stockbroker

Investec Bank plc¹

30 Gresham Street

London EC2V 7QP

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Atria One

144 Morrison Street

Edinburgh

EH3 8EX

¹ Authorised and regulated by the Financial Conduct Authority.

² BlackRock Fund Managers (BFM) was appointed as the Alternative Investment Fund Manager on 2 July 2014. BlackRock Investment Management (UK) Limited continues to act as the Investment Manager of the Company under a delegation agreement with BFM.

Shareholder information

Financial calendar

The timing of the announcement and publication of the Company's results may normally be expected in the months shown below:

April/May	Annual results and final dividend for year announced.
April/May	Annual Report and Financial Statements published.
June	Annual General Meeting.
June	Final dividend paid.
October/November	Half yearly results to 31 August announced and Half Yearly Financial Report published.
November/December	Interim dividend paid.

Interim dividend

The interim dividend in respect of the year ending 28 February 2025 is 15.50p per share.

Ex-dividend date (shares transferred without the dividend)	31 October 2024
Record date (last date for registering transfers to receive the dividend)	1 November 2024
Last date for registering DRIP instructions	13 November 2024
Dividend payment date	4 December 2024

Payment of dividends

Cash dividends will be sent by cheque to the first-named shareholder at their registered address. Dividends may also be paid direct into a shareholder's bank account via BACSTEL-IP (Bankers' Automated Clearing Service – Telecom Internet Protocol). This may be arranged by contacting the Company's registrar, Computershare Investor Services PLC, through their secure website investorcentre.co.uk, or by telephone on 0370 707 1649, or by completing the Mandate Instructions section on the reverse of your dividend counterfoil. Confirmation of dividends paid will be sent to shareholders at their registered address, unless other instructions have been given, to arrive on the payment date.

Dividend reinvestment scheme (DRIP)

Shareholders may request that their dividends be used to purchase further shares in the Company. Dividend reinvestment forms may be obtained from Computershare Investor Services PLC through their secure website investorcentre.co.uk, or on 0370 707 1649. Shareholders who have already opted to have their dividends reinvested do not need to reapply. The last date for registering for this service for the forthcoming dividend is 13 November 2024.

Share price

The Company's mid-market ordinary share price is quoted daily in The Financial Times under "Investment Companies" and in The Daily Telegraph and The Times under "Investment Trusts". The share price is also available on the BlackRock website at www.blackrock.com/uk/brsc.

ISIN/SEDOL numbers

The ISIN/SEDOL numbers and mnemonic codes for the Company's shares are:

	Ordinary shares
ISIN	GB0006436108
SEDOL	0643610
Reuters Code	BRSC
Bloomberg Code	BRSC LN

Share dealing

Investors wishing to purchase more shares in the Company or sell all or part of their existing holding may do so through a stockbroker. Most banks also offer this service. Alternatively, please go to www.computershare.com/dealing/uk for a range of Dealing services made available by Computershare.

CREST

The Company's shares may be held in CREST, an electronic system for uncertificated securities trading. Private investors can continue to retain their share certificates and remain outside the CREST system. Private investors are able to buy and sell their holdings in the same way as they did prior to the introduction of CREST, although there may be differences in dealing charges.

Electronic communications

We encourage you to play your part in reducing our impact on the environment and elect to be notified by email when your shareholder communications become available online. This means you will receive timely, cost-effective and greener online annual reports, half yearly financial reports and other relevant documentation. Shareholders who opt for this service will receive an email from Computershare with a link to the relevant section of the BlackRock website where the documents can be viewed and downloaded. Please submit your email address by visiting investorcentre.co.uk/ecomms.

You will need your shareholder reference number which you will find on your share certificate or tax voucher. You will continue to receive a printed copy of these reports if you have elected to do so. Alternatively, if you have not submitted your email address nor have elected to receive printed reports, we will write and let you know where you can view these reports online.

Risk factors

- Past performance is not necessarily a guide to future performance.
- The value of your investment in the Company and the income from it can fluctuate as the value of the underlying investments fluctuate.
- The price at which the Company's shares trade on the London Stock Exchange is not the same as their net asset value (NAV) (although they are related) and therefore you may realise returns which are lower or higher than NAV performance.

Nominee code

Where shares are held in a nominee company name, the Company undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance; and
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available.

Publication of net asset value/portfolio analysis

The net asset value (NAV) per share of the Company is calculated daily, with details of the Company's investments and performance being published monthly. The daily NAV per share and monthly information are released through the London Stock Exchange's Regulatory News Service and are available on the website at www.blackrock.com/uk/brsc and through the Reuters News Service under the code 'BLRKINDEX', on page 8800 on Topic 3 (ICV terminals) and under 'BLRK' on Bloomberg (monthly information only).

Online access

Other details about the Company are also available on the website at www.blackrock.com/uk/brsc. The financial statements and other literature are published on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Shareholders can also manage their shareholding online by using Investor Centre, Computershare's secure website at investorcentre.co.uk. To access Computershare's website you will need your shareholder reference number which can be found on paper or electronic communications you have previously received from Computershare. Listed below are the most frequently used features of the website.

- **Holding enquiry** – view balances, values, history, payments and reinvestments.
- **Payments enquiry** – view your dividends and other payment types.
- **Address change** – change your registered address.

Shareholder information

continued

- **Bank details update** – choose to receive your dividend payment directly into your bank account instead of by cheque.
- **Outstanding payments** – reissue payments using the online replacement service.
- **Downloadable forms** – including dividend mandates, stock transfer, dividend reinvestment and change of address forms.

Dividend tax allowance

The annual tax-free allowance on dividend income across an individual's entire share portfolio is £500. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances.

The Company continues to provide registered shareholders with confirmation of the dividends paid and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is a shareholder's responsibility to include all dividend income when calculating any tax liability.

If you have any tax queries, please contact a financial advisor.

Individual savings accounts (ISA)

ISAs are a tax-efficient method of investment and the Company's shares are eligible investments for inclusion within a stocks and shares Individual Savings Account. In the 2024/2025 tax year investors will be able to invest up to £20,000 either as cash or shares.

Shareholder enquiries

The Company's registrar is Computershare Investor Services PLC. Certain details relating to your holding can be checked through the Computershare Investor Centre website. As a security check, specific information needs to be input accurately to gain access to an individual's account. This includes your shareholder reference number, available from either your share certificate, tax voucher or other communications you have previously received from Computershare. The address of the Computershare website is investorcentre.co.uk. Alternatively, please contact the registrar on 0370 707 1649.

Changes of name or address must be notified in writing either through Computershare's website, or to the registrar at:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

General enquiries

Enquiries about the Company should be directed to:

The Secretary
BlackRock Smaller Companies Trust plc
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000
Email: cosec@blackrock.com

Glossary

Alternative Performance Measure (APM)

An APM is a measure of performance or financial position that is not defined in applicable accounting standards and cannot be directly derived from the financial statements. The Company's APMs are set out below and are cross-referenced where relevant to the financial inputs used to derive them as contained in other sections of the Half Yearly Financial Report.

Closed-end company

An investment trust works along the same lines as a unit trust, in that it pools money from investors which is then managed on a collective basis. The main difference is that an investment trust is a company listed on the Stock Exchange and, in most cases, trading takes place in shares which have already been issued, rather than through the creation or redemption of units. As the number of shares which can be issued or cancelled at any one time is limited, and requires the approval of existing shareholders, investment trusts are known as closed-end funds or companies. This means that investment trusts are not subject to the same liquidity constraints as open-ended funds and can therefore invest in less liquid investments.

Discount and Premium*

Investment trust shares can frequently trade at a discount to NAV. This occurs when the share price (based on the mid-market share price) is less than the NAV (debt at fair value) and investors may therefore buy shares at less than the value attributable to them by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV.

As at 31 August 2024, the share price was 1,524.00p (31 August 2023: 1,268.00p; 29 February 2024: 1,326.00p) and the NAV (debt at fair value) was 1,684.43p (31 August 2023: 1,460.02p; 29 February 2024: 1,502.25p); therefore, the discount was 9.5% (31 August 2023: 13.2%; 29 February 2024: 11.7%). Please see note 8 of the financial statements on page 22 for the inputs to the calculation.

The approach to calculate the discount at the period end shown above is used on a daily basis to calculate the daily discount. This daily discount is then averaged over the period (being the number of days that the Company's share price and NAV (with debt at fair value) are available).

The average share price, NAV (debt at fair value) and discount for the period are shown in the table below.

Average share price	Average NAV (debt at fair value)	Average discount
1,449.74	1,618.17	10.5%

A premium occurs when the share price (based on the mid-market share price) is more than the NAV and investors would therefore be paying more than the value attributable to the shares by reference to the underlying assets. For example, if the share price was 100p and the NAV 90p, the premium would be 11.1%.

Discounts and premiums are mainly the consequence of supply and demand for the shares on the stock market.

Gearing*

Investment companies can borrow to purchase additional investments. This is called 'gearing'. It allows investment companies to take advantage of a favourable situation or a particularly attractive stock without having to sell existing investments.

Gearing has the effect of magnifying a company's performance. If a company 'gears up' and then the value of the company's investments rises and the returns on those investments outstrip the costs of borrowing, the overall returns to investors will be greater. But if the value of the company's investments falls then losses suffered by the investor will also be magnified.

The Company may achieve gearing through borrowings or the effect of gearing through an appropriate balance of equity capital and borrowings.

Gearing is calculated in line with AIC guidelines and represents net gearing. This is defined as total assets of the Company less current liabilities (excluding bank overdrafts), less any cash or cash equivalents held minus total shareholders' funds, divided by total shareholders' funds. Cash and cash equivalents are defined by the AIC as net current assets or net current liabilities (as relevant). To the extent that the Company has net current liabilities, the net current liabilities total is added back to the total assets of the Company to calculate the numerator in this equation. The calculation and the various inputs are set out in the table on the following page.

* Alternative Performance Measure.

Glossary

continued

Net gearing calculation	Page	31 August 2024 £'000 (unaudited)	31 August 2023 £'000 (unaudited)	29 February 2024 £'000 (audited)	
Net assets	17	769,734	683,573	686,206	(a)
Borrowings	17	79,631	69,519	77,386	(b)
Total assets (a + b)		849,365	753,092	763,592	(c)
Current assets ¹	17	5,090	2,913	4,877	(d)
Current liabilities (excluding borrowings)	17	(6,922)	(3,580)	(6,463)	(e)
Cash and cash equivalents (d + e)		(1,832)	(667)	(1,586)	(f)
Net gearing figure (g = (c - f - a)/a) (%)		10.6	10.3	11.5	(g)

¹ Includes bank overdraft.

Leverage

Leverage is defined in the AIFM Directive as “any method by which the AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means”.

Leverage is measured in terms of ‘exposure’ and is expressed as a ratio of net asset value:

$$\text{Leverage ratio} = \frac{\text{Total assets}}{\text{Net assets}}$$

The Directive sets out two methodologies for calculating exposure. These are the Gross Method and the Commitment Method. The process for calculating exposure under each methodology is largely the same, except that, where certain conditions are met, the Commitment Method enables instruments to be netted off to reflect ‘netting’ or ‘hedging’ arrangements and the entity’s exposure is effectively reduced.

Net asset value per share (NAV)

This is the value of the Company’s assets attributable to one ordinary share. It is calculated by dividing total shareholders’ funds by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 31 August 2024, shareholders’ funds were worth £769,734,000 (debt at par value) (31 August 2023: £683,573,000; 29 February 2024: £686,206,000) and £793,362,000 (debt at fair value) (31 August 2023: £709,312,000; 29 February 2024: £710,863,000) and there were 47,099,792 ordinary shares in issue (excluding treasury shares) (31 August 2023: 48,582,292 ; 29 February 2024: 48,381,588); the NAV per share was therefore 1,634.26p per share (debt at par value) (31 August 2023: 1,407.04p; 29 February 2024: 1,450.15p) and 1,684.43p per share (debt at fair value) (31 August 2023: 1,460.02p; 29 February 2024: 1,502.25p). Shareholders’ funds are calculated by deducting the Company’s current and long-term liabilities and any provision for liabilities and charges from its total assets.

Net asset value per share – debt at fair value (NAV)

The Company has in issue a number of tranches of long-term debt as described in detail on note 9 on page 23. For accounting purposes and in accordance with UK GAAP, this debt is valued at par less amortised costs on the Company’s balance sheet. However, the fair value of this debt reflects instead the market price that investors would be willing to buy it for, which differs from the book value on the balance sheet.

To the extent that a company’s debt is publicly traded, the most recently available quoted offer price is typically used to value it. For private placement debt, the fair value is typically calculated using a discounted cash flow technique utilising inputs including interest rates obtained from comparable loans on the market.

The calculation of the Company’s NAV per share with debt at fair value is set out in the table on page 36.

* Alternative Performance Measure.

Net asset value and share price return (with dividends reinvested)*

Performance statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The performance measures the combined effect of any dividends paid together with the rise or fall in the share price or NAV. This is calculated by the movement in the share price or NAV plus the dividends paid by the Company assuming these are reinvested in the Company at the prevailing NAV/share price (please see the performance record on page 4 for the inputs to the calculations which are set out in the tables below).

NAV total return (debt at par value)	Page	Six months to 31 August 2024 (unaudited)	Six months to 31 August 2023 (unaudited)	Year ended 29 February 2024 (audited)	
Closing NAV per share (pence)	22	1,634.28	1,407.04	1,450.15	
Add back interim and final dividends (pence)	16	27.00	25.50	40.50	
Effect of dividend reinvestment (pence)		0.29	(0.93)	1.37	
Adjusted closing NAV (pence)		1,661.57	1,431.61	1,492.02	(a)
Opening NAV per share (pence)	22	1,450.15	1,553.41	1,553.41	(b)
NAV total return (c = ((a - b)/b)) (%)		14.6	(7.8)	(4.0)	(c)

NAV total return (debt at fair value)	Page	Six months to 31 August 2024 (unaudited)	Six months to 31 August 2023 (unaudited)	Year ended 29 February 2024 (audited)	
Closing NAV per share (pence)	22	1,684.43	1,460.02	1,502.25	
Add back interim and final dividends (pence)	16	27.00	25.50	40.50	
Effect of dividend reinvestment (pence)		0.23	(0.85)	1.31	
Adjusted closing NAV (pence)		1,711.66	1,484.67	1,544.06	(a)
Opening NAV per share (pence)	22	1,502.25	1,601.42	1,601.42	(b)
NAV total return (c = ((a - b)/b)) (%)		13.9	(7.3)	(3.6)	(c)

Share price total return	Page	Six months to 31 August 2024 (unaudited)	Six months to 31 August 2023 (unaudited)	Year ended 29 February 2024 (audited)	
Closing share price (pence)	22	1,524.00	1,268.00	1,326.00	
Add back interim and final dividends (pence)	16	27.00	25.50	40.50	
Effect of dividend reinvestment (pence)		0.62	(0.86)	1.97	
Adjusted closing share price (pence)		1,551.62	1,292.64	1,368.47	(a)
Opening share price (pence)	22	1,326.00	1,380.00	1,380.00	(b)
Share price total return (c = ((a - b)/b)) (%)		17.0	(6.3)	(0.8)	(c)

* Alternative Performance Measure.

Glossary

continued

Net asset value per share with debt at fair value

The net asset value per share adjusted to include the debt at fair value rather than at par value is as follows:

	As at 31 August 2024		As at 31 August 2023		As at 29 February 2024	
	NAV ¹ per share	Shareholders' funds	NAV ¹ per share	Shareholders' funds	NAV ¹ per share	Shareholders' funds
	(pence)	£'000	(pence)	£'000	(pence)	£'000
Net asset value (debt at par value)	1,634.26	769,734	1,407.04	683,573	1,450.15	686,206
Add back: 2.74% loan note 2037 - debt at par	52.73	24,834	51.07	24,811	52.45	24,818
Add back: 2.41% loan note 2044 - debt at par	42.19	19,870	40.88	19,864	41.98	19,867
Add back: 2.47% loan note 2046 - debt at par	52.71	24,825	51.14	24,844	52.47	24,830
Less: 2.74% loan note 2037 - debt at fair value	(40.68)	(19,158)	(37.17)	(18,060)	(39.39)	(18,638)
Less: 2.41% loan note 2044 - debt at fair value	(26.22)	(12,348)	(24.41)	(11,860)	(25.59)	(12,110)
Less: 2.47% loan note 2046 - debt at fair value	(30.56)	(14,395)	(28.53)	(13,860)	(29.82)	(14,110)
Net asset value (debt at fair value)	1,684.43	793,362	1,460.02	709,312	1,502.25	710,863

¹ Based on 47,099,792 ordinary shares in issue as at 31 August 2024 (31 August 2023: 48,582,292; 29 February 2024: 47,319,792).

Ongoing charges ratio*

$$\text{Ongoing charges (\%)} = \frac{\text{Annualised ongoing charges for the year}}{\text{Average net asset value (debt at par) in the period}}$$

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs and include the annual management charge.

As recommended by the AIC in its guidance, ongoing charges are the Company's annualised revenue and capital expenses (excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items) expressed as a percentage of the average daily net assets (debt at par value) of the Company during the year.

The inputs that have been used to calculate the ongoing charges percentage are set out in the following table:

Ongoing charges calculation	Page	29 February 2024	28 February 2023	
		£'000 (audited)	£'000 (audited)	
Management fee	20	4,437	4,784	
Other operating expenses ¹	20	905	839	
Total management fee and other operating expenses		5,342	5,623	(a)
Average daily net assets in the year		691,143	780,220	(b)
Ongoing charges (c = a/b) (%)		0.8	0.7	(c)

¹ Excludes prior year expenses written back in the year of £1,000 and non-recurring expenses of £35,000 (2023: prior year expenses written back of £7,000).

* Alternative Performance Measure.

Quoted and unquoted securities

Quoted securities are securities that trade on an exchange and therefore there is a publicly quoted price. Unquoted securities are securities that do not trade on an exchange and therefore there is not a publicly quoted price.

Revenue return and revenue reserves

Revenue return represents the net revenue income earned after deduction of fees and expenses allocated to the revenue account and taxation suffered by the Company. Revenue reserves is the undistributed income that the Company keeps as reserves. Investment trusts do not have to distribute all the income they generate, after expenses. They may retain up to 15% of revenue generated each year which will be held in a revenue reserve. This reserve can be used at a later date to supplement dividend payments to shareholders.

Treasury shares

Treasury shares are shares that a company keeps in its own treasury which are not currently issued to the public. These shares do not pay dividends, have no voting rights and are not included in a company's total issued share capital amount for calculating percentage ownership. Treasury shares may have come from a repurchase or buy back from shareholders, or it may never have been issued to the public in the first place. Treasury shares may be reissued from treasury to the public to meet demand for a company's shares in certain circumstances.

Total dividends and yield*

Total dividends represent total quarterly and final dividends declared by the Company for a particular year. The yield is the amount of cash (in percentage terms) that is returned to the owners of the security, in the form of interest or dividends received from it. Normally, it does not include the price variations, distinguishing it from the total return.

	Page	31 August 2024	31 August 2023	29 February 2024	
Interim and final dividends paid/payable (pence) ¹	21	42.50	40.50	42.00	(a)
Ordinary share price (pence)		1,524.00	1,268.00	1,326.00	(b)
Yield (c = a/b) (%)		2.8	3.2	3.2	(c)

¹ Comprising dividends declared/paid for the twelve months to 31 August 2024, 31 August 2023 and 29 February 2024 respectively.

* Alternative Performance Measure.

Share fraud warning

Be ScamSmart



Investment scams are designed to look like genuine investments



Spot the warning signs

Have you been:

- contacted out of the blue
- promised tempting returns and told the investment is safe
- called repeatedly, or
- told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls

If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2 Check the FCA Warning List

The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

3 Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Report a scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at www.fca.org.uk/consumers. You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at www.fca.org.uk/scamsmart

Remember: if it sounds too good to be true, it probably is!

SGN001

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